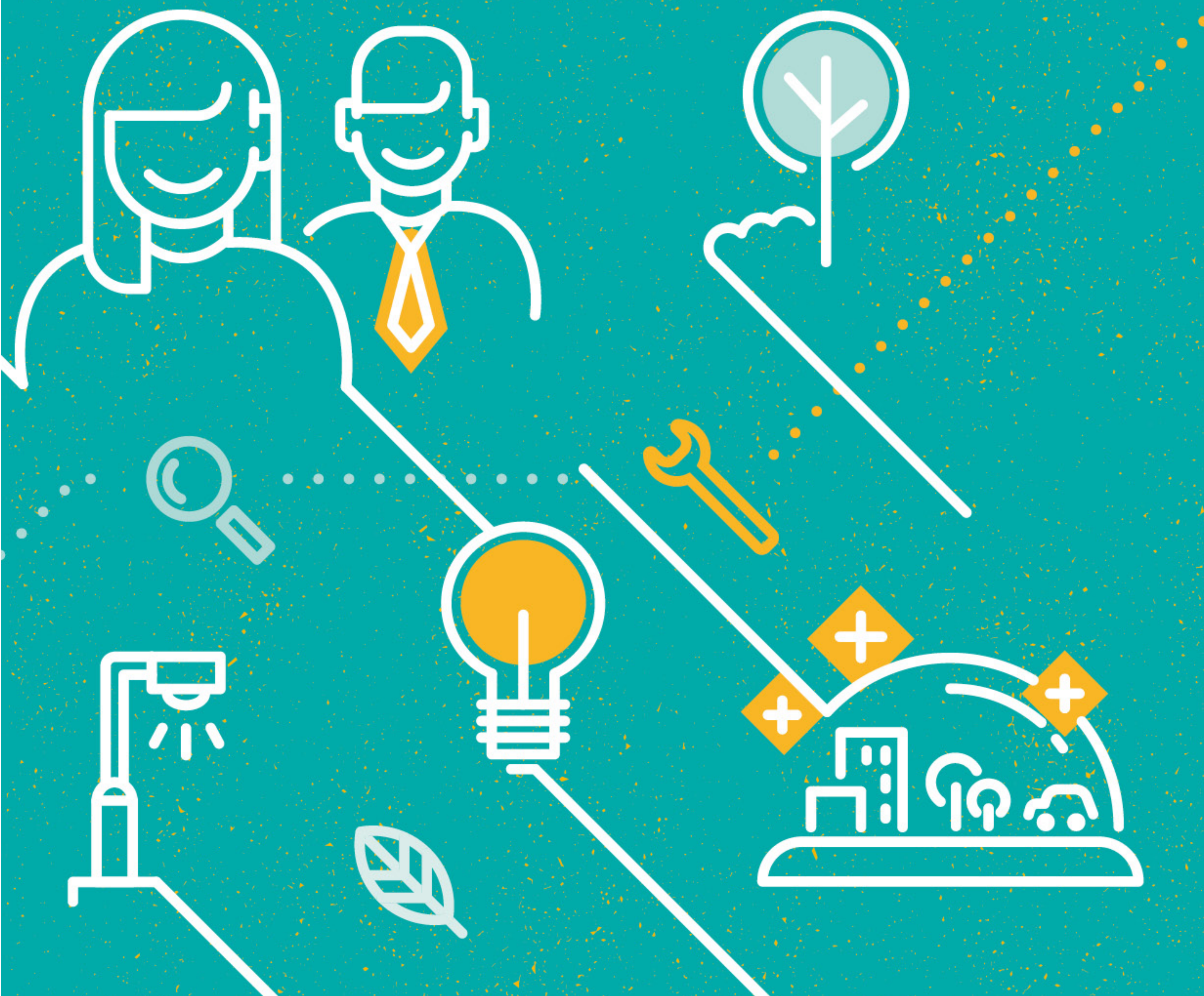
rekeep

minds that work

Annual Report

at 31 december 2021



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GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

BOARD OF DIRECTORS

Appointed by the Shareholders' Meeting of 24 April 2020

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Giuliano Di Bernardo

VICE CHAIRMAN
Riccardo Bombardini *
Giuseppe Pinna **

DIRECTORS
Laura Duò
Rossella Fornasari ***
Paolo Leonardelli
Gabriele Stanzani
Matteo Tamburini

BOARD OF STATUTORY AUDITORS

Appointed by the Shareholders' Meeting of 24 April 2020

CHAIRMAN
Germano Camellini

STANDING AUDITORS
Marco Benni
Giacomo Ramenghi

ALTERNATE AUDITORS
Michele Colliva
Antonella Musiani

INDEPENDENT AUDITORS

EY S.p.A.

* *appointed as director on 30 June 2021 and as Vice Chairman on 16 December 2021*

** *ceased to hold office on 16 December 2021*

*** *ceased to hold office on 30 June 2021*

rekeep

minds that work

Report on operation

at 31 december 2021

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 properties, the area and to support so-called "Integrated Facility Management" health care activities. 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. As early as from the previous financial years a strategy has been pursued by the central holding functions to diversify operations, also through a series of corporate acquisitions, with some "specialist" facility management services beside the historical core business (hygiene services, green spaces and technical and maintenance services), in addition to linen rental and industrial laundering services and surgical instrument sterilization at healthcare facilities and high technology B2B services.

Furthermore, the Group started a major process of business development in international markets from the 2015 financial year, by establishing the sub-holding company Rekeep World S.r.l. and the start-up of facility operations in France (through the sub-group controlled by Rekeep France S.a.S.), Turkey (through EOS and Rekeep United Yönetim Hizmetleri A.Ş..) and Saudi Arabia (through Rekeep Saudi Arabia Ltd and Rekeep Arabia for Operations and Maintenance Ltd). Finally, the acquisition of the Polish company Rekeep Polska S.A. (formerly Naprzód 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

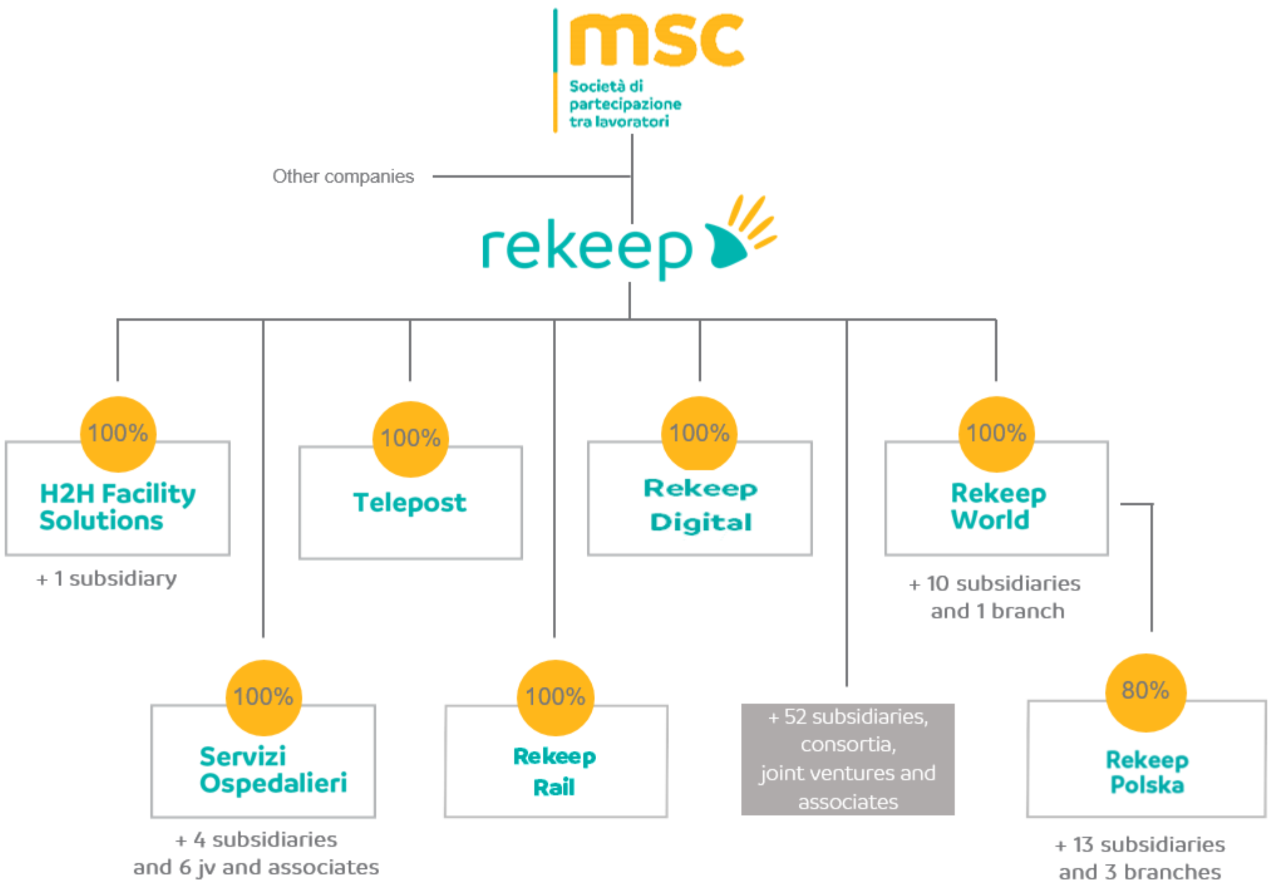
Ordinary shares issued by Rekeep S.p.A and fully paid up at 31 December 2021 amounted to 109,149,600 with a par value of Euro 1 each.

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

It should be noted that Manutencoop Società Cooperativa transformed its legal form from a cooperative company to a joint-stock company, and, in this context, changed its company name to MSC Società di Partecipazione tra Lavoratori S.p.A., with effect from 1 February 2022. The transaction was carried out following a resolution passed by the extraordinary shareholders' meeting held on 27 November 2021 and upon completion of the formalities required by the applicable provisions of law. The Rekeep Group's parent company retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal total value.

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. (formerly Manutencoop Società Cooperativa) at 31 December 2021 was the following:



MACROECONOMIC AND MARKET SCENARIO

After a first half of the year marked by strong growth in all the key macroeconomic indicators at a global level, the second half of 2021 saw a significant slowdown in the economic activity, which was mainly due to a resurgence of the pandemic linked to the Omicron variant in most Western countries and persistent bottlenecks on the supply side that pose downward risks to short-term growth. In addition, inflation rose further in the last months of the year almost everywhere, being affected above all by price increases in energy goods, intermediate inputs and recovery in domestic demand. For this reason, the world's leading central banks, including the Federal Reserve and the Bank of England, started the process of normalizing their monetary policy. On the other hand, the ECB decided to gradually reduce purchases at European level, while maintaining a more wait-and-see attitude and a monetary policy that continued to be expansive in relation to the evolution of the macroeconomic scenario: this followed a significant deceleration recorded in all European national economies due to a rise in Covid-19 infections and the tensions emerging in the supply chain of materials that hinder manufacturing operations. During the second half of 2021 inflation accelerated sharply in Europe too, driven as it was by exceptional price increases that hit the energy component, especially gas, which is also affected by geopolitical factors, thus reaching record levels since the single currency was introduced. According to Eurotower's projections, inflation should gradually fall during 2022, achieving an average of 3.2% and then settling at around 2% in the two-year period from 2023 to 2024 and therefore close to the pursued objectives.

In Italy, GDP grew by 6.6% in 2021 compared to the previous year according to ISTAT (Italian Statistics Institute) data: growth was consolidated until the third quarter thanks to household consumption expenditure and then recorded a sharp decline in line with the trend in Europe. The expansionary effect was limited by the resurgence of infections and the consequent worsening of the climate of confidence, which especially affected spending on services. Nevertheless, Italian exports, which were also supported by international tourism, continued to grow, thus further expanding the net credit position towards foreign countries. There were also good signs on the employment front: as from the summer, demand for labor began to grow again, resulting in an increase in the number of hours worked and consequently less recourse to wage support schemes and an increase in new hires on permanent contracts, whilst the lifting of the ban on redundancies in the various sectors did not have any adverse impact and the unemployment rate practically returned to pre-pandemic levels. In Italy, too, inflationary trends accelerated sharply during the last quarter (4.2% in December 2021), supported as it was by energy prices. However, net of this component, the annual change in prices remained moderate at 1.9% according to ISTAT estimates.

The Public Authorities' deficit showed a marked improvement due to a good performance of revenues against a limited increase in expenditure, standing at -7.2% as a percentage of GDP compared to -9.6% in 2020. Expansionary public finance measures are expected to be put in place during the next three years: the budget law approved by the Italian Parliament at the end of the year estimates an increase in the deficit by 1.3% of GDP on average per year. The ratio of debt to GDP also recorded a significant improvement, reaching 150.4%, down sharply compared to 155.3% in the previous year, but remaining well above pre-pandemic levels.

According to the Bank of Italy's macroeconomic estimates, based on a lower spread of the epidemic as from the spring, GDP would return to pre-pandemic levels by mid-2022: the expansion of activities is expected to continue at a sustained pace, although less intensely than in the period following the reopenings that occurred in mid-2021, with growth of 3.8% in 2022, 2.5% and 1.7% in 2023 and 2024, respectively. This would be accompanied by growth in the number of employed persons, with a return to pre-crisis levels at the end of 2022, as well as by a reduced inflation, which is expected to be moderate as from 2023 and equal to 1.6% on an annual basis.

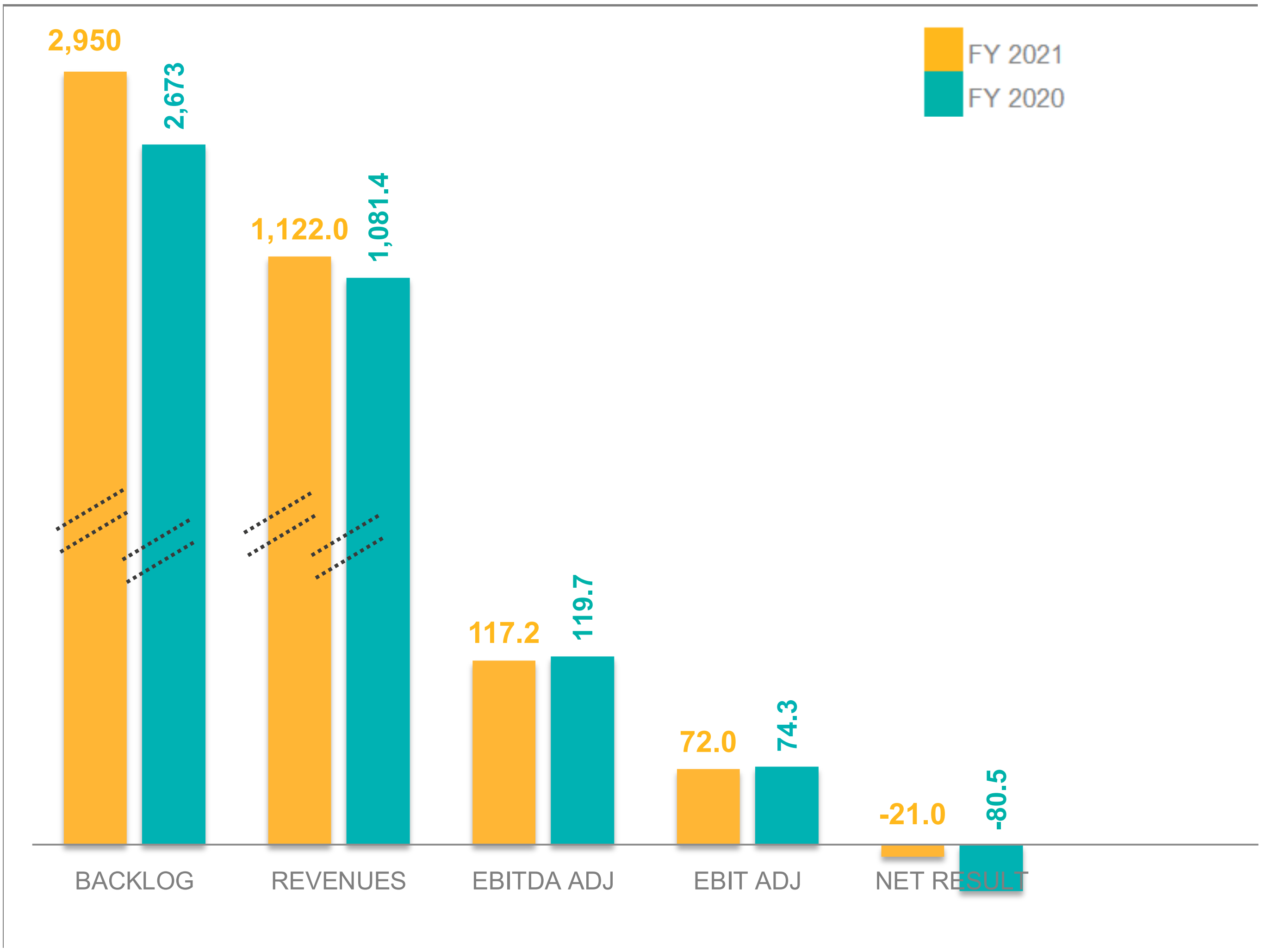
However, the uncertainty of the estimates is high and strongly affected by numerous downward risks: at present, the main source of concern is linked to the conflict between Russia and Ukraine and it is impossible to predict the implications this will have in geo-political terms, let alone the macro-economic impact it will have on global economy. Moreover, if the main uncertainty in the short term is linked to the health emergency, medium-term risks are associated with the full implementation of the spending and investment programs included in the budget law and the complete and prompt implementation of the measures provided for in the NRRP.

NON-GAAP FINANCIAL MEASURES

The Rekeep Group’s management monitors and assesses the business performance, as well as the consolidated results of operations and cash flows by using a number of financial ratios that are not defined under the international accounting standards IAS/IFRS (“Non-GAAP measures”) and that are specified below. The Group’s management considers that these financial ratios, which are not explicitly expressed in the accounting standards adopted to prepare the Consolidated Financial Statements, provide information which helps to understand and assess its overall financial and equity performance. These are widely used in the sector in which the Group operates but 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 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 Company's management to monitor and assess its operating performance and it is not identified as an accounting measure under IFRS. Therefore, it must not be considered an alternative measurement for evaluating the trend in the Group's profit/loss. Given that the breakdown of EBITDA is not regulated by the accounting standards, the calculation criteria applied by the Group may not be comparable.
Adjusted EBIT and EBITDA	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 paragraph "Non-recurring events and transactions".
Gross Debt	Gross Debt is defined as the sum of debts for principal referring to: i) Senior Secured Notes; ii) Bank debts; iii) Current bank overdraft, advance payments and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Financial lease obligations.
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.
Net Debt	Net Debt is defined as Gross Debt net of the balance of Cash and cash equivalents and Current financial assets.
Financial indebtedness	Consolidated 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 Cash and Cash equivalents.
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.



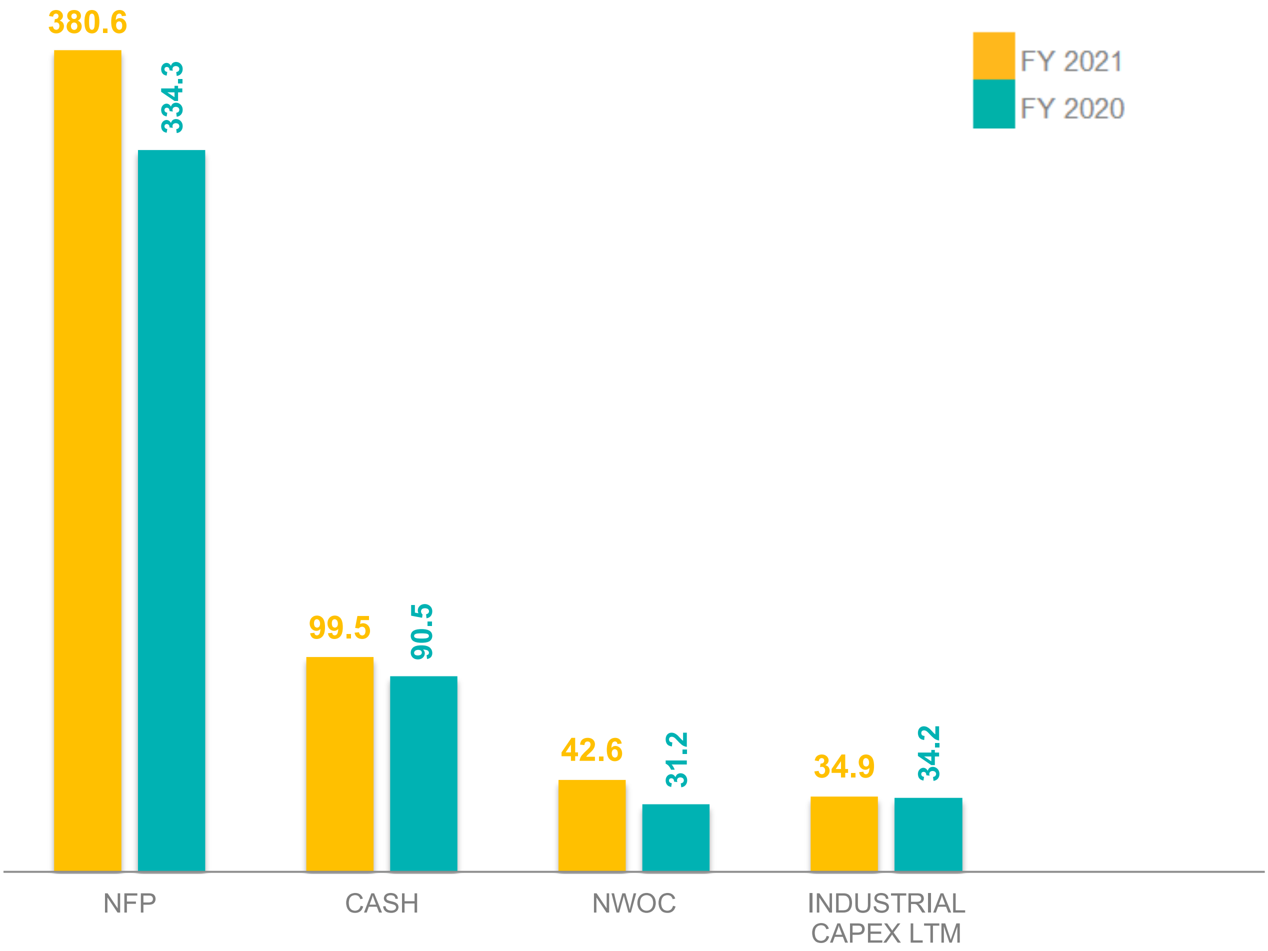
BACKLOG/ REVENUES LTM
2.6x
vs 2.5x 31/12/2020

REVENUES
+ 3.8 %
vs 11.9% at 31/12/2020

EBITDA/ REVENUES
9.7%
vs 2.7% at 31/12/2020

EBITDA ADJ/ REVENUES
10.4%
vs 11.1% at 31/12/2020

EBIT ADJ/ REVENUES
6.4%
vs 6.9% at 31/12/2020



NFP / EBITDA ADJ
3.2x

CASH
99.5 mln
vs 90,5 mln at 31/12/2020

NET CASH
70.1 mln
vs 66.8 mln at 31/12/2020

NWOC / REVENUES
3.8%
vs 2.9% at 31/12/2020

REPORT ON OPERATIONS

INTRODUCTION TO THE REPORTING OF CONSOLIDATED RESULTS

In order to better understand the comparative data used for the results at 31 December 2021, it should be noted that the 2020 financial year started with the sale of Sicura S.p.A. and its subsidiaries, which gave rise to a capital gain (net of additional transaction costs) equal to € 3.1 million in the consolidated financial statements. Therefore, as at 31 December 2020, this capital gain was recognized as “Profit (loss) from discontinued operations” according to the provisions of IFRS5 and the results of these operations were excluded from the scope of “Continuing operations” and classified under the same item of the Statement of Profit/Loss for the period.

2021 SIGNIFICANT EVENTS

The economic, political and social scenario for 2021 was still adversely affected by the Covid-19 pandemic that broke out in early 2020 and its effects, despite the continuation of the vaccination campaign at a fast pace in the main countries all over the world led to an easing of restrictions.

In compliance with the instructions given by the Italian Ministry of Health and the Regional Governments involved, the Parent Company and the Rekeep Group companies continued to take preventive measures and issued operating instructions to contain the spreading of the virus and safeguard the users of the services they provide, as well as of their workers, customers and potential visitors. The Rekeep Group companies continued to deliver their services at full working capacity where requested, adopting any and all preventive measures necessary to safeguard employees and users. The Management continues to monitor the situation on an ongoing basis in order to be able to take, in real time, any decision required to protect the health of people who are involved for any reason and to limit costs, including through incentives and social shock absorber measures provided by the Government.

In 2021 the requests for extra services and supplies such as extraordinary sanitization and cleaning, fitting out hospital wards, other non-routine maintenance work, additional bed linen and clothing and other devices and personal protective equipment (PPE) for healthcare personnel continued, although they went down especially during the last quarter, giving way to a slow recovery in routine work.

On 1 June 2021 the Group also acquired, through subsidiary Servizi Ospedalieri S.p.A., an investment of 60% in the quota capital of U.Jet S.r.l., a company specializing in the production of surgical kits for the healthcare segment and devices. The transaction is part of the growth and development strategy of the Rekeep Group, which envisages the entry into specialist sectors that are linked to the core business, thus increasing its footprint and strengthening its leadership both at national and international level in the business of services in support of healthcare activities.

In terms of company performance, the last quarter confirmed the growth trend in revenues, which came to € 1,122.00 million in 2021, up by € 40.6 million compared to the same period of the previous year (+ 3.8%). The positive change compared to 2020 is achieved in all markets, i.e. Public, Healthcare and Private sectors, although with a different breakdown over the year due to the influence of two external factors, i.e. the evolution of the epidemic and the increase in the prices of raw materials, especially fuel, which had an impact on the prices charged to the customers.

In term of profit margins, Adjusted EBITDA came to € 117.2 million at 31 December 2021 compared to € 119.7 million at 31 December 2020. The overall decline in margins was affected by the same external factors described above. In particular, the impact of the significant demand for non-routine work received in 2020 is evident at EBITDA level, and is even more evident on companies engaged on the front line since the early stages of the pandemic such as the subsidiary Medical Device, which returned to pre-pandemic performance levels during the second half of 2021.

New Senior Secured Notes bond issue

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. The agreement ("Indenture") was signed between the issuer, Law Debenture Trust Corporation p.l.c. as trustee, Unicredit S.p.A. as Security Agent and Bank of New York Mellon as Paying and Transfer Agent. Furthermore, within the scope of the transaction, JP Morgan Securities Plc and UniCredit Bank AG acted as Joint Global Coordinators and Joint Physical Bookrunners, while Goldman Sachs International and Credit Suisse acted as Joint Bookrunners. 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.. The bonds were offered for subscription and were placed (i) in the United States of America, only reserved for qualified institutional buyers in accordance with Rule 144A of the Securities Act and (ii) outside of the United States of America in accordance with Regulation S of the Securities Act and in particular in Europe and in Italy, only subject to exemption from the EU and Italian regulations governing public offerings provided for in the Prospectus Directive, the Consolidated Act on Finance and the Issuers' Regulation.

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.

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 its subsidiaries. In particular, the RCF loan agreement was entered into between, among others, Rekeep S.p.A., on the one hand, and on the other, 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. 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.

Acquisition of 60% of quotas of U.Jet S.r.l.

On 1 June 2021 the Group acquired, through subsidiary Servizi Ospedalieri S.p.A., an investment of 60% in the quota capital of U.Jet S.r.l., a leading company in the production of non-woven fabric (TNT) devices mainly aimed at the healthcare market, which can count on 2 clean rooms for the packaging and composition of disposable fabric surgical kits for the healthcare market. In 2020, U.Jet, which is based in Bastia Umbra (PG), achieved pro-forma consolidated Revenues of € 11.2 million, mainly in the Italian market, through agreements with public and private hospitals, distributors, service companies and custom pack manufacturers, although the company also has a commercial footprint in Albania, France, Switzerland, Tunisia and Bulgaria. The company in turn holds a 100% controlling interest in the capital of U.Jet Romania Private Limited Company, based in Sighetu Marmaţiei in Romania.

The transaction was completed by means of a carve-out of U.Jet's core business activities, which were contributed to a NewCo in which Servizi Ospedalieri holds 60%, whilst the remaining stake is still held by the management that has controlled it for a long time. The consideration for entering the company's ownership structure amounts to € 5.0 million, of which an amount of € 0.4 million is subject to an expert appraisal of a property included in the perimeter of the acquisition, which is still in progress, in addition to a price supplement of up to a maximum of € 1.5 million linked to the company's performance in terms of EBITDA in the subsequent financial year.

The corporate partnership with the current management creates significant development synergies with Servizi Ospedalieri itself and with subsidiary Medical Device S.r.l., and allows Rekeep to expand its offer of services in support of the healthcare business, in which at present the Group already achieves about 60% of its consolidated turnover, with more than 500 facilities served in Italy and Poland.

Business development

In 2021 the Group brought orders for an overall multi-year amount of € 899.3 million, of which € 420.3 million relating to extensions and renewals of contracts already included in its sales portfolio and € 479.0 million relating to the development of a new portfolio. The value of contracts acquired in International Markets was equal to about 15.4% of total orders gained during the period.

New contracts in the Healthcare sector, amounted to € 508.7 million in 2021 (about 56.6% of total orders gained), against orders gained for the Public sector for € 207.7 million (23.1% of the total) and in the Private sector for € 182.9 million (20.3% of the total). In terms of Strategic Business Unit ("SBU"), Facility Management (which also include International Markets) obtained contracts of € 782.7 million while Laundering&Sterilization obtained contracts of € 116.6 million.

In the Healthcare market the Group was awarded a tender within a centralized bidding process launched by the Lazio Regional Government for the management of maintenance and energy services relating to properties used by healthcare facilities, as well as a tender launched by the central purchasing office of the Liguria Regional Government for maintenance and energy services for the Local Health Care Units (ASL) in the Liguria regional health system. For the Rekeep Polska Group we must note major orders that were gained for the renewal of portfolio contracts due to expire for hygiene, catering and medical transportation in the hospital sector, which is the key target market of the group.

Moreover, the subsidiary Servizi Ospedalieri S.p.A. gained new agreements for linen rental and industrial laundering at Policlinico Gemelli hospital in Rome and for sterilization of surgical instruments at Ciaccio Hospital Trust in Catanzaro and for the Local Health Care Unit (ASL) in Ferrara. Finally, contracts were renewed for linen rental and industrial laundering and sterilization services that were already included in the portfolio at some Local Health Care Units (ASL) in Toscana Region.

As regards the public Market, some contracts for hygiene services in the portfolio were renewed with Trenitalia S.p.A. and ATM S.p.A. and contracts were also signed for hygiene services under the Intercenter 5 Emilia Romagna agreement, as was a 15-year term contract for the concession of services concerning the operation and maintenance of public lighting and thermal and electrical energy systems of the municipal authority's buildings in the district of Anzola dell'Emilia, including energy retrofit and efficiency work. We must also note new orders in France for the provision of hygiene services to Keolis, a subsidiary in the SNCF group, which is the main customer of subsidiary Rekeep Transport S.a.S., as well as to RATP for Paris underground cleaning services.

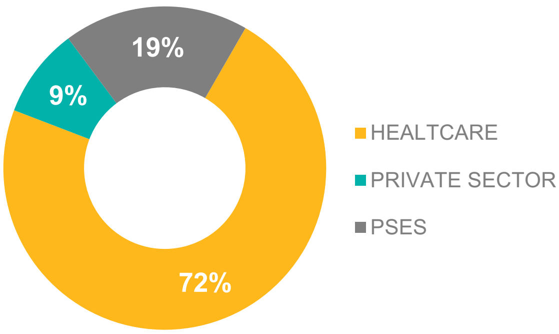
Finally, important renewals were confirmed for expiring contracts, specifically for hygiene services at shopping centers, retail customers and the transport system in the Private sector.

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:

	2021	2020	2019
Backlog	2,950	2,673	2,834

At 31 December 2021, **Backlog** came to € 2,950 million, recording an increase compared both to the value posted at the end of 2020 and 31 December 2019. However, the Backlog/Revenues ratio was equal to 2.6x (against 2.5x at 31 December 2020 and 2.9x at 31 December 2019).

BACKLOG BY MARKET



1. SUMMARY OF RESULTS OF THE FOURTH QUARTER OF 2021

	For the quarter ended 31 December			For the financial year ended 31 December		
	2021	2020	%	2021	2020	%
Revenues	309,562	308,526	+0.3%	1,122,025	1,081,390	+3.8%
Revenues - International Markets	44,582	33,612		156,467	133,039	
Adjusted EBITDA (*)	32,265	33,574	-3.9%	117,151	119,732	-2.2%
Adjusted EBITDA % of Revenues	10.4%	10.9%		10.4%	11.1%	
Adjusted EBIT (*)	19,907	20,549	-3.1%	72,018	74,307	-3.1%
Adjusted EBIT % of Revenues	6.4%	6.7%		6.4%	6.9%	
Consolidated Net Profit (Loss)	(6,701)	2,277		(20,985)	(80,451)	

In the fourth quarter of 2021 the Group recorded ***Revenues*** of € 309.6 million compared to € 308.5 million in the same period of the previous year, with a net positive change of € 1.0 million (+0.3%). The International Markets, led by the Polish Rekeep Polska sub-group, which was acquired during the fourth quarter of 2019, contributed revenues of € 44.6 million (of which an amount of € 33.4 million contributed by Rekeep Polska) to the quarter against € 33.6 million in the fourth quarter of 2019 (of which an amount of € 30.5 million contributed by Rekeep Polska). The increase in consolidated volumes must be analyzed by considering, first of all, that the comparative quarter reflects in full the positive effects of the Covid-19 emergency, as well as of the first reopenings after total lockdown during the first wave: there was a high request for extra services such as, for example, sanitization and supplies of PPE on the one hand and, on the other, a timid recovery in routine work. On the other hand, the fourth quarter of 2021 saw a reduction in the volumes of non-routine operations linked to the health emergency, which however continued, partly offset by a resumption of routine work, which recorded a new slowdown compared to previous quarters, in line with the trend in the epidemic. This increase in revenues during the last quarter of 2021 was also contributed to by the higher price charged to customers on heat management operations in last months of 2021, due to an increase in energy costs.

These considerations may also be reflected on the performance in terms of quarterly turnover relating to each SBU: revenues achieved by the *Facility Management* SBU showed, in fact, an improvement compared to the fourth quarter of 2020 (€ 273.7 million in the quarter ended 31 December 2021 against € 257.7 million in the quarter ended 31 December 2020, + € 15.9 million); revenues achieved by the *Laundering&Sterilization* SBU confirmed the decline already recorded in the third quarter of 2021 (€ 35.9 million in the quarter ended 31 December 2021 against € 50.8 million in the quarter ended 31 December 2020), which were affected to a greater extent by the contraction in non-routine work compared to the same period of the previous year, particularly due to lower sales of PPE and other materials mainly on the part of subsidiary Medical Device S.r.l., the demand for which was strongly driven by the emergency.

An analysis of company performance by market during the fourth quarter of 2021 saw a decline in the turnover in the Healthcare sector (- € 7.0 million), which was affected to a greater extent by the effects of the decline in volumes of non-routine work of cleaning, sanitization, maintenance of wards, in addition to the supplies of bulk materials (gowns), PPE and mattresses for Covid wards, which were still requested by hospital trusts, although to a lesser extent than in the previous year. The simultaneous resumption of some routine operations, such as, for example, the sterilization of surgical instruments or linen rental and industrial laundering, which had been adversely affected by the lack of routine surgery and a reduction in days of regular hospitalization during the "waves" of the epidemic, was still slow and moderate during the last quarter of 2021. Both the Public and the Private markets returned to record an increase in the two comparative quarters, equal to € 6.8 million and € 1.2 million, respectively. For both markets, the fourth quarter of 2021 was marked first of all by a recovery in the volumes of routine work, to which must be added the effect on the comparative values of the significant closures imposed during the "second wave" pandemic in the last months of 2020. In addition, it is above all the Public market that is hit by the aforesaid increase in turnover achieved in the heat management activity for integrated service contracts, affected as it is by the increase in energy prices that occurred in the last part of the year.

Adjusted EBITDA for the fourth quarter of 2021 came to € 32.3 million, showing a decrease of € 1.3 million compared to the same quarter of the previous year (when it was equal to € 33.6 million), which saw the occurrence of two opposing events when we consider the breakdown by SBU. In the two comparative quarters, the performance of the *Facility Management* SBU showed an increase of € 4.2 million in profit margins, which was affected by the same trend recorded for revenues, excluding two factors: (i) an increase in personnel costs due to the renewal of the National Collective Labor Agreement for employees of companies providing cleaning and integrated/multi-services with effect from 1 July 2021; (ii) an increase in fuel costs as a result of a generalised rise in raw material prices. On the other hand, the *Laundering&Sterilaztion* SBU recorded a reduction in profit margins equal to € 5.5 million compared to the last quarter of 2020, which followed the same trend recorded on volumes. This performance gave rise to a slight fall in average profit margins (**Adjusted EBITDA/Revenues**), which came to 10.4% for the quarter ended 31 December 2021 against 10.9% for the same period of the previous year.

Adjusted EBIT for the quarter ended 31 December 2021 amounted to € 19.9 million (6.4% of related Revenues) against € 20.5 million for the same period of the previous year (6.7% of related Revenues). The trend was affected, in absolute terms, by the performance already reported for Adjusted EBITDA (- € 1.3 million), to which must be added higher *amortization and depreciation* for € 0.1 million. Furthermore, there was the recognition of lower write-downs of receivables (net of releases) for € 0.3 million, higher impairment losses on other assets for € 0.1 million and lower accruals to provisions for future risks and charges, net of non-recurring accruals, for € 0.5 million.

Finally, the **Consolidated net result** for the quarter showed a loss of € 6.7 million against a profit of € 2.3 million for the same period of the previous year. Furthermore, in addition to the performance in terms of consolidated adjusted EBIT described above, higher net financial charges were recognized for € 4.9 million in the fourth quarter of 2021, mainly as a result of higher financial costs on contingent liabilities for the acquisition of minority interests for € 1.0 million, higher interest discount charges for € 1.6 million and a lower net capital loss from sale of investments for € 4.3 million, offsetting the savings in terms of financial costs due to the new issue of Senior Secured Notes that took place in January 2021: as a result, there was the recognition of lower financial charges on Senior Secured Notes (- € 0.7 million), and lower amortized cost charges for € 0.6 million, as well as lower financial charges on the use of the Revolving Credit Facility for € 0.4 million, even against higher additional charges on the line for € 0.2 million. Furthermore, higher net charges from equity investments for € 0.5 million and higher taxes (+ € 4.5 million) were recognized during the quarter compared to the same quarter of 2020.

	31 December 2021	30 September 2021	31 December 2020
Net Working Operating Capital (NWOC)	42,617	63,248	31,193
Financial indebtedness	(380,649)	(399,238)	(334,327)

From an equity and financial point of view, the figure relating to Net Working Operating Capital (**NWOC**) at 31 December 2021 recorded a normal decrease compared to the value posted during the previous quarter (- € 20.6 million), while showing an increase compared to the value posted at the end of the previous year (+ € 11.4 million). Specifically, the last quarter of 2021 saw the recognition of higher trade receivables for € 4.7 million and higher trade payables for € 24.7 million, against a Financial indebtedness that reported a positive change equal to € 18.6 million compared to the end of the previous quarter. During the 2021 financial year trade receivables were assigned to factoring companies without recourse for a total of € 249.9 million (of which € 66.3 million during the last quarter) and VAT receivables were assigned without recourse for € 28.6 million (of which € 9.2 million during the fourth quarter).

At 31 December 2021 DSO was 154 days, recording an increase by 8 days compared to 30 September 2021 (when it was equal to 146 days) but confirming the trend that was well-established at that time, since it still recorded a decrease compared to 31 December 2020 (when it was equal to 159 days). The performance of the DPO, which came to 220 days at 31 December 2021, also showed an increase compared to 196 days at 30 September 2021, and was instead unchanged compared to 31 December 2020. The performance of amounts collected from customers and payments to suppliers gave rise to total cash flows for € 20.4 million.

Financial indebtedness showed a decrease of € 18.6 million during the quarter. To the cash flows generated from operating activities during the quarter (€ 14.6 million) must be added the cash flow generated by the change in NWOC (+€ 20.4 million) and financial disinvestments (+ € 2.4 million), while uses of resources must be deducted for net industrial investments (- € 1.6 million), in addition to uses of provisions for future risks and charges and the provision for Employee Termination Indemnity (TFR) for the quarter (- € 1.6 million) and a negative contribution of changes in other operating assets and liabilities that were recorded during the quarter (- € 5.6 thousand), mainly due to the normal seasonal trend in receivables from and payables to employees that saw the payment of additional monthly salaries in the last quarter.

2. THE REKEEP GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND FINANCIAL POSITION AT 31 DECEMBER 2021

2.1. Consolidated results of operations for FY 2021

Below are reported the main income figures for 2021 compared to the figures of 2020.

(in thousands of Euro)	For the year ended 31 December		For the quarter ended 31 December	
	2021	**2020**	**2021**	**2020**
Revenues	1,122,025	1,081,390	309,562	308,526
Costs of production	(1,012,898)	(1,052,118)	(280,181)	(363,218)
EBITDA	**109,127**	**29,272**	**29,381**	**(54,692)**
EBITDA %	**9.7%**	**2.7%**	**9.5%**	**N.A.**
Amortization, depreciation, write-downs and write-backs of assets	(41,477)	(40,472)	(10,347)	(10,560)
Accrual of provisions for risks and charges	(5,471)	(8,228)	(3,826)	79,204
Operating Income (EBIT)	**62,179**	**(19,428)**	**15,208**	**13,952**
EBIT %	**5.5%**	**N.A.**	**4.9%**	**4.5%**
Share of net profit of associates	1,267	(7,441)	(1,230)	(752)
Net financial charges	(66,704)	(41,527)	(11,597)	(6,692)
Profit before taxes (EBT)	**(3,258)**	**(68,396)**	**2,381**	**6,508**
EBT %	**N.A.**	**N.A.**	**0.8%**	**2.1%**
Income taxes	(17,743)	(14,624)	(9,082)	(4,630)
Profit (loss) from continuing operations	**(21,001)**	**(83,020)**	**(6,701)**	**1,878**
Profit (loss) from discontinued operations	16	2,569	0	399
CONSOLIDATED NET PROFIT (LOSS)	**(20,985)**	**(80,451)**	**(6,701)**	**2,277**
CONSOLIDATED NET PROFIT (LOSS) %	**N.A.**	**N.A.**	**N.A.**	**0.7%**
Minority interests	(1,603)	(2,703)	19	(1,289)
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**(22,588)**	**(83,154)**	**(6,682)**	**988**
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**N.A.**	**N.A.**	**N.A.**	**0.3%**

NON-RECURRING EVENTS AND TRANSACTIONS

In 2021 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	
	2021	**2020**
Legal advice fees concerning pending administrative disputes	580	428
Group refinancing costs	857	0
Legal advice on foreign operations	594	0
Competition Authority’s fine for the FM4 Tender	255	82,200
Costs from reorganization of company units	2,946	6,220
M&A and non-recurring transactions of Group companies	1,534	516
Costs associated with Covid-19 emergency	399	1,096
Transactions with minority shareholders	859	0
NON-RECURRING EXPENSES (INCOME) IMPACTING ON EBITDA	**8,024**	**90,460**
Non-recurring provisions for risks on contracts	1,464	3,275
Provision for the Competition Authority’s fine for the FM4 Tender	351	0
NON-RECURRING CHARGES (INCOME) IMPACTING ON EBITDA AND EBIT	**9,839**	**93,735**
Financial fees on Group refinancing	2,567	0
Costs for early redemption of Senior Secured Notes 2017	15,026	0
Reversal of amortised cost of Senior Secured Notes 2017	6,082	0
Interest discount on spot assignment of NPLs	1,566	0
TOTAL NON-RECURRING EXPENSES (INCOME)	**35,079**	**93,735**

During 2021 disputes continued which were pending with the Competition Authority (AGCM) and Consip S.p.A. (for which reference should be made to the paragraph on the "Update on Legal Proceedings" below). The results for the 2021 financial year were also affected by non-recurring financial costs and charges that were incurred for the abovementioned refinancing transaction of the Group, which took place in January and February, and that were associated with both the new issue of Senior Secured Notes and the redemption of the previous ones. Furthermore, during the period, activities were completed to improve efficiency of the functions, especially those operating in International markets, which entailed non-recurring costs for the reorganization of company functions and for legal advice on foreign subsidiaries. At the same time, the Group continued its work on M&A transactions, thus sustaining non-recurring costs for the acquisition of U.Jet S.r.l. on the part of subsidiary Servizi Ospedalieri S.p.A., as well as additional costs due to the acquisition of the Polish group led by Rekeep Polska. Finally, non-recurring costs were recognized for the termination of business relationships with shareholders.

The Covid-19 emergency gave rise to additional costs of € 0.4 million in 2021, while it had affected the 2020 financial year for € 1.1 million. However, the results for the 2020 financial year were largely affected by the cost of € 82.2 million relating to the fine imposed by the Competition Authority on the FM4 Tender. Costs were also incurred in 2020 for advice on significant projects for the reorganization of company units in Group companies, as were additional costs relating to the acquisition of the Polish group controlled by Rekeep Polska S.A. and for scouting actions on potential M&A transactions.

As regards non-recurring costs impacting on EBIT, a provision was set aside for non-recurring additional costs that were expected to be incurred on some energy contracts in both comparative financial years.

Finally, in addition to the already mentioned impact of the refinancing transaction, net financial charges for the period were affected by the cost incurred for a spot assignment without recourse of non-performing loans to a vehicle specializing in the management of this kind of receivables (€ 1.6 million).

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

(in thousands of Euro)	**For the year ended 31 December**	
	2021	**2020**
EBITDA	**109,127**	**29,272**
Non-recurring expenses (income) impacting on EBITDA	8,024	90,460
Adjusted EBITDA	**117,151**	**119,732**
Adjusted EBITDA % on Revenues	**10.4%**	**11.1%**
EBIT	**62,179**	**(19,428)**
Non-recurring expenses (income) impacting on EBITDA and EBIT	9,839	93,735
Adjusted EBIT	**72,018**	**74,307**
Adjusted EBIT % on Revenues	**6.4%**	**6.9%**

REVENUES

During the period ended 31 December 2021 the Group recorded ***Revenues*** of € 1,122.0 million against € 1,081.4 million for the same period of the previous year, with a positive change of € 40.6 million (+3.8%).

Government measures put in place in relation to the "third wave" included containment measures and targeted lock-downs that did not entail a total closure of offices and public facilities, as well as of large private companies and retail operations; likewise, there was no drastic reduction in public and railway transport. On the other hand, the health emergency entailed a positive change in the volumes in the Healthcare sector, in which the Group committed significant resources to meeting a higher demand for sanitation, disinfection and maintenance of the Italian healthcare facilities, as well as an extraordinary supply of PPE, which was mainly concentrated during the first half of 2021. The previous year, especially in the first part, had instead been fully hit by the effects of the full lockdown imposed during the first phase of the pandemic and of containment measures imposed to cope with the emergency, such as in particular the closure of schools and public offices. In the last months of 2021, revenues were also positively affected by an increase in the energy prices, which entailed an increase in the price charged to customers on heat management contracts.

The table below shows the breakdown of consolidated Revenues by target Market in 2021 compared with the figure posted in the same period of the previous year.

REVENUES BY MARKET

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2021	% on total Revenues	2020	% on total	2021	2020
Public Authorities	223,280	19.9%	211,481	19.6%	67,062	60,246
Healthcare	654,553	58.3%	646,384	59.8%	176,961	183,928
Private Customers	244,191	21.8%	223,525	20.6%	65,539	64,353
CONSOLIDATED REVENUES	**1,122,025**		**1,081,390**		**309,562**	**308,526**

Revenues in the Healthcare sector showed an overall increase of € 8.2 million in 2021 compared to the same period of 2020, from € 646.4 million to € 654.6 million, thus achieving a weight of 58.3% of total consolidated Revenues. During the last two quarters of 2021 the Healthcare market showed a decreasing trend against the comparative period, which was offset by significant non-routine operations requested by hospital trusts in the first half of the year, above all following the “third wave” of the Covid-19 health emergency, specifically for cleaning, sanitization, fitting out triage areas and new Covid wards on the part of the Parent Company Rekeep, as well as the supplies of linen and bulk materials (gowns) for Covid wards and the sale of PPE on the part of Servizi Ospedalieri and, especially, Medical Device. On the other hand, the resumption of routine work at hospitals and scheduled non-routine maintenance work that occurred especially during the third quarter of 2020 showed a new slowdown in the last quarter, in line with the evolution of the pandemic. Finally, the positive market contribution of the Polish sub-group led by Rekeep Polska was confirmed in 2021, compared to the previous year.

The Private market showed a volume growth of € 20.7 million in absolute value (+9.25%, from € 223.5 million in 2020 to € 244.2 million in the same period of 2021), which was mainly reported in the Facility Management sector and, which, in addition to benefitting from less stringent measures to contain the pandemic in 2021 than in the previous year, also took advantage of an increase in non-routine work with the customer Telecom and the commencement of hygiene and integrated services on new customers that had been acquired by subsidiary H2H Facility Solutions at the end of 2020, as well as of the extension of some contracts held by the Parent Company Rekeep in the large-scale retail trade sector.

As occurred in the Private market, the Public market also showed a recovery in volumes, thus achieving Revenues of € 223.3 million in the period, + 5.6% (+ € 11.8 million in absolute values), compared to the same period of 2020 (€ 211.5 million). In particular, the public market, which had proven to be the sector most vulnerable to the effects of the measures adopted to cope with the Covid-19 emergency in Italy, also benefitted from a less stringent lockdown in 2021 compared to the same period of the previous year and a more organized approach to the epidemic, even on the part of the main public operators. Furthermore, the Public market benefitted from an increase in the prices charged to customers under energy contracts during the last quarter of 2021, following an increase in the costs of raw materials. Finally, market volumes were still affected by the delays reported in the commencement of operations in Saudi Arabia, where the pandemic caused a postponement of the deadlines for implementing the infrastructure project in which the Group is involved for the provision of hygiene services.

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	
	2021	**% on total Revenues**	**2020**	**% on total**	**2021**	**2020**
Facility Management	975,196	86.9%	919,044	85.0%	274,539	258,805
of which International markets	*156,467*	*14.0%*	*133,039*	*12.3%*	*44,582*	*33,612*
Laundering & Sterilization	150,470	13.4%	166,297	15.4%	35,898	50,803
Eliminations	(3,642)		(3,951)		(876)	(1,083)
CONSOLIDATED REVENUES	**1,122,025**		**1,081,390**		**309,562**	**308,526**

Revenues of the *Facility Management* SBU recorded an increase of € 56.2 million (+6.1%) in 2021 compared to the same period of the previous year, from € 919.0 million to € 975.2 million, boosted by the healthcare market, as well as by the public and private markets as from the second half of the financial year. In particular, the sector was still driven by requests for non-routine sanitization work required by the health emergency, which were received particularly during the “third wave”, and was less affected by the adoption of restrictive measures than the previous year. Furthermore, the *Facility Management* SBU benefitted from the commencement of operations on some contracts during the second half of 2021, as well as from the already mentioned increase in the prices charged on energy contracts for integrated services.

On the other hand, revenues of the *Laundering&Sterilization* SBU decreased from € 166.3 million at 31 December 2020 to € 150.5 million at 31 December 2021, with a decrease equal to € 15.8 million (- 9.5%). The decline was mainly attributable to higher sales of PPE and the supply of bulk materials (gowns) and mattresses as requested by the hospital trusts in the comparative year, when the culmination of the first wave of the Covid-19 emergency and the feeling of uncertainty associated therewith had resulted in a significant increase in non-routine work and supplies of equipment, which continued until the “third wave” of the health emergency in early 2021, and then slowed down in the remainder of the year.

The performance of volumes in the *Laundering&Sterilization* sector described above confirmed a recovery in the relative weight of the *Facility Management* SBU on total consolidated Revenues (86.9% in 2021 against 85.0% in 2020).

EBITDA

The Group's EBITDA amounted to € 109.1 million at 31 December 2021, up by € 79.9 million compared to € 29.3 million in 2020. However, it should be noted that EBITDA expensed non-recurring costs of € 8.0 million and € 90.5 million, respectively, during the two comparative periods. Therefore, Adjusted EBITDA, excluding these non-recurring elements, amounted to € 117.2 million for the year ended 31 December 2021, against Adjusted EBITDA of € 119.7 million for the year ended 31 December 2020 (- € 2.6 million).

Below is the comparison of EBITDA by business segment for the period ended 31 December 2021 compared to the same period of 2020:

EBITDA BY SEGMENT

(in thousands of Euro)	**For the year ended 31 December**				**For the quarter ended 31 December**	
	2021	**% on Revenues by segment**	**2020**	**% on Revenues by segment**	**2021**	**2020**
Facility Management	74,729	7.7%	(10,161)	N.A.	22,456	(67,605)
of which International markets	*(763)*		*(14)*		*(542)*	*(3,151)*
Laundering&Sterilization	34,398	22.9%	39,431	23.7%	6,925	12,912
CONSOLIDATED EBITDA	**109,127**	**9.7%**	**29,270**	**2.7%**	**29,381**	**(54,694)**

The Facility Management sector showed EBITDA of € 74.7 million for the year ended 31 December 2021, showing an increase of € 84.9 million against a negative EBITDA of € 10.2 million in the same period of 2020. Adjusted EBITDA by segment came to € 82.2 million, showing an increase of € 2.0 million compared to € 80.1 million during the comparative period, even excluding the non-recurring items that affected the consolidated results recorded during the two comparative periods, which had an impact of € 7.4 million and € 90.3 million at 31 December 2021 and 31 December 2020, respectively, on the sector concerned.

The last quarter of 2021 saw a reduction in the negative contribution given by the *International Markets,* which was due to delays in operations concerning the contract for cleaning services within the scope of a construction project held by subsidiary Rekeep Saudi Arabia Ltd in Saudi Arabia, thanks to an agreement with the counterparty that makes it possible to cover at least part of the costs incurred during the transition phase. In International markets, 2021 still saw the positive contribution given by the Group controlled by Rekeep Polska and benefitted from the recovery of profit margins following the efficiency improvement measures put in place at the relevant central functions during the year.

EBITDA in the *Laundering&Sterilization* business segment came to € 34.4 million in 2021, showing a decline compared to the same period of 2020 (- € 5.0 million). As regards EBITDA in the segment, as well as revenues, the weight of the additional work performed to meet customers' demand in the healthcare sector became more substantial, above all in the comparative year and until the first part of 2021, at the same time as the “third wave”. The trend was also confirmed by a comparison of Adjusted EBITDA, equal to € 35.0 million, net of non-recurring costs of € 0.6 million for the year ended 31 December 2021, and € 39.6 million, net of non-recurring costs of € 0.2 million for the year ended 31 December 2020, respectively.

Costs of production

Costs of production, which amounted to € 1,012.9 million for the year ended 31 December 2021, showed a decrease of € 39.2 million in absolute terms compared to € 1,052.1 million posted for the year ended 31 December 2020 (- 3.7%).

“Other operating costs” also included, in both comparative financial years, the cost of the above-mentioned fine for to the FM4 tender (€ 0.3 million in 2021 and € 82.2 million in 2020) and therefore, net of this effect, Costs of production showed an increase in absolute value equal to € 42.7 million, in line with the trend recorded on revenues.

(in thousands of Euro)	**For the year ended 31 December**				**For the quarter ended 31 December**	
	2021	**% of total**	**2020**	**% of total**	**2021**	**2020**
Costs of raw materials and consumables	214,966	21.2%	191,751	19.8%	72,182	59,628
Change in inventories of finished and semi-finished products	918	0.1%	(5,087)	-0.5%	267	(3,796)
Costs for services and use of third-party assets	323,352	31.9%	342,205	35.3%	81,559	106,320
Personnel costs	460,196	45.4%	433,140	44.7%	119,967	119,873

(in thousands of Euro)	For the year ended 31 December			For the quarter ended 31 December		
	2021	**% of total**	**2020**	**% of total**	**2021**	**2020**
Other operating costs	13,351	1.3%	9,533	1.0%	6,014	(442)
Capitalization of lower internal construction costs	(140)	0.0%	(1,624)	-0.2%	(63)	(565)
Costs of production	**1,012,643**	**100.0%**	**969,918**	**100%**	**279,926**	**281,018**
Competition Authority's fine for the FM4 Tender	255		82,200		255	82,200
TOTAL COSTS OF PRODUCTION	**1,012,898**		**1,052,118**		**280,181**	**363,218**

Costs of raw materials and consumables in 2021 amounted to € 215.0 million, up by € 23.2 million (+ 12.1%) compared to the value posted in same period of 2020, with an impact on total Costs of production of 21.2% at 31 December 2021 against 19.8% at 31 December 2020. Cost for fuel consumption increased in 2021 (+19.1 million), due both to the effect of the resumption of heat management and energy service activities at full working capacity, which had recorded lower business volumes in 2020, and to an increase in raw material prices, which occurred in the last months of the year. The consumption of clothing and apparel and disposable items generated by the health emergency was still significant, although it was down on the consumption reported in the same period of the previous year, when the pandemic crisis was at its height.

Furthermore, a positive change of € 0.9 million in *Inventories of finished and semi-finished products* was recognized at 31 December 2021 *(*against a loss of € 5.1 million at 31 December 2020), which however remained stable compared to the previous quarter. These consist of the inventories of products of the Group companies Medical Service S.r.l. and the newly-acquired U.Jet S.r.l., which are active in the production and sale of medical devices and PPE and their trend was closely linked to the Covid-19 health emergency.

Costs for services and use of third-party assets came to € 323.4 million at 31 December 2021, down by € 18.9 million compared to the value posted at 31 December 2020 (€ 342.2 million) and with an impact of 31.9% (35.3% at 31 December 2020) 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 € 27.1 million (+ 6.2%) from € 433.1 million at 31 December 2020 to € 460.2 million at 31 December 2021, with an impact on total Costs of Production which rose from 44.7% for the previous year to 45.4% at 31 December 2021.

The average number of employees in service during 2021 was equal to 27,528, while it was 28,047 in the same period of the previous year (of which 25,786 against 26,265 manual workers), showing a slight decrease. 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.

The increase recognized in 2021 was also affected by the renewal of the National Collective Labor Agreement for employees of companies providing cleaning and integrated/multi-services, which applies to the majority of the employees of the Italian companies of the Rekeep Group, was approved on 9 July 2021 and was definitively validated by the trade unions on 6 August 2021.

The new national agreement, which became effective on 1 July 2021 and will expire on 31 December 2024 (with possible extension to 2025), provided for, among other things, an increase in the minimum wage spread in tranches over the following years and replaces the previous contract, which expired in 2013.

After excluding the cost of the Competition Authority's fine, *Other operating costs* amounted to € 13.4 million at 31 December 2021, compared to € 9.5 million at 31 December 2020, showing an increase of € 0.6 million, mostly attributable to the contribution of Other operating costs relating to duties, penalties and sundry operating charges.

Operating Income (EBIT)

In 2021, Consolidated Operating Income (**EBIT**) came to € 62.2 million (equal to 5.5% of Revenues) against a negative EBIT of € 19.4 million during the same period of 2020.

EBIT for the period was affected by the above-mentioned consolidated performance in terms of EBITDA (- € 79.9 million compared to the same period of the previous year), from which must be deducted higher *amortization and depreciation* of € 1.1 million (€ 31.4 million at 31 December 2021, of which € 7.2 million relating to the amortization of Rights of Use, showing a slight increase of € 29.3 million compared to the same period of 2020), while deducting higher *write-downs of receivables* and *reversals* of € 0.3 million (€ 3.6 million in 2021) and adding lower write-downs of other assets of € 0.5 million, as well as lower *accruals to provisions for risks and charges (net of reversals)* for € 2.8 million (decreasing from € 8.2 million at 31 December 2020 to € 5.5 million at 31 December 2021, including non-recurring provisions for € 3.3 million and € 1.8 million, respectively, most of which were set aside to cover the probable risk of the parent company incurring additional costs on some contracts).

Adjusted EBIT, which recognized the same non-recurring items impacting on Adjusted EBITDA, in addition to the aforesaid non-recurring accruals, came to € 72.0 million and € 74.3 million at 31 December 2021 and at 31 December 2020, respectively, with relative profit margins (Adjusted EBIT/Revenues) equal to 6.4% and 6.9%, respectively.

Below is a comparison of Operating Income (EBIT) by business segment for the period ended 31 December 2021 and that posted in the same period in 2020:

EBIT BY SEGMENT

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2021	**% on Revenues by segment**	**2020**	**% on Revenues by segment**	**2021**	**2020**
Facility Management	47,981	4.9%	(40,649)	-4.4%	13,596	5,870
of which International Markets	*(4,546)*		*(4,038)*		*(1,595)*	*(4,373)*
Laundering&Sterilization	14,199	9.4%	21,039	12.7%	1,611	8,082
CONSOLIDATED EBIT	**62,179**	**5.5%**	**(19,430)**	**-1.8%**	**15,208**	**13,951**

EBIT in the *Facility Management* sector posted a profit of € 48.0 million (4.9% of related segment Revenues) at 31 December 2021, against negative EBIT by segment of € 40.6 million at 31 December 2020. In considering the adjusted values, which exclude non-recurring accruals in the comparative period, adjusted EBIT by segment increased from € 53.1 million at 31 December 2020 to € 57.2 million at 31 December 2021 and operating profit margins decreased from 5.8% to 5.9% at 31 December 2021.

Adjusted EBIT by segment reflected the abovementioned performance in terms of Adjusted EBITDA (+ € 2.0 million) to which must be added lower amortization and depreciation for € 0.8 million and lower write-downs of trade receivables for € 0.2 million. On the other hand, lower net accruals to provisions for future risks and charges were recognized for € 1.1 million, excluding the impact of the abovementioned non-recurring accruals for € 1.5 million.

To the negative performance in terms of EBITDA in the *Laundering&Sterilization* segment in 2021 compared to the same period of the previous year (- € 5.0 million) must be deducted, at segment EBIT level, higher *amortization and depreciation* for € 2.0 million, while must be deducted lower *write-downs of trade receivables* of less than € 0.1 million and lower *accruals to provisions and releases for future risks and charges* (against an accrual of € 0.2 million at 31 December 2020). Profit margins by segment thus came to 9.8% in terms of EBIT on related Revenues by segment at 31 December 2021 against 12.8% in 2020. In considering non-recurring items impacting on EBITDA, Adjusted EBIT by segment amounted to € 14.8 million and € 21.2 million, respectively, in the two comparative periods.

Profit (loss) before tax from continuing operations

To consolidated EBIT must be added net income for the companies valued at equity, equal to € 1.3 million (against net charges of € 7.4 million at 31 December 2020) for the recognition of profits stated at the reporting date of the financial statements of some associated companies.

Net financial charges of € 66.7 million were also recognized (€ 41.5 million at 31 December 2020), thus obtaining a Loss before tax from continuing operations equal to € 3.3 million (against a loss of € 68.4 million at 31 December 2020).

Below is the breakdown by nature of net financial charges for the 2021 financial year and for the same period in the previous year:

(in thousands of Euro)	**For the year ended 31 December**		**For the quarter ended 31 December**	
	2021	**2020**	**2021**	**2020**
Dividends and income (loss) from sale of investments	1,498	5,227	746	5,080
Financial income	1,055	2,575	470	636
Financial charges	(69,681)	(50,081)	(12,878)	(12,966)
Profit (loss) on exchange rate	424	752	65	558
NET FINANCIAL CHARGES	**(66,704)**	**(41,527)**	**(11,597)**	**(6,692)**

During 2021 dividends were collected from non-consolidated companies for € 0.3 million (€ 0.4 million at 31 December 2020).

Furthermore, net capital gains from sale of non-consolidated investments were recognized for € 1.2 million, among which we must note the sale by Servizi Ospedalieri S.p.A. of the associate Fratelli Bernard S.r.l., a company specializing in industrial laundry services, of which it held an investment of 20% in the quota capital: the contract of sale was signed on 28 December 2021 for a consideration of € 2.2 million, of which an amount of € 0.3 million was deferred, achieving a net capital gain of € 0.5 million (consisting of a net capital gain of € 1.8 million recognized in the separate Financial Statements of Servizi Ospedalieri, after the net capital loss arising from the consolidation adjustments allocated to the company).

On the other hand, the Parent Company collected, in 2020, € 0.9 million as premium for yield paid for the sale of MFM Capital S.r.l. to 3i EOPF, which took place in December 2018, while on 29 December 2020 Servizi Ospedalieri S.p.A. completed the sale of an investment held in Linea Sterile S.p.A. (equal to 15% of the share capital), for a total consideration of € 3.6 million (of which € 1.5 million collected upon closing) and a capital gain from disposal of € 3.5 million.

Financial income amounted to € 1.1 million in 2021, while they amounted to € 2.6 million in the same period of 2020, following the recognition of a capital gain of € 1.2 million on the purchase of portions of the previous bond issue on the open market on the part of the Parent Company. Lower default interest from customers was also recognized for € 0.3 million compared to the previous year.

The impact of *financial charges* on the consolidated results of operations for the period was equal to € 69.7 million compared to € 50.1 million for the same period of 2020.

In early 2021, the Group completed a refinancing transaction, which entailed an early redemption of the Senior Secured Notes issued in 2017, due 2022 and a coupon at an annual fixed rate of 9% (for a nominal value of € 333.9 million at the settlement date), as well as the issue of new Senior Secured Notes due 2026 and a coupon at an annual fixed rate of 7.25% for a total amount of € 370.0 million. This transaction, which will allow in the next financial years a reduction in the weight of financial charges on results of operations (payable with a coupon on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) entailed the payment of non-recurring financial charges for € 23.7 million in the first half of 2021. Specifically, the Group incurred costs related to the early redemption for € 15.0 million, on the basis of the redemption premium set in the rules of the Senior Secured Noted paid off in full. The repayment of the Notes also entailed the reversal through profit or loss for the period of the residual additional costs to the issue in 2017, accounted for according to the amortized cost method, equal to € 5.8 million. At the same time as the bond issue the Revolving Credit Facility line of € 50.0 million was repaid, which had not been drawn down at the time of the redemption, with the consequent reversal through profit or loss of the residual portion of the costs concerning this loan (initially equal to € 1.0 million), which are also amortized on a straight-line basis throughout the term of the credit facility (€ 0.3 million).

Finally, non-recurring financial charges included bank fees for the new issue of € 2.6 million.

In addition, during 2021 the newly-issued Senior Secured Notes were affected by the financial charges for the period due to: (i) the financial charges for the period accrued on the coupons, equal to € 25.3 million (€ 30.5 million in the same period of 2020 on the previous bond issue); (ii) the accrued portion of the upfront fees relating to the issue, accounted for according to the amortized cost method, which entailed financial amortization charges of € 1.4 million (€ 4.0 million at 31 December 2020 on the previous bond issue, including the write-off of the portion relating to the Notes repurchased). Furthermore, the income statement includes financial charges of € 2.3 million related to the Notes of 2017 before redemption.

At the same time as the bond issue, the Parent 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 generated financial charges of € 0.9 million (including commitment fees charged by banks), while they amounted to € 0.3 million on the previous Super Senior Revolving credit line in the same period of 2020, when there was a saving in commitment fees. The facility, which had not been used at the end of the 2021 financial year, was subject to four short-term partial drawdowns in the second half-year in order to meet any possible temporary cash requirements, which entailed the charging of interest expense of € 0.2 million (against a financial cost of the previous line following the use of the total amount of € 50 million as from 23 March 2020 until 31 December 2020, equal to € 1.7 million).

Interest discount costs were also recognized for € 5.3 million during 2021, in relation to the assignments of trade receivables and VAT credits without recourse, up by € 0.8 million compared to the same period of the previous year, to be attributed to a spot assignment of non-performing loans carried out in the last quarter of the year.

Finally, foreign exchange gains of € 0.4 million were recorded at 31 December 2021, mainly linked to the fluctuations in Euro/ Turkish Lira and Polish Zloty exchange rates during the period.

Consolidated net Result for the period

From the Profit (loss) before tax from continuing operations (showing a loss of € 3.3 million) must be deducted taxes of € 17.7 million, thus obtaining a net Loss from continuing operations of € 21.0 million (a loss of € 83.0 million at 31 December 2020).

Consolidated net profit (loss) included a Profit from discontinued operations of less than € 0.1 million, against a positive balance of € 2.6 million at 31 December 2020, which was obtained following the completion of the sale of the total share capital of Sicura S.p.A. to Argos Wityu, a pan-European Private Equity fund, on 28 February 2020, which gave rise to a capital gain of € 3.1 million in the Consolidated Financial Statements, net of additional transaction costs and effects of consolidation.

Below is the breakdown of consolidated tax rate:

(in thousands of Euro)	**For the year ended 31 December**	
	2021	**2020**
Profit (loss) before tax from continuing operations	(3,258)	(68,396)
Competition Authority's fine for the FM4 Tender	255	82,200
Profit (loss) before tax from discontinued operations	16	2,694
Consolidated profit (loss) before tax excluding AGCM	**(2,987)**	**16,498**
Current, prepaid and deferred IRES tax	(11,969)	(9,328)
Current, prepaid and deferred IRAP tax	(5,391)	(4,562)
Tax adjustments for previous years	(384)	(733)
Tax on profit (loss) from discontinued operations	-	(125)
Total taxes	**(17,743)**	**(14,749)**
Consolidated tax rate excluding AGCM	**N.A.**	**89.4%**

As already mentioned, the Profit (loss) before tax included non-recurring financial charges of € 23.7 million correlated to the refinancing transaction carried out in the first months of 2021, which contribute to generating a Loss before tax from continuing operations of € 3.3 million.

In 2020 the Profit (loss) before tax includes a significant charge (€ 82.2 million) relating to the Competition Authority's fine for the FM4 Tender, following the developments in administrative proceedings pending during 2020, which gives rise to a Loss before tax from continuing operations of € 68.4 million.

Furthermore, during 2020, the Group recognized a Profit before tax from discontinued operations equal to € 2.7 million, including the aforementioned capital gain from sale of consolidated investments, which gave rise to a tax effect of € 0.1 million.

Finally, the Group reported a consolidated Net loss equal to € 21.0 million against a Net consolidated loss of € 80.5 million at 31 December 2020.

2.2. Analysis of the statement of financial position at 31 December 2021

The statement of Sources and Uses is reported below:

(in thousands of Euro)	**31 December 2021**	**31 December 2020**
USES		
Trade receivables and advances to suppliers	443,248	431,121
Inventories	12,743	12,921
Trade payables and contract liabilities	(413,374)	(412,849)
Net working operating capital	**42,617**	**31,193**
Other working capital elements	(150,501)	(161,427)
Net working capital	**(107,884)**	**(130,234)**
Property, plant and equipment and assets under finance leases	97,319	88,127
Rights of use for operating leases	32,646	34,415
Goodwill and other intangible assets	424,185	424,215
Investments accounted for under the equity method	9,153	9,140
Other items of non-current assets	30,857	34,012
Fixed assets	**594,160**	**589,909**
Non-current liabilities	(54,293)	(52,812)
NET INVESTED CAPITAL	**431,983**	**406,863**
SOURCES		
Equity attributable to non-controlling interests	4,588	3,199
Equity attributable to equity holders of the Parent	46,746	69,337
Shareholders' equity	**51,334**	**72,536**
Financial indebtedness	380,649	334,327
of which fair value of call options on subsidiaries' non-controlling interests	*15,336*	*13,077*
FINANCING SOURCES	**431,983**	**406,863**

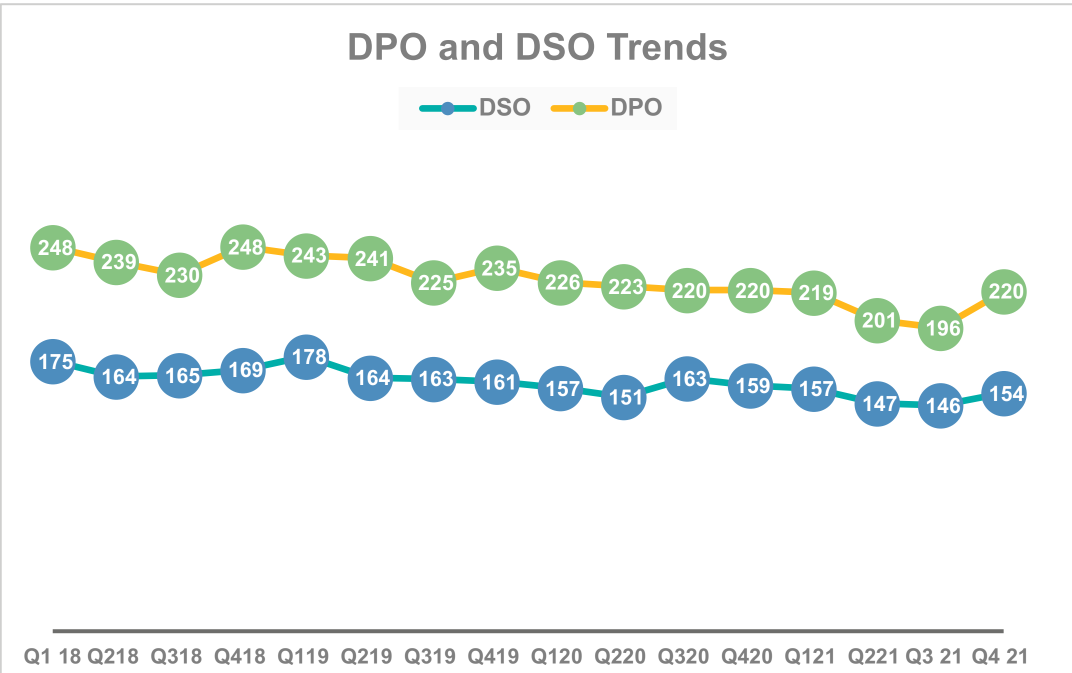
Net working capital

At 31 December 2021, Consolidated Net Working Capital (**NWC**) was negative and equal to € 107.9 million against a negative NWC of € 130.2 million at 31 December 2020.

At 31 December 2021 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 € 42.6 million against € 31.2 million at 31 December 2020. Considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring agencies (equal to € 68.0 million at 31 December 2021 and € 76.8 million at 31 December 2020) the **Adjusted NWOC** came to € 110.6 million and € 108.0 million, respectively.

The change in this latter indicator (+ € 2.6 million) was mainly linked to the balance of trade receivables (+ € 3.3 million, also considering the balance of receivables assigned without recourse and not yet collected by the factoring companies) against a substantial lack of trade payables (+ € 0.6 million).

As at 31 December 2021, average DSO was 154 days, with a reduction of 5 days compared to 159 days reported at 31 December 2020. Average DPO came to 220 days, remaining unchanged compared to the value posted at 31 December 2020, thus confirming a lower use of leverage on payments to suppliers with respect to the benefits of financial flows obtained from receipts and achieving a lower level compared to the data reported on average at the end of the year.



The balance of the other elements in working capital at 31 December 2021 was a net liability of € 150.5 million, down by € 11.3 million compared to a net liability of € 161.4 million at 31 December 2020.

(in thousands of Euro)	**31 December 2021**	**31 December 2020**	**Change**
Current tax receivables	5,278	10,010	(4,392)
Other current assets	24,133	25,636	(1,503)
Provisions for risks and charges, current	(12,455)	(10,550)	(1,905)
Current tax payables	0	(2,274)	2,274
Other current liabilities	(167,457)	(184,249)	16,792
OTHER WORKING CAPITAL ELEMENTS	**(150,501)**	**(161,427)**	**11,266**

The change in the net liability of other working capital elements, compared to 31 December 2020 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” (- € 1.6 million). These credit balances allowed, during 2021, the performance of assignments without recourse of the balances on account of refund required from the Tax Authorities, for a total amount of € 28.6 million;
- an increase in the balance of net current tax receivables, equal to a net receivable of € 5.3 million at 31 December 2021 against a net receivable of € 7.7 million at 31 December 2020;
- an increase in the short-term portion of provisions for future risks and charges for € 1.9 million, in particular following non-recurring provisions for € 1.8 million.

Furthermore, the Parent Company Rekeep S.p.A. recorded a liability of € 82.2 million under “Other current liabilities” at 31 December 2020, concerning the fine imposed by the Competition Authority in relation to the Consip FM4 Tender, after the partial granting of the appeal filed by the Company. On 22 December 2020 the Revenue Agency sent the related updated installment plan, deducting the installments already paid as deposit for € 3.0 million. The amount of the debt stated in the accounts also included expected surcharges and collection costs (equal to € 2.6 million). The Company started to pay these installments on a regular basis, but it then suspended payments as a result of the application of Decree Law no. 18 of 17 March 2020, governing “Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID-19 epidemic emergency" ("Cure Italy Decree”). In 2021 the Company resumed operations to pay monthly installments, paying part of the installments suspended during the Covid-19 emergency period, even in view of the expiry of the final deadline for the suspension of payment of amounts on the tax rolls provided for by the legislative measures issued during the emergency phase (31 August 2021), which entailed in 2021 the recognition of higher collection costs on certain installments for € 0.6 million (of which € 0.2 million stated as an increase in payables and € 0.4 thousand stated among provisions for risks and charges, due to the different probability of application of the additional charge), in addition to default interest.

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 € 10.5 million at 31 December 2021 (€ 11.2 million at 31 December 2020);
- long-term portion of Provisions for risks and charges (€ 26.0 million at 31 December 2021 against Euro 24.8 million at 31 December 2020);
- deferred tax liabilities of € 16.4 million (€ 16.7 million at 31 December 2020);
- other non-current liabilities for € 1.4 million (less than € 0.1 million at 31 December 2020) related to payables to employees for the long-term incentive plan reserved for some top managers of the subsidiary Rekeep Polska S.A..

Consolidated financial indebtedness

The breakdown of financial indebtedness at 31 December 2021 is shown below, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006, amended as contained in Warning Notice no. 5/21 of 29 April 2021 - "*Compliance with ESMA Guidelines on disclosure requirements under the Prospectus Regulation*": under the Notice, the authority notified, as from 5 May 2021, the replacement of the references to the previous CESR Recommendations with the latest Guidelines issued by ESMA (European Securities and Markets Authority) on disclosure requirements (ESMA32-382-1138 of 4 March 2021), including the references present on the subject of net financial position, as required by the new Prospectus Regulation (Regulation (EU) 2017/1129 and EU Delegated Regulations 2019/980 and 2019/979). The breakdown at 31 December 2021 is compared with the figures at 31 December 2020, as appropriately restated according to the new guidelines.

Consolidated financial indebtedness

The breakdown of financial indebtedness at 31 December 2021 is shown below, compared to the figures at 31 December 2020.

(in thousands of Euro)	31 December 2021	31 December 2020
A. Cash	160	144
B. Cash equivalents (c/a, bank deposits and consortia, non-proprietary accounts)	99,352	90,320
C. Other current financial assets	14,799	5,994
D. Liquidity (A) + (B) + (C)	**114,311**	**96,458**
E. Current financial liabilities	67,980	46,739
F. Current portion of non-current debt	14,097	3,308

(in thousands of Euro)	**31 December 2021**	**31 December 2020**
G. Current financial indebtedness (E)+(F)	**82,077**	**50,048**
H. Current net financial indebtedness (G) - (D)	**(32,234)**	**(46,410)**
I. Non-current financial liabilities	49,858	52,656
J. Debt instruments	363,025	328,082
K. Trade payables and other non-current payables	0	0
L. Non-current financial indebtedness (I) + (J) + (K)	**412,883**	**380,738**
M. NET FINANCIAL INDEBTEDNESS (H) + (L)	**380,649**	**334,327**

In 2021, Consolidated financial indebtedness increased from € 334.3 million at 31 December 2020 to € 380.6 million at 31 December 2021.

The assignments of trade receivables without recourse continued in 2021. The Parent Company Rekeep S.p.A. and Servizi Ospedalieri S.p.A. signed a 3-year maturity factoring agreement with Bancafarmafactoring S.p.A. concerning the assignment, without recourse and on a revolving basis, of receivables claimed by the same companies from Entities in the National Health System and Public Authorities, for an amount of up to € 200 million. In 2021 assignments without recourse were made under this contract for € 104.2 million. The Parent Company also signed an additional uncommitted factoring agreement with Banca IFIS, concerning the assignment without recourse of trade receivables specifically accepted for the individual transactions carried out. Receivables from private entities and Public Authorities were assigned for € 40.7 million in the period, in consideration of this contract. Furthermore, an additional line for assignments without recourse up to € 20 million on a revolving basis is in place with Unicredit Factoring S.p.A, which is also aimed at converting credit positions into cash specifically agreed with the factor, and which was used in the period for the assignment of receivables from private individuals for a total amount € 12.9 million. Finally, there were spot assignments of trade receivables from public customers with Banca Sistema for € 38.1 million and from private companies and companies in the large-scale retail trade for € 50.6 million, as were assignments of VAT credits requested for refund for a total of € 28.6 million. All assignments without recourse carried out were subject to derecognition according to 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 € 68.0 million at 31 December 2021 against € 76.8 million at 31 December 2020) amounted to € 448.6 million against € 411.2 million at 31 December 2020.

It should be noted that financial indebtedness also included the carrying amount of future payments discounted for operating leases for € 37.1 million and € 38.8 million at 31 December 2021 and 31 December 2020, respectively, and the 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 € 15.3 million at 31 December 2021 (€ 13.1 million at 31 December 2020).

At 31 December 2021 the balance of Cash and cash equivalents, net of short-term lines of credit ("Net Cash") amounted to € 70.1 million (€ 68.8 million at 31 December 2020):

(in thousands of Euro)	**31 December 2021**	**31 December 2020**
Cash and cash equivalents	99,512	90,464
Current bank overdraft, advance payments and hot money	(6,140)	(5,950)
Obligations arising from assignments of trade receivables with recourse	(23,270)	(15,732)
NET CASH	**70,101**	**68,782**

Below is the breakdown of the net financial exposure for bank credit lines and finance lease obligations ("*Net Debt*"), compared to 31 December 2020:

(in thousands of Euro)	**31 December 2021**	**31 December 2020**
Senior Secured Notes 2022 (nominal value)	370,000	333,900
Bank debts (nominal value)	1,104	1,407
Finance lease obligations	6,991	6,426
Current bank overdraft, advance payments and hot money	6,140	5,950
Obligations arising assignments of receivables with recourse	23,270	15,732
Payables for reverse factoring	9,963	4,629
GROSS DEBT	**417,469**	**368,044**
Receivables and other current financial assets	(14,799)	(5,994)
Cash and cash equivalents	(99,512)	(90,464)
NET DEBT	**303,158**	**271,586**

On 28 January 2021, the Parent Company Rekeep S.p.A. formalized a new Senior Secured bond issue for a total nominal amount of € 350 million. The Notes, issued at par and due 2026, have a coupon equal to an annual fixed rate of 7.25%, payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021. On 9 February 2021, the Company also issued additional Senior Secured Notes for a nominal amount 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).

It should be noted that, at the same time as the issue of 28 January 2021, Rekeep S.p.A. finally signed a new revolving loan agreement that will ensure a senior secured line of credit ("RCF") for an amount of up to € 75 million, which was partially used during the second half of 2021 for cash requirements (if any) and already repaid.

As the same time, the Parent Company paid off the Senior Secured Notes that had been issued in 2017, with an annual coupon of 9% and due 2022, for a residual nominal amount of € 333.9 million.

Finally, there was the recognition of higher uses of credit lines for the assignment of trade receivables with recourse (€ 23.3 million at 31 December 2021 against € 15.7 million at 31 December 2020), higher uses of reverse factoring lines (€ 10.0 million at 31 December 2021 against € 4.6 million at 31 December 2020) and higher uses in current bank overdraft, advance payments and hot money (€ 6.1 million at 31 December 2021 and € 6.0 million at 31 December 2020).

The change in consolidated “Cash and cash equivalents” is analyzed in the table below, which shows the cash flows for 2021, 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 Explanatory Notes according to IAS 7.

(in thousands of Euro)	**2021**	**2020**
At 1 January	**90,464**	**97,143**
Cash flow from current operations	29,301	50,748
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR)	(4,539)	(6,380)
Change in NWOC	(11,595)	(16,892)
Industrial capex, net of disposals	(33,843)	(33,556)
Financial capex, net of disposals	(2,603)	49,843
Change in net financial liabilities	55,370	(38,980)
Other changes	(23,043)	(11,643)
AT 31 DECEMBER	**99,512**	**90,464**

The overall cash flows mainly reflect:

- cash inflows from current operations for € 29.3 million (a cash inflow of € 50.7 million at 31 December 2020), which were significantly affected by the costs of the refinancing transaction mentioned above;
- outflows from the use of provisions for future risks and charges and of the provision for Employee Termination Indemnity (TFR) for € 4.5 million (€ 6.4 million at 31 December 2020);

- a cash flow used for changes in NWOC for € 11.6 million (€ 16.9 million at 31 December 2020) resulting from an outflow correlated to an increase in the balance of trade receivables for € 15.0 million (- € 24.5 million in 2020) and relating to the change in inventories for € 3.0 million against inflows in the balance of trade payables for € 0.3 million (+ € 13.3 million at 31 December 2020);
- a cash flow of € 33.8 million used in industrial investments (€ 33.6 million at 31 December 2020), already net of disposals of € 1.1 million (€ 0.6 million at 31 December 2020);
- a cash flow used for financial investments and disinvestments, equal to € 2.6 million at 31 December 2021, mainly relating to the acquisition of U.Jet S.r.l. on the part of subsidiary Servizi Ospedalieri for a total consideration of € 5.0 million on 1 June 2021, which was partly offset by the sale of non-consolidated investments for € 3.0 million, net of a loan granted to an associate company; inflows were equal to € 49.8 million at 31 December 2020, mainly due to the sale of Sicura S.p.A. for a consideration of € 52.7 million, net of additional transaction costs, which were followed by the acquisition of minority interests of the corporate vehicle controlling the company for € 2.0 million);
- an increase in net financial liabilities of € 55.4 million, which was mainly due to (i) the refinancing transaction mentioned above, which entailed the recognition of a higher capital debt of € 36.1 million; (ii) other changes in the liability relating to the use of short-term credit lines for hot money and advances on invoices (+ € 0.2 million) and for assignments of trade receivables with recourse (+ € 7.5 million), as well as for reverse factoring transactions (+ € 5.3 million); (iii) a 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 (+ €4.6 million); (iv) an increase in financial liabilities recognized on operating and financial leases (- € 1.1 million); (v) the effects of the fair value adjustment of the contingent liability, at the end of the period, for put options on minority interests (+ Euro 2.3 million); (vi) the change in the balance of accrued interest (+ € 9.7 million). In 2020 there was the recognition of a decrease in net financial liabilities for € 39.0 million, which was mainly due to (i) the buy-back of Senior Secured Notes for € 15.8 million through the purchase on the open market in May 2020; (ii) a higher liability against factoring firms for the drawdown of reverse factoring lines (+ € 4.6 million); (iii) the early repayment of the residual debt of € 8.3 million of the CCFS committed credit line originally due in 2023; (iv) the payment, during the year, concerning the dividend that the Parent Company resolved to distribute in December 2019 (- € 13 million); (v) other changes in the liability related to the use of short-term credit lines for hot money and advances on invoices and for assignments of trade receivables with recourse (- € 8.9 million); (vi) a higher liability against factoring firms for amounts received on receivables previously assigned without recourse and repaid to them in the subsequent quarter (+ € 2.4 million) against higher receivables from the same firms for the bank accounts subject to pledge, on which services for receipt are operated (+ € 1.7 million); (vii) a reduction in the financial liability recognized on operating and finance leases (- € 3.6 million); (viii) a reduction in the net financial liability linked to the remaining price to be paid for the acquisition of the Polish company Rekeep Polska, recognized for € 5.0 million at 31 December 2019 and paid for € 6.1 million at 25 November 2020;
- cash outflows arising from other changes recorded in the year for € 23.0 million, mainly due to the net effect of: (i) the trend in net VAT credit balances for the Group companies, which decreased by € 1.6 million during the period, even

against assignments without recourse totaling € 28.6 million; (ii) 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 (- € 7.2 million); (iii) the changes in debt balances for payments due to the members of the Temporary Business Grouping for (+ € 4.5 million); (iv) the increase in the balance of payables to/receivables from employees and related payables to/receivables from social security institutions and Tax Authorities for withholding taxes (- € 8.7 million). Other changes in 2020 absorbed total flows of € 11.5 million, mainly due to: (i) the net effect of the cash inflow generated by the changes in the net VAT credit balance of the Group companies (which decreased by € 6.7 million during the year, even against assignments without recourse amounting to € 39.9 million); (ii) the payment of installments for € 3,0 million on the debt for the deposit relating to the AGCM FM4 litigation during the year (they were subsequently deducted in full under the updated installment plan that the Revenue Agency sent in order for the Company to proceed with the payment of the fine); (iii) the accounting effects of the recognition of contingent liabilities due to the options of purchase subsidiaries' minority shareholdings (put options), equal to € 12.3 million in the year; (iv) the trend in debt balances for payments due to the members of the Temporary Business Grouping for (- € 1.6 million).

Industrial and financial Capex

In 2021 the Group made gross capital expenditures which totaled € 34.9 million (€ 34.2 million at 31 December 2020), from which must be deducted disinvestments of € 1.1 million (€ 0.6 million in the comparative period):

(in thousands of Euro)	**For the year ended 31 December**	
	2021	**2020**
Increases in owned properties	227	2,253
Purchase of plant and equipment	28,370	25,216
Acquisitions of fixed assets under finance leases	2,215	1,452
Other investments in intangible assets	4,110	5,264
INDUSTRIAL CAPEX	**34,923**	**34,184**

Acquisitions of plant and equipment include the purchase of linen by Servizi Ospedalieri S.p.A. for the linen rental and industrial laundering business, which requires periodic and frequent repairs, equal to € 16.4 million at 31 December 2021 against € 17.2 million at 31 December 2020. As at 31 December 2021, the item also included investments in equipment that will be used to deliver services on the new contract acquired by the subsidiary Rekeep Transport S.a.S. during the year, equal to € 1.2 million. Furthermore, there was the recognition of increases of € 1.6 million at 31 December 2020 relating to plants operated under service concession agreements for the Municipal government of Valsamoggia (Bologna) (through subsidiary Energy Saving Valsamoggia S.r.l., the majority quota of which was sold in December 2020).

Investments in intangible assets for the period amounted to € 4.1 million in the period (€ 5.3 million at 31 December 2020) and mainly related to ICT investments on the part of the Parent Company for the upgrading and enhancement of its SAP infrastructure and other systems.

Finally, investments relating to new finance leases (according to the distinction under the previously applicable IAS 17) for the period concerned the linen rental and industrial laundering operations of Servizi Ospedalieri S.p.A., of which € 1.6 million related to purchase of linen. Servizi Ospedalieri and the Parent Company Rekeep S.p.A. had invested € 1.0 million and € 0.5 million, respectively, in the previous year, according to the finance lease formula.

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

(in thousands of Euro)	**For the year ended 31 December**	
	2021	**2020**
Facility Management	12.,32	13,665
of which relating to International markets	*6,472*	*4,313*
Laundering & Sterilization	22,291	20,519
INDUSTRIAL CAPEX	**34,923**	**34,184**

Finally, cash flow from financial investments posted a negative value of € 2.6 million at 31 December 2021, which was generated from the net effect of the consideration for the acquisition of U.Jet S.r.l., equal to € 5.0 million, and the collection of the price for the sale of non-consolidated companies for € 3.0 million, partly absorbed by the sale of non-consolidated investments for € 3.0 million and the disbursement of a loan to a non-strategic company for € 0.3 million. Cash inflows from investments amounted to € 49.8 million at 31 December 2020, mainly due to the net financial effects arising from the sale of di Sicura S.p.A. which entailed the collection of an amount of € 55.0 million on the closing date, net of additional costs for € 2.4 million. On the same date, Rekeep S.p.A. paid a consideration of € 2.0 million for the acquisition of 5.96% of EULIQ VII S.A., a newco with registered office in Luxembourg, which directly controls AED S.r.l..

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 2020	Business Combinations	New loans	Repayments/ Payments	Buy-back/ Early termination	Other changes	31 December 2021
Senior Secured Notes	328,082		370,000		(333,900)	(1,157)	363,025
Revolving Credit Facility (RCF)	0		52,000	(52,000)			0
Bank loans	1,407			(303)			1,104
Current bank overdraft, advance payments and hot money	5,950		6,140	(5,950)			6,140
Accrued expenses and deferred income on loans	783			(17,225)		26,915	10,473
BANK DEBTS	**336,222**		**428,140**	**(75,478)**	**(333,900)**	**25,758**	**380,742**
Finance lease obligations	6,426		2,215	(1,651)			6,991
Operating lease liabilities	38,788	1,983	4,443	(7,135)	(963)		37,116
Payables for assignments of trade receivables with recourse	15,732		56,272	(48,734)			23,270
Payables for reverse factoring	4,629		9,963	(4,629)			9,963
Receipts on behalf of assignees of trade receivables without recourse	9,935		14,556	(9,935)			14,556
Fair value Put option/Earn Out	13,077					2,259	15,336
Other liabilities	5,976	1,472	2,148	(2,609)			6,986
FINANCIAL LIABILITIES	**430,785**	**3,455**	**517,738**	**(150,171)**	**(334,863)**	**28,018**	**494,960**
Current financial assets	(5,994)		(12,012)	3,207			(14,799)
NET FINANCIAL LIABILITIES	**424,790**	**3,455**	**505,726**	**(146,964)**	**(334,863)**	**28,018**	**480,161**

During 2021, a significant event was the refinancing transaction prepared by the Parent Company Rekeep S.p.A., which had launched the issue of Senior Secured Notes reserved for institutional investors for € 350 million on 18 January 2021; the transaction was completed on 28 January at an issue price of 100%, followed by an additional issue of Notes for € 20 million on 9 February at an issue price of 102.75% under the same terms and conditions as those issued previously, i.e. 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. Therefore, the debt for principal relating to the Senior Secured Notes was equal to € 370.0 million at 31 December 2021, to which must be added the accounting adjustment on additional issue costs, accounted for according to the amortized cost method (€ 7.0 million). The financial amortization of this adjustment generated the recognition of financial costs of € 1.4 million in the 2021 financial 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 in four separate occasions during the second half of the year in order to meet any possible temporary cash requirements, and was promptly repaid; at 31 December 2021 the RCF facility had not been drawn down. 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 other hand, the new issue allowed the repayment of the previously issued Senior Secured Notes, issued in 2017, due 2022 and with an annual fixed coupon of 9%, for an amount on account of principal of € 333.9 million, which was accounted for, according to IFRS 9, net of an adjustment for recognition of discount and additional issue cost for a residual amount of € 5.8 million, fully recycled among financial charges for the period.

Furthermore, at 31 December 2021 there was the recognition of accrued expenses on loans in a total amount of € 11.7 million (mainly related to the amount accrued on the bond coupon due 1 February 2022) and prepaid financial expenses of € 1.3 million, of which an amount of € 1.0 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).

As at the closing date 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 € 6.1 million, against a balance of € 5.9 million at 31 December 2020. 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 2021 assignments were made in an overall nominal amount of € 56.3 million and the facilities had been used for € 23.3 million at 31 December 2021 (€ 15.7 million at 31 December 2020). 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 € 10.0 million at 31 December 2021 (€ 4.6 million at 31 December 2020).

The Group companies recorded receipts of € 14.6 million at 31 December 2021 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, which gave rise to the payment of said amounts at the beginning of the subsequent quarter.

The financial liability relating to the discounted value of future lease payments to be made on property and operating leases amounted to € 37.1 million at 31 December 2021 against € 38.8 million at 31 December 2020. During 2021 new agreements were entered into and rentals were revalued for a present value of € 4.4 million upon recognition, while contracts were early terminated for a remaining value of € 0.9 million. On the other hand, a residual debt was recognized against finance leases equal to € 7.0 million at 31 December 2021 (€ 6.4 million at 31 December 2020), of which an amount of € 4.1 million for properties and equipment of the Laundering&Sterilization SBU and an amount of € 2.9 million relating to the Facility Management SBU.

Furthermore, contingent liabilities were recognized under financial liabilities for the acquisition of investments for a total amount of € 15.3 million (€ 13.1 million at 31 December 2020), 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 (€ 13.4 million), in addition to the put option granted in favor of the minority shareholder of Rekeep France on the remaining 30% of the share capital (€ 1.9 million), both of which had been already recognized at 31 December 2020.

Finally, “Other financial liabilities” included loans taken out by the Group companies with non-banking counterparties.

Finally, the balance of short-term financial assets showed an increase by € 14.8 million during 2021, mainly following a short-term interest-bearing upstream loan disbursed by the Parent Company Rekeep S.p.A.to the subsidiary MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), on the basis of the agreement signed on 5 November 2021; this loan, which constitutes a profitable alternative for the Parent Company to use available cash, had been used at the end of the period for € 10.0 million in order to meet peaks in temporary cash requirements linked to the routine work of the parent company, has a term of one year and accrues interest at 3-month EURIBOR plus spread.

At the end of the period, 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, for which the parent company Rekeep S.p.A. manages the collection service (€ 2.5 million). Residual receivables on the sale of investments of Servizi Ospedalieri S.p.A. were recognized for € 1.3 million, of which an amount of € 0.2 million in relation to the sale of the associate Fratelli Bernard S.r.l., which took place on 28 December 2021, and an amount of € 1.1 million in relation to the sale of Linea Sterile S.r.l., a non-strategic investment sold on 29 December 2020 for a total consideration of € 3.6 million (of which € 1.5 million collected upon closing and € 1.1 million collected during 2021).

2.3. Financial ratios

The main financial ratios for 2021, calculated at consolidated level, compared with the same ratios recorded for 2020, are reported below.

The financial data used to calculate these ratios are "normalized", i.e. net of the operating cost for the Competition Authority’s fine on the FM4 tender and financial charges incurred for the refinancing transaction, which are non-recurring and the significant amount of which is considered distorting for the assessment of the Company's ongoing results for 2020 and 2021, respectively.

	2021	2020
ROE	1.9%	-0.6%
ROI	14.5%	12.6%
ROS	5.6%	5.8%

ROE (Return on Equity) provides a summary measurement of the return on capital invested by shareholders. The ratio reflects a normalized consolidated Net profit in 2021, which was also affected by other non-recurring costs mentioned in the previous paragraphs. On the other hand, there was a reduction in the Equity reserves due to the allocation of the Consolidated profit (loss) for the previous year (a loss of € 83.2 million) to reserves.

ROI (*Return on Investments*) provides a summary measurement of the operating return on capital invested in a business. The performance reflects a decrease in the Group’s gross Invested Capital (- € 25.1 million) against a normalized EBIT for the year which remained substantially unchanged (€ 62.4 million and € 62.8 million in 2021 and 2020, respectively).

ROS (*Return on sales*) provides a summary measurement of the Group’s ability to convert turnover to EBIT and stood at 5.6% in 2021 compared to 5.8% in 2020, against a positive change in turnover (+ 3.8% compared to 2020), while normalized EBIT was in line with the figure posted in the previous year.

	2021	2020
Current ratio (Current liabilities / Current Assets)	0.90	0.89
Ratio of financial charges to turnover (Financial charges / Revenues)	6.2%	4.6%
Capital adequacy ratio (Equity / Total Payables)	4.7%	7.0%
Liquid return ratio of assets (Cash flow / Total Assets)	1.9%	4.7%
Social security and tax debt ratio (Social security debt / Revenues)	13.6%	15.1%

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 substantially unchanged compared to 2020 and was affected by the recognition in current liabilities of the notice of payment for the fine for the FM4 tender, which decreased during 2021 following the resumption of payment of installments (- € 7.2 million compared to 2020).

The recognition of non-recurring costs linked to the refinancing transaction (€ 23.7 million) in 2021, in addition to the recognition of the significant cost relating to the FM4 fine (€ 82.2 million) in 2020 also entailed an operating loss in the two periods which reduced the Consolidated Equity, thus affecting the Capital Adequacy ratio.

For the same reason described above, the ratio of financial charges to turnover too showed an increase in 2021 from 4.6% at 31 December 2021 to 6.2% at 31 December 2020, while there was a decrease in the liquid return ratio of assets (1.9% at 31 December 2021 against 4.7% at 31 December 2020), which however remained in line with industry average.

	2021	2020
Indebtedness ratio	0.89	0.83
Medium/Long-term indebtedness ratio	0.97	0.94

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 2021, showing an increase compared to the previous year, against a more than proportional increase in the Financial indebtedness compared to a decrease in Equity following the consolidated net losses posted in the last two financial years, affected by the significant events that have been already described above.

The medium/long-term indebtedness ratio, expressed as the ratio of consolidated financial liabilities to total sources of funding, increased from 0.94 in 2020 to 0.97 in 2021, thus reflecting an increase of € 21.1 million in the balance of medium/long-term loans (mainly following the execution of new Senior Secured Notes at an interest rate lower than previous ones) and a total decrease in sources of funding, and in particular in Equity.

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.

	2021	2020	2019 Restated
Turnover/internal and external personnel costs	1.56	1.53	1.46
Make ratio	63.9%	61.4%	61.4%

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 1.56 in 2021 (1.53 in 2020). The ratio reflects the growth in sales volumes (+3.8% compared to 2020) 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 2021 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 2021

The main income data of the Parent Company Rekeep S.p.A. for the year ended 31 December 2021, as well as a comparison with the figures from the previous year.

(in thousands of Euro)	For the year ended 31 December		Change
	2021	2020	
Revenues	685,443	677,063	8,381
Costs of production	(622,722)	(693,338)	70,617
EBITDA	**62,722**	**(16,276)**	**78,998**
Amortization, depreciation, write-downs and write-backs of assets	(15,550)	(27,966)	12,416
Accrual of provisions for risks and charges	(3,707)	(6,164)	2,456
Operating Income (EBIT)	**43,465**	**(50,406)**	**93,871**
Income (charges) from investments	11,988	20,943	(8,955)
Net financial charges	(59,508)	(38,556)	(20,952)

(in thousands of Euro)	For the year ended 31 December		Change
	2021	2020	
Profit before taxes	**(4,056)**	**(68,019)**	**63,963**
Income taxes	(8,749)	(9,035)	286
Profit (loss) from continuing operations	**(12,805)**	**(77,054)**	**64,249**
Profit (loss) from discontinued operations	16	10,655	(10,639)
NET RESULT	**(12,789)**	**(66,399)**	**53,610**

In 2021 Revenues recorded an increase compared to the value posted in 2020 (+ € 8.4 million).

The controlling company Rekeep S.p.A. guarantees the Group a substantial portion of consolidated results (about 61% 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 the Parent Company itself.

More than 50% 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.), as well as large-scale retail trade and telecommunications customers.

The performance in terms of revenues recorded by the Parent Company was still affected, for the comparative year and until the first half of 2021, by the health emergency due to the COVID-19 epidemic: with the consequent downsizing (and blocking in the first part of 2020) of all non-essential services, on the one hand and, on the other hand, the demand for requests for extra services and supplies (extraordinary sanitization and cleaning, fitting out hospital wards, non-routine maintenance work mainly in the healthcare sector). On the other hand, the second-half of 2021 saw the start of operations, at full working capacity, on the contracts acquired during 2020 (e.g. the extension of agreements with large-scale retail trade) and the price effect on heat management contracts, for which there was an increase in the price charged to the customer due to the higher cost incurred for energy procurement.

The Company's EBITDA for 2021 amounted to € 62.7 million, against a negative value of € 16.3 million in 2020. The Profits/(Losses) for the 2021 financial year included non-recurring items for € 4.5 million, while The Profits/(Losses) for the 2020 financial year were significantly impacted by the recognition of the cost relating to the Competition Authority's fine for the FM4 tender (€ 82.2 million), as well as by other non-recurring costs of € 4.9 million. After excluding these non-recurring elements from the relevant values, Adjusted EBITDA for the year came to € 67.2 million at 31 December 2021, against Adjusted EBITDA of € 70.9 million at 31 December 2020, showing a decrease in terms of operating profit margins that was mainly due to the impact of two factors: (i) an increase in personnel costs due to the renewal of the National Collective Labor Agreement for employees of companies providing cleaning and integrated/multi-services with effect from 1 July 2021; (ii) an increase in fuel costs as a result of the generalized rise in the price of raw materials.

The remarks concerning the Group's income performance, in fact, are fully borne out in Rekeep S.p.A., since the profit margin performance described more generally for the facility management segment was even more evident in the Parent Company. The Parent Company contributed to consolidated EBITDA for about 60% in 2021.

As regards operating costs, there were higher *Costs of raw materials and consumables* for € 27.0 million following the already mentioned increase in fuel costs, lower *Costs of services* for € 21.1 million against higher *Personnel costs* for € 4.5 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 2021 was equal to 11,923 units, of which 278 were provided by MSC Società di Partecipazione tra Lavoratori S.p.A. (12,290 employees in the previous year, of which 305 were provided by MSC Società di Partecipazione tra Lavoratori S.p.A.). 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.

In 2021 **EBIT** posted a positive value of € 43.5 million against a negative EBIT of € 50.4 million in 2020. *Amortization and depreciation* amounted to € 11.8 million in 2021 against € 12.8 million at 31 December 2020, of which an amount of € 5.3 million relating to amortization of intangible assets (€ 6.4 million at 31 December 2020) and € 6.5 million relating to depreciation of property, plant and equipment (€ 6.4 million at 31 December 2020), which included amortization on right of use for € 5.0 million in 2021 and € 4.9 million in 2020, respectively.

Net write-downs of trade receivables amounted to € 3.3 million (€ 2.6 million at 31 December 2020) and included some specific write-downs concerning pending disputes. Write-downs for € 0.5 million were also recognized on other current assets in 2020.

Furthermore, during 2021 we must note *write-downs of equity investments* of € 0.5 million, which were mainly related to the adjustment to the write-down of the investment in subsidiary Yougenio S.r.l. in liquidation, already written down in 2020, when the losses reported on some projects started in Middle East markets had also led to a partial write-down of the subsidiary Rekeep World S.r.l. (total cost equal to € 12.0 million at 31 December 2020).

Finally, provisions for future risks and charges (net of reversals) of € 3.7 million were recognized at 31 December 2021 (€ 6.2 million at 31 December 2020) which included a non-recurring provision for future additional costs on some contracts in both comparative years (€ 1.5 million at 31 December 2021 and € 3.3 million at 31 December 2020), in addition to the provision for probable surcharges on some installments of the notice of payment for the Competition Authority's fine (€ 0.4 million at 31 December 2021).

For the year ended 31 December 2021 **Adjusted EBIT** then came to € 49.8 million (equal to 7.3% in terms of profit margins relating to the Revenues for the year) against € 40.0 million at 31 December 2020 (equal to 5.9% of related Revenues).

To EBIT must be added Dividends and net income from equity investments amounting to € 12.0 million, compared to a balance of € 20.9 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	
	2021	2020
Servizi Ospedalieri S.p.A.	8,840	18,000
H2H Facility Solutions S.p.A.	0	2,000
Telepost S.r.l.	2,000	0
MFM Capital S.r.l.	69	225
Other minor dividends	223	264
DIVIDENDS	**11,132**	**20,489**

Net capital gains from sale of non-strategic equity investments for € 0.9 million were also accounted in 2021, while net capital losses from sale of equity investments had been accounted for € 0.4 million in 2020, due to the sale of Energy Saving Valsamoggia S.r.l. to MFM Capital S.r.l., in addition to an income of € 0.9 million relating to the collection of the premium-for-yield amount to be paid on the disposal of MFM Capital S.r.l. to the 3i EOPF fund, which had not been recognized at the same time as the sale since it was linked to uncertain and unforeseeable future events that occurred only during the 2020 financial year.

Financial income decreased by € 1.2 million compared to the previous year, when there was the recognition of capital gains equal to € 1.2 million on the purchase of portions of the previous bond issue on the open market for a total nominal amount of € 15.8 million.

The impact of *financial charges* on the Company's results of operations was equal to € 63.8 million, with an increase equal to € 19.8 million compared to € 44.0 million in 2020. As already reported, in early 2021, Rekeep S.p.A. completed a refinancing transaction, which entailed an early redemption of the Senior Secured Notes issued in 2017, due 2022 and a coupon at an annual fixed rate of 9% (for a nominal value of € 333.9 million at the settlement date), as well as the issue of new Senior Secured Notes due 2026 and a coupon at an annual fixed rate of 7.25% for a total amount of € 370.0 million. This transaction, which will allow in the next financial years a reduction in the weight of financial charges on results of operations (payable with a coupon on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) entailed the payment of non-recurring financial charges for € 23.7 million in the first half of 2021, broken down into: (i) costs related to the early redemption for € 15.0 million, on the basis of the redemption premium set in the rules of the Senior Secured Noted paid off in full; (ii) reversal through profit or loss for the period of the residual additional costs to the issue in 2017, accounted for according to the amortized cost method, equal to € 5.8 million i; (iii) reversal through profit or loss of the residual portion of the costs concerning the previous Revolving Credit Facility (initially equal to € 1.0 million), which are also amortized on a straight-line basis throughout the term of the credit facility (€ 0.3 million); (iv) bank fees for the new issue of € 2.6 million.

In addition, the newly-issued Senior Secured Notes were affected by the financial charges for the period in relation to: (i) interest accrued on the coupons, equal to € 25.3 million (€ 30.5 million in the same period of 2020 on the previous bond issue); (ii) the accrued portion of the upfront fees relating to the issue, accounted for according to the amortized cost method, equal to € 1,4 million (€ 4.0 million at 31 December 2020 on the previous bond issue, including the write-off of the portion relating to the Notes repurchased); (iii) amortization charge on costs incurred (initially equal to € 1.3 million) for the execution of the Super Senior Revolving facility at the same time of issue for € 0.9 million, including commitment fees charged by banks (€ 0.2 million at 31 December 2020); (iv) interest expense on the four short-term partial drawdowns of the same facility which took place in the second half-year for € 0.2 million (€ 1.7 million at 31 December 2020, when the facility was used for about 2 half-years).

Furthermore, the income statement includes financial charges of € 2.3 million relating to the Notes of 2017 before redemption.

Finally, interest discount costs were recognized in relation to the assignments of trade and VAT receivables without recourse for € 3.9 million in 2021 (€ 3.1 million at 31 December 2020), including non-recurring charge related to a spot assignment of non-performing loans carried out in the last quarter of the year (€ 1.3 million).

From the profit before taxes must be deducted taxes of € 8.7 million (€ 9.0 million at 31 December 2020), thus obtaining a *Net loss* of € 12.8 million (against a *Net loss* of € 77.1 million at 31 December 2020). Below is the breakdown of the tax rate for the year:

(in thousands of Euro)	**For the year ended 31 December**	
	2021	**2020**
Profit before taxes	**(4,056)**	**(68,019)**
Competition Authority's fine for the FM4 Tender	255	82,200
Profit before taxes excluding the Competition Authority's fine	**(3,801)**	**14,181**
Current, prepaid and deferred IRES tax, including income and expenses from Tax consolidation	(4,969)	(4,903)
Current, prepaid and deferred IRAP tax	(3,558)	(3,313)
Tax adjustments for previous years	(222)	(819)
Income taxes	**(8,749)**	**(9,035)**
Tax rate from continuing operations	**N.A.**	**63.7%**
Profit (loss) before tax from discontinued operations	(16)	10,789
Tax on profit/(loss) from discontinued operations	0	(134)
Total Tax rate	**N.A.**	**36.7%**
Net profit (loss)	**(12,789)**	**(66,399)**

As already mentioned, the Profit (loss) before tax was negative and equal to € 4.1 million at 31 December 2021 while it was negative and equal to € 68.0 million as a result of the significant cost for the fine imposed by the Competition Authority (€ 82.2

million) relating to the administrative proceedings which were still in progress. Furthermore, during 2020, the Company recognized a Profit before tax from discontinued operations equal to € 10.8 million, including the aforementioned capital gain from the sale of the investment in Sicura S.p.A., which gave rise to a tax effect of € 0.1 million.

Compared to the previous year the Company recognized lower current, prepaid and deferred taxes for € 0.2 million against a Profit (loss) before tax (excluding the Competition Authority's fine), showing a deterioration of € 18.0 million, mainly due to the impact of non-recurring financial charges related to the refinancing transaction in 2021.

Finally, the Company reported a Net loss equal to € 12.8 million against a Net loss of € 66.4 million at 31 December 2020.

3.2 Statement of financial position

The table below reports the Sources and Uses:

(in thousands of Euro)	31 December 2021	31 December 2020
USES		
Trade receivables and advances to suppliers	286,311	286,271
Inventories	351	517
Trade payables and contract liabilities	(274,744)	(274,681)
Net working operating capital	**11,917**	**12,106**
Other working capital elements	(124,339)	(130,929)
Net working capital	**(112,422)**	**(118,823)**
Property, plant and equipment and assets under finance leases	8,531	7,978
Rights of use for operating leases	23,878	26,711
Intangible assets	342,683	344,479
Investments	139,925	114,153
Other non-current assets	54,677	50,084
Fixed assets	**569,695**	**543,405**
Non-current liabilities	(38,476)	(39,891)
NET INVESTED CAPITAL	**418,797**	**384,691**
SOURCES		
Shareholders' equity	86,537	99,920
Net financial indebtedness	332,260	285,471
TOTAL FINANCING SOURCES	**418,797**	**384,691**

Net working capital

Net working capital (**NWC**) posted a loss of € 112.4 million at 31 December 2021, with a decrease in absolute value equal to € 6.4 million compared to the net liability posted at 31 December 2020 (€ 118.8 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 € 11.9 million at 31 December 2021, while it was equal to € 12.1 million at 31 December 2020. The balance of Trade Receivables and advances to suppliers increased by € 0.1 million, while Trade payables and contract liabilities showed an increase of € 0.1 million. The Company made assignments of trade receivables without recourse to Factors for € 182.6 million in the year, while the balance of receivables assigned and not yet collected by the latter at the reporting date amounted to € 50.3 million (€ 52.0 million at 31 December 2020). The **Adjusted NWOC** came to € 62.2 million and € 64.1 million, respectively, during the two years under comparison.

The balance of Other elements in working capital at 31 December 2021 consisted of a net liability of € 124.3 million (€ 130.9 million at 31 December 2020):

(in thousands of Euro)	**31 December 2021**	**31 December 2020**	**Change**
Current tax receivables	4,310	7,753	(3,443)
Other current assets	10,762	12,385	(1,623)
Provisions for risks and charges, current	(10,374)	(8,701)	(1,673)
Current tax payables	(35)	(259)	224
Other current liabilities	(129,002)	(142,108)	13,105
OTHER ELEMENTS IN WORKING CAPITAL	**(124,339)**	**(130,929)**	**6,590**

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

- a reduction in the debt for the Competition Authority's fine, equal to € 72.2 million at 31 December 2021 (€ 79.4 million at 31 December 2020);
- the recognition of lower net income tax receivables of € 3.4 million compared to the previous year;
- an increase in the short-term portion of provisions for risks and charges of € 1.7 million;
- the recognition of lower net VAT receivables for € 0.1 million (€ 0.5 million in both period under comparison).

Fixed assets

Fixed assets include the following main items:

(in thousands of Euro)	**31 December 2021**	**31 December 2020**	**Change**
Property, plant and equipment and assets under finance leases	8,531	7,978	554
Rights of use on operating leases	23,878	26,711	(2,833)
Intangible assets	16,262	18,058	(1,796)
Goodwill	326,421	326,421	0
Equity investments in subsidiaries, associates and joint-ventures	139,925	114,153	25,772
Other investments	7,109	7,010	99
Non-current financial assets	35,324	29,207	6,118
Other non-current assets	2,377	2,708	(330)
Deferred tax assets	9,867	11,160	(1,293)
FIXED ASSETS	**569,695**	**543,405**	**26,290**

The most substantial changes concerned:

› an increase of € 25.8 million in the balance of “Equity investments in subsidiaries, associates and joint-ventures”, against write-downs of investments of € 0.5 million in 2021, mainly related to subsidiary Yougenio S.r.l. in liquidation and increases for payment on account of capital of € 25.0 million related to subsidiary Rekeep World S.r.l.. During the year Rekeep also acquired the minority interest in the subsidiary Cefalù Energia S.r.l. for 0.1 million, with subsequent establishment of a reserve on account of capital for € 0.9 million;

› an increase in non-current financial assets of € 6.1 million following an increase in the portion of the subordinated loan granted to the subsidiary Servizi Ospedalieri for € 6.0 million;

› a reduction in the net book value of the “Rights of use”, recognized against the agreements concerning property leases and the long-term hire for the motor vehicles of the corporate fleet. During the year increases of € 2.7 million were recorded for new agreements and ISTAT index adjustments, of which an amount of € 2.2 million for the corporate fleet, in addition to decreases for early withdrawal for € 0.6 million and amortization allowances for € 5.0 million.

Other non-current liabilities

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

› TFR (employee benefits), equal to € 4.3 million and € 5.6 million at 31 December 2021 and 31 December 2020, respectively;

› long-term portion of provisions for future risks and charges equal to € 22.7 million at 31 December 2021 and € 22.0 million at 31 December 2020);

› deferred tax liabilities of € 11.4 million (€ 12.3 million at 31 December 2020).

Financial indebtedness

The Parent Company's financial indebtedness at 31 December 2021 and at 31 December 2020 is reported below:

(in thousands of Euro)	**31 December 2021**	**31 December 2020**
Long-term financial liabilities	385,788	354,928
Bank borrowings and current portion of long-term debt	52,912	30,497
GROSS FINANCIAL INDEBTEDNESS	**438,700**	**385,425**
Cash and cash equivalents	(47,897)	(53,823)
Other current financial assets	(58,543)	(46,131)
FINANCIAL INDEBTEDNESS	**332,260**	**285,471**

Financial indebtedness amounted to € 332.3 million at 31 December 2021, against € 285.4 million at 31 December 2020. 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 (€ 50.3 million at 31 December 2021 and € 52.0 million at 31 December 2020) increased from € 337.5 million at 31 December 2020 to € 382.6 million at 31 December 2021.

During 2021, a significant event was the refinancing transaction prepared by Rekeep S.p.A. with the issue of new Senior Secured Notes reserved for institutional investors for € 370 million, to which must be added the accounting adjustment on additional issue costs, accounted for according to the amortized cost method (€ 7.0 million), in addition to the repayment of the previously issued Senior Secured Notes, issued in 2017, for an amount on account of principal of € 333.9 million, net of an adjustment for recognition of discount and additional issue costs for a residual amount of € 5.8 million.

Furthermore, at 31 December 2021 there was the recognition of accrued expenses on loans in a total amount of € 11.7 million, mainly relating to the amount accrued on the bond coupon due 1 February 2022 (€ 1.3 million at 31 December 2020).

Finally, during 2021 there was an increase in short-term financial assets for € 12.4 million, mainly due to a short-term interest-bearing loan granted by Rekeep S.p.A. to the parent company MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), which had been used for e 10.0 million at the end of the period to meet temporary peaks in cash requirements linked to the routine work.

Industrial Capex

In 2021 industrial capex incurred by the Company totaled € 5.6 million against disinvestments of less than € 0.1 million (€ 0.1 million at 31 December 2020):

(in thousands of Euro)	For the year ended 31 December	
	2021	**2020**
Acquisition of plant and machinery	2,084	1,631
Acquisition of plant and machinery under finance leases	0	476
Other investments in intangible assets	3,503	3,938
INDUSTRIAL CAPEX	**5,586**	**6,045**

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

3.4

(in thousands of Euro)	31 December 2021		31 December 2020	
	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	**(12,789)**	**86,537**	**(66,399)**	**99,920**
- Elimination of consolidated equity investment values	(161)	(179,951)	(5,161)	(147,574)
- Accounting of Shareholders' Equity to replace the values eliminated		65,497		51,279
- Allocation to consolidation difference		57,922		55,538
- Allocation of tangible assets				
- Recognition of financial costs on options	(2,154)	(2,154)	(507)	(507)
- Dividends distributed to Group companies	(14,369)		(20,000)	
- Profit generated by consolidated companies	(5,561)	(5,561)	(376)	(376)
- Associates and Joint ventures valued at equity	226	2,412	(71)	1,935
- Tax effects on consolidation adjustments	28	(135)	(3)	(163)
- Reversal of statutory write-downs	12,190	22,182	9,304	9,992
- Other consolidation adjustments	3	(2)	59	(6)
Total consolidation adjustments	**(9,798)**	**(39,791)**	**(16,755)**	**(29,883)**
Shareholders' equity and profit (loss) for the year pertaining to the ParentCompany	**(22,588)**	**46,747**	**(83,154)**	**69,336**

(in thousands of Euro)	31 December 2021		31 December 2020	
	Profit (loss) for the year	Shareholders' equity	Profit (loss) for the year	Shareholders' equity
Shareholders' equity and profit (loss) for the year pertaining to Minority Interests	1,603	4,587	2,703	3,199
SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE YEAR AS SHOWN IN THE CONSOLIDATED FINANCIAL STATEMENTS	**(20,985)**	**51,334**	**(80,451)**	**72,356**

4. INTERNAL CONTROL SYSTEM AND RISK FACTORS

The Internal Control System is the set of rules, procedures and organizational units for the identification, measurement, management and monitoring of risks.

Rekeep S.p.A. has adopted 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 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, Supervisory Board, 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.

In particular, the bodies which perform control functions limited to compliance with national and international laws and company rules include:

- Internal Audit & Antitrust Compliance Office;
- the "Organismo di Vigilanza (ODV)" – Supervisory Board, pursuant to Legislative Decree 231/2001.

Internal Audit & Antitrust Compliance Office control activities

The Internal Audit & Antitrust Compliance function 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, thus complying with the independence requirement, 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 adequate;
- 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 2021 was composed of:

- two third-party professionals, in the persons of Marco Strafurini and Giuseppe Carnesecchi;
- an internal member, in the person of Pietro Testoni, who also took on the position of Chairman of the Board itself.

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

- 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, 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, which allows an appropriate archiving and traceability of any work performed.

Other 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 in addition to the risks identified in the current Group's internal control framework (mapping of sensitive activities under Legislative Decree 231/2001, assessment of the Antitrust risk, etc.).

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.

Financial risks

Concerning financial risks (liquidity, credit, interest rate, exchange rate and price risks) the Group deals with in its operations and how they are managed, the subject is discussed in detail under note 36 in the explanatory Notes to the Consolidated Financial Statements, to which reference should be made.

5. ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

On 16 April 2021, the Organizational, Management and Control Model under Legislative Decree 231/2001 of Rekeep S.p.A. was updated following the latest regulatory guidelines in the matter of the administrative liability of Entities and changes in corporate governance.

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 from among the members of 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. UPDATE ON LEGAL PROCEEDINGS

The updates are reported below for the 2021 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.

ANAC's disqualification order - Santobono Pausilipon

On 10 November 2017 ANAC (Italian Anti-Corruption Authority), after the completion of proceedings initiated in November 2016 following a report made by A.O.R.N. Santobono Pausilipon in Naples, imposed a sanction (the "ANAC Order") on Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at that time), raising objections concerning the failure to provide a declaration relating to the absence of criminal proceedings against one of the Company's proxy holders in the documentation submitted for the same tender, which took place in 2013. On the other hand, this proxy holder met the legal requirements in full. The ANAC order provided, in addition to a fine of € 10 thousand, for the Company to be disqualified from all public tenders for a period of 6 months as from the date of entry in the computerized records of economic operators in public contracts. The Company successfully challenged the order before the Regional Administrative Court, but, within appellate proceedings brought by ANAC, the disqualification order was confirmed by the Council of State; at the end of the procedure for application of extraordinary means of appeal (appeal for review and judicial appeal to the Supreme Court), it became final on 4 December 2020 with the filing of the Supreme Court's judgment no. 27770/2020. As a result of this judgment, any suspension effect of ANAC Resolution no. 1106/2017 was therefore removed, which entails, in addition to a fine of € 10 thousand, the exclusion of Rekeep S.p.A. from public tender procedures and subcontracting of public contracts for a period of 6 months in accordance with Legislative Decree 50 of 2016 (the "Public Contracts Code"). The entry, which had been previously blacked out by ANAC, was therefore re-inserted in the computerized records of economic operators in public contracts relating to works, services and supplies as from 25 December 2020 and until 17 June 2021. Rekeep S.p.A. had formally asked ANAC to postpone the immediate new reinstatement of the entry in the records until the conclusion of the proceedings initiated by ANAC on the Application for Reexamination submitted on 20 October 2020 and, subordinately, to specify that the disqualifying effects of these records, as provided for by Article 38, paragraph 4, of the "Rules for the management of the Computerized Records of public contracts for works, services and supplies, in accordance with Article 213, paragraph 10, of Legislative Decree no. 50 of 18 April 2016", are only limited to exclusion "from tender procedures or from access to qualification if the expiry of the time limit set for submitting bids or the application for qualification falls within the effective period of the entry". ANAC replied to this notice with an additional memo sent on 5 January 2021, whereby it also notified that it rejected the Company's request and intended to reinstate the entry in question, as any other wording would not be in line with the principle according to which tendering requirements must necessarily be met on an ongoing basis". The Company lodged an appeal against this order before the Lazio Regional Administrative Court which, by a judgment dated 29 March 2021, declared the appeal inadmissible. The Company filed an appeal against this judgment together with an application for preliminary request, which was accepted by the Council of State by an order dated 23 April 2021. In light of this, any effect of the ANAC order must be regarded as suspended at present. It was also ordered to proceed with blacking out the entry in the computerized records. Moreover, following the summary examination of the precautionary proceedings phase, the Council of State held that "the principle of strictly legal typicality of the sanctions (....) has been breached, given that (...) the failure to make a statement with which the Company has been charged under the order does not coincide with a false statement". The hearing for discussing the substance of the matter was scheduled on 25 November 2021, at the end of which the Council of State, by judgment no. 491/2022, filed on 25 January 2022, granted the appeal submitted by the Company against the Lazio Regional Administrative Court's judgment no. 3754/2021, annulling any effect of the order adopted by ANAC, which had already been previously suspended on a precautionary basis.

Antitrust Authority's order for sanctions on the "FM4 Tender" of 2014

The dispute concerning the fine imposed in relation to the FM4 Tender still continued in 2021.

On 23 March 2017, the Competition Authority notified Rekeep S.p.A. (at that 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. and 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 Scarl 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 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 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 orders for the new calculation of the fine before the Regional Administrative Court. Finally, on 22 December 2020 the Competition Authority served on the Company its appeal against the Lazio Regional Administrative Court's order, while requesting the confirmation of the order on the FM4 tender, including the initial fine equal to € 91.6 million. During the hearing held on 27 October 2021 the Council of State issued a preliminary order, whereby it asked some parties to produce additional documentation, postponing any decision to the hearing scheduled on 20 January 2022 for discussion on the merits, which is adjourned for decision at present.

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.

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 separate and consolidated financial statements for the year ended 31 December 2021 are included in the explanatory notes, to which reference is made.

8. HUMAN RESOURCES AND ORGANIZATION

As at the closing date of the 2021 financial year, the Rekeep Group employed 26,944 people (at 31 December 2020: 28,112 people), including personnel on lease from the Parent Company MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa) to Group companies, equal to 286 people (at 31 December 2020: 339 people). The Group's employees working outside Italy are equal to 12,488 people (at 31 December 2020: 11,993 people).

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

	31 December 2021	31 December 2020
Executives	73	66
White collars	1,698	1,647
Blue collars	25,173	26,399
EMPLOYEES	**26,944**	**28,112**

Prevention and protection

During 2021 the Prevention and Protection Service department of Rekeep did not undergo changes compared to the previous year.

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 Areas during 2021. The main changes concerned the status of 1st and 2nd level delegated powers in the matter of occupational health and safety, environmental protection and compliance with regulations on food hygiene, in relation to the various areas of competence within the scope of the operation of Rekeep S.p.A.. The 1st level mandates remained confirmed for the Purchasing Department Manager and the HR Manager.

In 2021 various survey campaigns were conducted in preparation for updating specific risk assessment documents concerning: chemical risk, the ergonomic risk from biomechanical overload for waste collection activities in the healthcare sector and the risk from work-related stress for specific homogeneous groups of workers based on the activities performed. During periodic annual meetings (Article 35 of Legislative Decree 81/2008) these issues were discussed and shared with Occupational Physicians and Workers' Safety Representatives.

With regard to the management of the COVID-19 Emergency, the work of the National Corporate Rekeep Committee continued on a regular basis in 2021 too. During the year the committee met 17 times for a total of around 40 hours of constructive and in-depth discussion on the topics listed below:

- the main regulatory updates (Prime Minister's Decree, Ministerial Circulars, Italian Higher Institute of Health's Reports, Regional orders, etc.);
- the content of the disclosure notes and procedures produced by the company's Prevention and Protection Service department;
- the content of the actions taken at company level in terms of prevention and protection, such as, for example: preventive screening programs using rapid test swabs for personnel at the main company offices or participation in the Vaccination Campaign promoted by Confidustria Emilia Romagna;
- the trend of COVID-19 infections within the company, broken down by each local area and entity;
- the content of the reports and requests for clarification coming from Workers' Safety Representatives and Health Care Residences, as well as from Trade Unions.

In 2021, the ISO 45001 certificate was reissued by RINA Services (an accredited certification body) following completion of the recertification process, which involved an audit of the entire scope of company certification. The results of the audits carried out revealed points that allow for continuous improvement of the safety management system. The minor non-conformities (B-type findings) and observations (C-type findings) issued did not alter the successful outcome of the recertification. The certificate issued will expire naturally in 2024.

In 2021 the Prevention and Protection Service department conducted 67 audits, distributed throughout all the areas. These audits were carried out to check for compliance with the regulations governing occupational safety and the correct application of the rules and provisions on restrictive measures to avoid COVID-19 infection, and generated an improvement plan, shared with Area Operations Managers, in the event of any non-conformities. In any case it has been seen that Safety is managed satisfactorily overall.

Since the beginning of the health emergency linked to COVID-19, Rekeep S.p.A. has maintained ongoing coordination between the Company's Management, the company Prevention and Protection Service department, the Coordinator Company Doctor and the Workers' Safety Representatives, in order to ensure effective management of the emergency in progress, by taking the following measures:

- continuing with healthcare supervision operations, in compliance with the hygiene measures and measures of prevention and protection from infection risks communicated by the Coordinator Company Doctor in accordance with the provisions of the government and company policy;

- encouraging a careful management of employees with specific frailties, insofar as they are hypersusceptible to the COVID-19 virus, in line with the guidelines and requirements imposed by the competent authorities and with respect for privacy. To this end, information was provided to staff members responsible for their management as a result of interpreting government regulations and exchanges of correspondence with some competent doctors;
- collaborating with the coordinator company doctor, medical centers, Workers' Safety Representatives and Company Union Representatives in evaluating and proposing regulatory measures in the matter of COVID-19.

As per the 2021 schedule, healthcare supervision was 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 5,900 medical examinations were conducted, including periodic, long-term work absence, pre-employment and on-demand checks. In 2021, 55 reports on occupational diseases were submitted (against 37 in 2020), most of them relating to tendinitis and skeletal muscle system diseases (attributable to carpal tunnel syndromes and herniated discs).

The trend in the Company's rate of accidents, as well as of the state of health of the staff under healthcare supervision, is updated and available for the areas through the company intranet, together with the data relating to other causes of absenteeism.

Accidents are monitored on an ongoing basis and details are available in relation to their causes, dynamics and material agents that determined the event. In 2021, there was a significant reduction in the number of accidents (-7%) and their duration (-12%) compared to 2020. The trend in accident rates is confirmed to be down for the third consecutive year. During 2021, 47 accidents were analyzed, which, in addition to having a long duration, required further investigation based on the causes, circumstances, context or equipment involved that led to the event. After analysis, some improvement actions were taken in order to enhance risk prevention, including the updating of company operational procedures or instructions, the promotion of specific meetings were held with managers and operators aimed at a detailed analysis of the events and the report of events to the customer/principal aimed at improving conditions at workplace. The supervisors' work of reporting and monitoring must be still strengthened in relation to accidents and near misses.

Below are the rates calculated (data updated at 31 January 2022, net of events not recognized by INAIL (Italian Institute for Insurance against Accidents at Work) to date):

	2021	2020	2019	2018	2017
Impact **(no. of accidents x 1,000/average number of workers)**	53,67	55,93	64,08	69,05	69,16
Frequency **(no. of accidents x 1,000,000/total worked hours)**	43.42	50.90	52.26	56.29	57.68
Severity **(days of accident +relapses x 1,000/ total worked hours)**	1.00	1.24	1.30	1.51	1.51

There were no fatal accidents at work during 2021.

There are currently 11 Workers' Safety Representatives at Rekeep S.p.A. distributed throughout the Areas. In 2021 they were involved in a training/education plan on occupational safety.

22 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 various operating units throughout the country. The number of inspection visits compared to the previous year remained substantially unchanged. 4 administrative sanction were imposed in 2021 for a total amount of € 10,949.90.

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

- Category 1F (mechanical sweeping) until 2023
- Category 8 (intermediation) until 2026
- Category 2bis (own-account transport) until 2027.

Rekeep's registration with the National Registry of Environmental Managers for intermediation, which expires in December, was renewed with a 40% reduction in the amount of the surety after including the activity in the 14001 environmental certification.

During 2021, while the COVID-19 state of emergency continued, no exceptions were extended in relation to temporary storage limits or regional orders. The operating instructions drawn up in 2020, based on the instructions given by the relevant Italian Higher Institute of Health's and Environmental Protection and Research Institute's reports on the subject, enabled proper and functional management of the activities carried out as part of the services delivered by the company.

The start of operation of the Prometeo Rifiuti waste management software, as from January 2021, made it necessary to provide support to the parties in charge during the activities of compiling the registers and for the verification and inclusion of new suppliers.

Following major regulatory changes in September 2020, circulars were issued to provide clarifications, additional amendments and even corrections with the publication of Law 108 in July 2021. The Ministry has eliminated the extension of producer liability, in the case of delivery in D13, D14, D15, which after preliminary storage is the responsibility only of the parties that carry out disposal operations. On the other hand, the term of liability is confirmed in relation to the receipt of the 4th copy of the form.

The legislator also clarifies that the producer of waste deriving from maintenance cleaning of sewage networks is the purging company, extending the application, in addition to the cadastral perimeter of sewage networks, to septic tanks, both connected and disconnected to the network, also including waste from chemical toilets.

In 2021, there were 3 instances of diesel spillage at the facilities of three customers entrusted to Rekeep. The events were promptly managed and notified to the competent entities. These events made it necessary to revise a specific procedure in order to strengthen the preventive actions to be carried out in order to avoid the repetition of similar situations and, at the same time, to provide the Areas with operating instructions for the proper management of environmental emergencies.

During 2021 the ADR Consultant continued to carry out audits through specific inspections at sites where contract activities are carried out in relation to the loading of infectious waste materials. In addition to these well-established cases, new appointments were made for the consultant for loading activities of dangerous substances in the industrial environment, carried out at specific factories subject to the Seveso standard for customers in the North West Area.

With the publication of Legislative Decree 116/2020 in the Official Gazette, the foundations were laid for the new RENTRI (National Electronic Waste Traceability Register) traceability system, which will definitively replace the register of waste loading and unloading. In 2021, the Vi.Vi.Fir service was activated on the Chambers of Commerce portal, which allows the validated forms to be downloaded directly from the system, after adhering to the latter.

Four instances of non-compliance and related fines totaling about € 865 were reported by the control bodies during the year, as a result of improper delivery of municipal waste.

Training

The Group involved 11,682 participants during 2021, for a total of 83,145 training hours. The table below shows the comprehensive results in 2021, divided into subjects and compared to the 2020 data:

	FY 2021		FY 2020	
Subject	**Participants**	**Hours**	**Participants**	**Hours**
Safety, Quality and Environment	9,539	66,215	4,194	30,554
Technical-professional	1,210	7,740	608	6,802
IT	299	874	368	916
English language	147	4,448	246	7,794
Management	487	4.138	320	4,147
TOTAL	**11,682**	**83.415**	**5,736**	**50,213**

With regard to safety, the hours dedicated were more than doubled compared to 2020 despite the pandemic period. In addition, there was a well-established use of e-learning courses for employee training on basic safety: in 2021 over 3,000 participants completed online courses. With regard to in-person training (in the case of staff with digital difficulties or for the Sicily Region where specific regulations must be implemented), a total of almost 1,000 employees were trained. The number of those trained on basic safety increased by 70% compared to 2019 (before the Covid-19 pandemic broke out). In 2021 too, the company focused on integrating company-wide training (training of safety managers, supervisors, electrical risks, fire prevention and first aid, work at height, confined environments and spaces, pest control and rodent control, patient handling and transportation, etc.), while continuing its work on videoconference training and completing the theoretical courses started in 2020 with the required hours of practice.

In the Technical/Professional area, qualifications were enhanced (F-gas, Thermal, Welder, Steam), as was the technical training of Building Managers with 4 editions of the course on Legionella Management at Buildings, which involved any and all Areas with cross-functional courses. Some colleagues working in the Operations area were certified in Contract Management and professional courses were held on the subjects of Public-Private Partnerships, Building Information Modeling, Procurement Management, Internal Audit, Climate Control Systems, Negotiation and Conflict. Courses were also held with video clips on the issues of Cybersecurity, Privacy and standard SA8000.

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 standard SA8000, Firefighting, Electrical Risks and refresher courses on Occupational Safety.

In the language area, we continued our English courses, holding classes in online mode and involving colleagues from different locations and companies. Those who had achieved high results in the previous year were rewarded with 3-day residential Full Immersion and individual lessons in Public Speaking in English.

For training in the area of information technology, some colleagues obtained CISM certification (Certified Information Security Manager). In addition, more specialist IT courses were held on the subjects of ITIL Foundation and Excel.

For the managerial area, work continued on the following courses: Development for new Middle Managers, the "Mater" maternity coaching project and the Project Management courses. Some colleagues enrolled in the Executive MBA programme at the Alma Mater Studiorum Bologna Business School in 2021 too.

9. ENVIRONMENT AND QUALITY

During 2021 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),
- SA8000:2014 (Social Accountability System),
- ISO 50001:2018 (Energy Management Systems),
- UNI CEI 11352:2014 (Delivery of energy services).

The Company also maintained the corporate certification relating to:

- Qualifying company certification with respect to the requirements of Regulation (EC) no. 842/2006 and Presidential Decree 43/2012.

During the period under consideration the following certificates were maintained, following audits carried out by SGS (the accredited certification body):

- EPD (Environmental Product Declaration) Validation 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 following service: hospital cleaning service,
- UNI EN 14065 Laundry processed textiles - Bio-contamination control system.

As required by Article 30 of Legislative Decree 81/08, as amended, the Company also obtained 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 Italian companies:

Servizi Ospedalieri S.p.A.

The certification was renewed according to standards UNI EN ISO 9001:2015 (Quality Management System), UNI EN ISO 13485:2016 (Quality Management System. Requirement for regulatory purposes"), UNI EN 14065:2016 (Laundry processed textiles. Bio-contamination control system), UNI EN ISO 20471:2017 (High-visibility clothing – testing methods and requirements), UNI EN ISO 45001: 2018 (Occupational Health and Safety Management System), UNI EN ISO 14001:2015 (Environmental Management System). Furthermore the Company maintained the EC certification in compliance with Directive 93/42/EEC for the production of sterile kits and obtained the EC certification in compliance with Regulation (EU) 2016/425 for the some Personal Protective Equipment. Furthermore, the SA8000:2014 certification and finally the UNI CEI EN ISO 50001:2018 (Energy Management System – Requirements and guidelines for use") were also obtained.

Medical Device S.r.l.

The Quality System certification was renewed according to standards UNI EN ISO 9001:2015 (Quality Management System), UNI EN ISO 13485:2016 (Quality Management Systems. Requirements for regulatory purposes"). Furthermore the Company maintained the certification of the Environmental Management System according to standard UNI EN ISO 14001:2015 (Environmental Management System), and the EC certification in compliance with Directive 93/42/EEC for the production of:

- sterile disposable kits
- sterile disposable custom packs
- sterile disposable clothing
- sterile disposable drapes
- sterile disposable accessories and instruments

The Company maintained the EC certification for disposable gowns as 3rd-category personal protective equipment in accordance with Regulation (EU) 2016/425.

U.Jet S.r.l.	The Company maintained the Quality System certification according to standards UNI EN ISO 9001:2015 (Quality MAnagement System), UNI EN ISO 13485:2016 (Quality Management Systems. Requirements for regulatory purposes”). New issue of EC certification according to the Directive 93/42/EEC Annex II for the production of: › sterile disposable kits › sterile disposable surgical procedure packs › sterile disposable equipment (Clothing, Covers, Drapes and Specialist surgical drapes) › Bags and systems for collecting and conveying Liquids and Fluids › sterile disposable Ophthalmology devices The Company maintained the EC certification for protective Clothing as 3rd-category personal protective equipment in accordance with Regulation (EU) 2016/425.
Rekeep Digital S.r.l	The Company maintained the following certifications › ISO 9001:2015 (Quality Management System), › ISO 18925-1:2017 (Customer contact centres – requirements for customer contact centres), › ISO 18295-2: 2017 (Customer contact centres – Requirements for clients using the services of customer contact centres).
Rekeep Rail S.r.l.	The Company saw the following certificates reissued, following the recertification carried out by RINA Services, the accredited certification body: › ISO 9001:2015 - Quality Management System, › ISO 14001:2015 - Environmental Management System, › ISO 45001:2018 - Occupational Health and Safety Management System. The Company maintained the certification: › SA8000:2014 – Social Accountability Management System.
Consorzio Stabile CMF	Consorzio Stabile CMF maintained the following certifications, following the audits carried out by RINA Services (the accredited certification body): › ISO 9001:2015 (Quality Management System), › ISO 14001:2015 (Environmental Management System), › ISO 45001:2018 (Occupational Health and Safety Management System), › SA8000:2014 (Social Accountability System), › ISO 50001:2018 (Energy Management System), › UNI CEI 11352:2014 (Delivery of energy services), › UNI EN 16636:2015 (Pest management and control services) › Qualifying company certification with respect to the requirements of Regulation (EC) no. 842/2006 and Presidential Decree 43/2012.

	During the period under consideration, SGS (the accredited certification body), following the audit, issued the following certification: › ISO 37001:2016 (Anti-bribery Management System). As required by Article 30 of Legislative Decree 81/2008, as amended, CMF also obtained a certificate for 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”.
H2H Facility Solutions S.p.A.	Maintenance of the qualifying company certification under Regulation (EC) 842/2006, Presidential Decree43/2012 and Accredia Technical Regulation RT-29, for installation, leakage control, servicing and repair services for fixed refrigeration and air-conditioning equipment and heat pumps containing certain fluorinated greenhouse gases. Maintenance of the certification according to the UNI EN ISO 9001:2015 (Quality Management System) standard. Maintenance of the certification according to the UNI EN ISO 14001:201 (Environmental Management System) standard.
H2H Cleaning S.r.l.	Maintenance of the certification according to the UNI EN ISO 9001:2015 (Quality Management System) standard. Maintenance of the certification according to the UNI EN ISO 14001:2015 (Environmental Management System) standard. Maintenance of the certification according to the UNI ISO 45001:2018 (Occupational Safety Management System) standard. Maintenance of the certification according to the SA800:2014 (Social Accountability Management System) standard.
Telepost S.p.A.	Maintenance of the certification according to the UNI EN ISO 9001:2015 (Quality Management System) standard. Maintenance of the certification according to the UNI EN ISO 14001:2015 (Environmental Management System) standard.

No final convictions against Group companies for environmental crimes were reported during 2021.

10. 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 2021 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 2021, to which reference should be made.

11. 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 Board of Directors and the Board of Statutory Auditors remain in office for three financial years and the currently serving Bodies will remain in office until the date of the Shareholders’ Meeting called to approve the Financial Statements at 31 December 2022.

12. RESEARCH AND DEVELOPMENT

No R&D costs were incurred and no such costs were capitalized by Group companies in 2021.

13. 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 2021 the Company did not purchase or dispose of own shares, or shares or interests in parent companies, neither through trusts nor intermediaries.

14. 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..

15. OTHER INFORMATION

In 2021, 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 of € 29.9 thousand in 2021, for the sanitization and purchase of protective equipment regulated by Article 125 of the Relaunch Decree (Decree Law no. 34 of 2020).

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".

16. SECONDARY OFFICES

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

17. 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. (formerly Manutencoop Società Cooperativa) 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.

Finally, the above-mentioned Companies participate in Tax Consolidation together with the following MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa) 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.

18. SUBSEQUENT EVENTS

New agreement for the assignment without recourse of trade receivables

On 17 January 2022, the Parent Company Rekeep S.p.A. signed a new agreement for the assignment without recourse of trade receivables with Banca Farmafactoring S.p.A. for an amount of up to € 300 million. The agreement has a term of three years and provides for the possibility of assigning, without recourse and on a revolving basis, the amounts Rekeep S.p.A. and other its subsidiaries claim from Entities in the National Health System and Public Authorities. The new agreement replaces the previous one, which was also signed with Banca Farmafactoring S.p.A. in 2018 and which provided for an annual ceiling of up to € 200 million for the assignment of receivables of the same type.

Heterogeneous transformation and change of name of the parent company

Manutencoop Società Cooperativa transformed its legal form from a cooperative company to a joint-stock company, and, in this context, changed its company name to MSC Società di Partecipazione tra Lavoratori S.p.A., with effect from 1 February 2022. The transaction was carried out following a resolution passed by the extraordinary shareholders' meeting held on 27 November 2021 and upon completion of the formalities required by the applicable provisions of law. The Rekeep Group's parent company retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal total value.

The adoption of the new legal form of joint-stock company originated and was motivated by the need to better support the national and international development of the Rekeep Group. The cooperative company form, due to its rules of governance and remuneration of invested capital, has in fact proved unsuitable over time to cope with this program, which requires both the contribution of capital from shareholders and the financial market and access to advanced financial instruments.

There were no significant impacts on the operations of the Rekeep Group following the transformation.

International geopolitical tensions

As at the date of presentation of the Consolidated Financial Statements, the conflict that broke out on 24 February 2022 following Russia's invasion of Ukraine was still ongoing, and its evolution is not foreseeable at present. The military conflict had immediate repercussions in economic terms: the main Western political forces reacted by imposing extremely harsh economic sanctions on Russia; on the other hand, the climate of uncertainty led to a general rise in inflation.

At present, it is not yet possible to reliably estimate the impact of the international scenario described above and the repercussions that it has on the country. The Management monitors the situation on an ongoing basis.

It should be pointed out that the Group has no business relationships, nor does it have secondary offices or companies in the countries involved in the conflict.

19. OUTLOOK

The 2021 financial year was characterized by a consolidation of the growth trend observed in recent years.

For the 2022 financial year, positive signs are expected from the end of the emergency phase due to the Covid-19 epidemic and the consequent dynamics, despite the persisting signs of uncertainty in the international economic scenario, which were also due to the new political and military events in Eastern Europe.

With regard to the profit margins of the activities carried out on the domestic market, a substantial stability is expected for the year 2022, supported by the renewal of the efficiency improvement actions on the variable costs front and the rationalization of fixed costs, which are even more important due to an increase in the costs of raw materials, in particular fuels, which started in the last months of 2021 and which will reasonably continue during 2022 too.

On the international markets front, management's efforts to stop losses and recover costs associated with delays in the implementation of the project for the provision of hygiene services in Saudi Arabia, which already made it possible to reach an initial agreement with the counterparty in 2021, will continue during the new financial year too. The measures put in place by management in the country, together with the other efficiency improvement and rationalization actions on the central and other country functions put in place in the 2021 financial year and the positive signs in terms of the performance of the group controlled by Rekeep Polska make it possible to consider the expectations for 2022 more than achievable. The Group will also continue to pursue its internationalization plan through the consolidation of markets where the Group already operates (as already occurred in 2021 in France with the incorporation of two new companies), and the evaluation of M&A opportunities.

In financial terms, the Group completed, in early 2021, a significant refinancing transaction, thus obtaining, among others, a renewed stability in terms of debt repayment, at present set at 2026, and a significant reduction in the nominal interest rate on debt from nominal 9% to nominal 7.25%, with savings in terms of financial costs that will be fully appreciable from the next financial year, as a result of the failure to recognize non-recurring financial charges relating to the transaction that obscured the benefit on the interest rate in 2021. For financial year 2022, this deleverage program is expected to continue through a prudent investment policy accompanied by further, ongoing actions aimed at limiting working capital.

20. ALLOCATION OF THE RESULT FOR THE YEAR OF REKEEP S.P.A.

In concluding the report on the 2021 financial year the Directors invite you to approve the separate Financial Statements of Rekeep S.p.A. at 31 December 2021 and to carry forward the loss for the year of € 12,789,250.97.

Zola Predosa, 18 March 2022

The Chairman and CEO

Giuliano Di Bernardo

rekeep

minds that work

Consolidated financial statements

at 31 december 2021

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	31 December 2021	31 December 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	86,375	79,219
Property, plant and equipment under lease	5	43,590	43,323
Goodwill	7	404,706	402,562
Other intangible assets	6	19,479	21,653
Investments accounted for under the equity method	8	9,153	9,140
Other investments	9	7,140	7,130
Non-current financial assets	9	4,702	5,529
Other non-current assets	9	3,232	3,408
Deferred tax assets	30	15,783	17,945
TOTAL NON-CURRENT ASSETS		**594,160**	**589,909**
CURRENT ASSETS			
Inventories	10	12,743	12,921
Trade receivables and advances to suppliers	11	443,248	431,121
Current tax receivables		5,278	10,010
Other current assets	11	24,133	25,636
Current financial assets	12	14,799	5,994
Cash and cash equivalents	12	99,512	90,464
TOTAL CURRENT ASSETS		**599,713**	**576,146**
Assets held for sale	31	0	0
TOTAL NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,193,873**	**1,166,055**

(in thousands of Euro)	NOTES	31 December 2021	31 December 2020
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		11,510	13,055
Retained earnings		(51,326)	30,286
Profit/(loss) for the year attributable to equity holders of the Parent		(22,588)	(83,154)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**46,746**	**69,337**
Capital and reserves attributable to non-controlling interests		2,985	496
Profit/(loss) for the year attributable to non-controlling interests		1,603	2,703
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		4,588	3,199
TOTAL SHAREHOLDERS' EQUITY	13	**51,334**	**72,536**
NON-CURRENT LIABILITIES			
Employee termination indemnity	14	10,483	11,267
Provisions for risks and charges, non- current	15	26,035	24,777
Long-term financial debt	17	412,883	380,738
Deferred tax liabilities	30	16,384	16,708
Other non-current liabilities		1,391	60
TOTAL NON-CURRENT LIABILITIES		**467,176**	**433,550**
CURRENT LIABILITIES			
Provisions for risks and charges, current	15	12,455	10,550
Trade payables and contract liabilities	19	413,374	412,849
Current tax payables	30	0	2,274
Other current liabilities	19	167,457	184,249
Bank borrowing, including current portion of long-term debt, and other financial liabilities	17	82,077	50,047
TOTAL CURRENT LIABILITIES		**675,363**	**659,969**
Liabilities directly associated with non-current assets held for sale	31	0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL LIABILITIES		**1,193,873**	**1,166,055**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2021	31 December 2020
REVENUES			
Revenues from contracts with customers	20	1,118,759	1,077,940
Other revenues	21	3,266	3,450
TOTAL REVENUES		**1,122,025**	**1,081,390**
OPERATING COSTS			
Costs of raw materials and consumables	22	(214,966)	(191,751)
Change in inventories of finished and semi-finished products	22	(918)	5,087
Costs for services and use of third-party assets	23	(323,352)	(342,205)
Personnel costs	24	(460,196)	(433,140)
Other operating costs	25	(13,606)	(91,733)
Capitalization of lower internal construction costs		140	1,624
Amortization, depreciation, write-downs and write-backs of assets	26	(41,477)	(40,472)
Accrual of provisions for risks and charges	15	(5,471)	(8,228)
TOTAL OPERATING COSTS		**(1,059,846)**	**(1,100,818)**
OPERATING INCOME		**62,179**	**(19,428)**
FINANCIAL INCOME AND EXPENSES			
Share of net profit of associates	8	1,267	(7,441)
Dividends and income (loss) from sale of investments	27	1,498	5,227
Financial income	28	1,055	2,575
Financial charges	29	(69,681)	(50,081)
Profit (loss) on exchange rate		424	752
Profit (loss) before tax		**(3,258)**	**(68,396)**
Income taxes, current, prepaid and deferred	30	(17,743)	(14,624)
Net profit (loss) from continuing operations		(21,001)	(83,020)
Profit (loss) from discontinued operations	31	16	2,569
Profit (loss) for the year		**(20,985)**	**(80,451)**
Net profit (loss) for the year attributable to non- controlling interests	13	(1,603)	(2,703)
NET PROFIT (LOSS) FOR ATTRIBUTABLE TO THE GROUP		**(22,588)**	**(83,154)**

	For the year ended	
	31 December 2021	31 December 2020
Basic earnings per share	(0.207)	(0.762)
Diluted earnings per share	(0.207)	(0.762)
Basic earnings per share from continuing operations	(0.207)	(0.785)
Diluted earnings per share from continuing operations	(0.207)	(0.785)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2021	31 December 2020
NET RESULT FOR THE YEAR		**(20,985)**	**(80,451)**
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Differences from translation of foreign financial statements		(1,479)	646
Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year	8	317	(82)
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year		**(1,163)**	**564**
Other comprehensive income, which will not be subsequently reclassified under profit/loss for the year:			
Actuarial gains (losses) on defined benefit plans		197	(92)
Income taxes		(15)	56
Net effect on actuarial gains (losses)	14	**182**	**(36)**
Share of other comprehensive income for the year of entities accounted for using the equity method, which will not be subsequently reclassified under profit/loss for the year	8	(33)	(23)
Other comprehensive income for the year, which will not be subsequently reclassified under profit/loss for the year		**148**	**(60)**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		**(1,014)**	**504**
COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**(21,999)**	**(79,947)**
Equity holders of the Parent		(23,300)	(82,411)
Non-controlling interests		1,300	2,464

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2021	31 December 2020
Net result from continuing operations for the year		**(20,985)**	**(3,638)**
Income taxes for the year		17,743	14,624
Profit before taxes		**(3,242)**	**10,986**
Profit (loss) from discontinued operations		16	2,569
Capital gains (losses) from disposal on equity investments		(16)	(13,589)
Other unrealized write-downs on discontinued operations		0	405
Amortization, depreciation, write-downs and (write-backs) of assets		41,477	40,666
Accrual (reversal) of provisions for risks and charges		5,471	8,236
Employee termination indemnity provision		739	585
Payments of employee termination indemnity		(2,002)	(1,695)
Utilization of provisions		(2,537)	(4,685)
Share of net profit of associates, net of dividends collected		388	7,555
Financial charges (income) for the year		68,202	47,130
Operating cash flows before movements in Working Capital		**108,496**	**98,162**
Of which relating to discontinued operations		*0*	*(7,741)*
Of which relating to continuing operations		*108,496*	*105,903*
Decrease (increase) of inventories		3,041	(5,629)
Decrease (increase) of trade receivables and advances to suppliers		(14,964)	(24,522)
Decrease (increase) of other current assets		1,699	5,943
Increase (decrease) in trade payables		329	13,259
Increase (decrease) of other current liabilities		(15,681)	4,293
Change in Working Capital		**(25,577)**	**(6,656)**
Net interests received (paid) in the year		(53,625)	(37,786)
Income taxes paid in the year		(13,401)	(16,036)
Net cash flow from operating activities		**15,893**	**37,683**
(Purchase of intangible assets, net of sales)	6	(4,110)	(5,264)
(Purchase of property, plant and equipment)	4 - 5	(30,813)	(28,921)
Proceeds from sale of property, plant and equipment	4 - 5	1,080	629
(Acquisition) of investments		2,633	(386)
Decrease (increase) of financial assets		(6,336)	(4,360)

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2021	**31 December 2020**
Financial effects of business combinations	4	(3,764)	(6,173)
Assets held for sale and discontinued operations	31	0	53,935
Net cash flow from (used in) investing activities		**(41,309)**	**9,461**
Change in finance lease debt	17	565	573
New (repayment of) operating leases	17	(8,098)	(8,125)
Opening of medium- and long-term borrowings	17	370,000	3,670
Repayment of medium- and long-term borrowings	17	(334,203)	(24,963)
Net opening (repayment) of short-term bank credit lines	17	(2,734)	3,504
Other net changes in borrowings	17	12,674	(16,451)
Dividends distributed		(293)	(13,000)
(Purchase) /sale of subsidiaries' minority shareholdings		(1,968)	324
Differences arising from translation of financial statements in foreign currency		(1,527)	1,042
Net cash flow from / (used in) financing activities		**34,415**	**(53,427)**
Change in cash and cash equivalents		**9,000**	**(6,282)**
Cash and cash equivalents at the beginning of the year		90,464	97,143
Change in cash and cash equivalents		9,000	(6,282)
Translation differences on cash and cash equivalents		48	(397)
Cash and cash equivalents at the end of the year		**99,512**	**90,464**
Details of cash and cash equivalents:			
Cash and bank current accounts		99,512	90,464
TOTAL CASH AND CASH EQUIVALENTS		**99,512**	**90,464**

SUPPLEMENTARY INFORMATION

	For the year ended	
(in thousands of Euro)	**31 December 2021**	**31 December 2020**
Interest paid	(54,677)	(40,352)
Interest received	1,051	2,566
Dividends paid	(293)	(13,000)
Dividends received	497	544

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Reserves	Retained Earnings	Net Result of the year	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2021	**109,150**	**13,054**	**30,286**	**(83,154)**	**69,337**	**3,199**	**72,536**
Allocation of prior year result		(834)	(81,612)	83,154	**708**	(708)	**0**
Distribution of dividends					**0**	(1,171)	**(1,171)**
Acquisition/sale of minority interests in subsidiaries					**0**	1,968	**1,968**
Total comprehensive income (loss)		(710)		(22,588)	**(23,298)**	1,300	**(21,998)**
31 December 2021	**109,150**	**11,510**	**(51,326)**	**(22,588)**	**46,746**	**4,588**	**51,334**

	Share Capital	Reserves	Retained Earnings	Net Result of the year	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2020	**109,150**	**5,710**	**33,824**	**3,285**	**151,970**	**836**	**152,806**
Allocation of prior year result		6,601	(3,316)	(3,285)	**0**		**0**
Acquisition/sale of minority interests in subsidiaries			(222)		**(222)**	(101)	**(323)**
Total comprehensive income (loss)		743		(83,154)	**(82,411)**	2,464	**(79,947)**
31 December 2020	**109,150**	**13,054**	**30,286**	**(83,154)**	**69,337**	**3,199**	**72,536**

EXPLANATORY NOTES

1. GENERAL INFORMATION

The publication of the Consolidated Financial Statements of the Rekeep Group for the year ended 31 December 2021 was authorized by resolution of the Board of Directors of 18 March 2022.

As at 31 December 2021 the share capital of Parent Company Rekeep S.p.A. was wholly held by the sole shareholder MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), which also carries out Management and Coordination Activities.

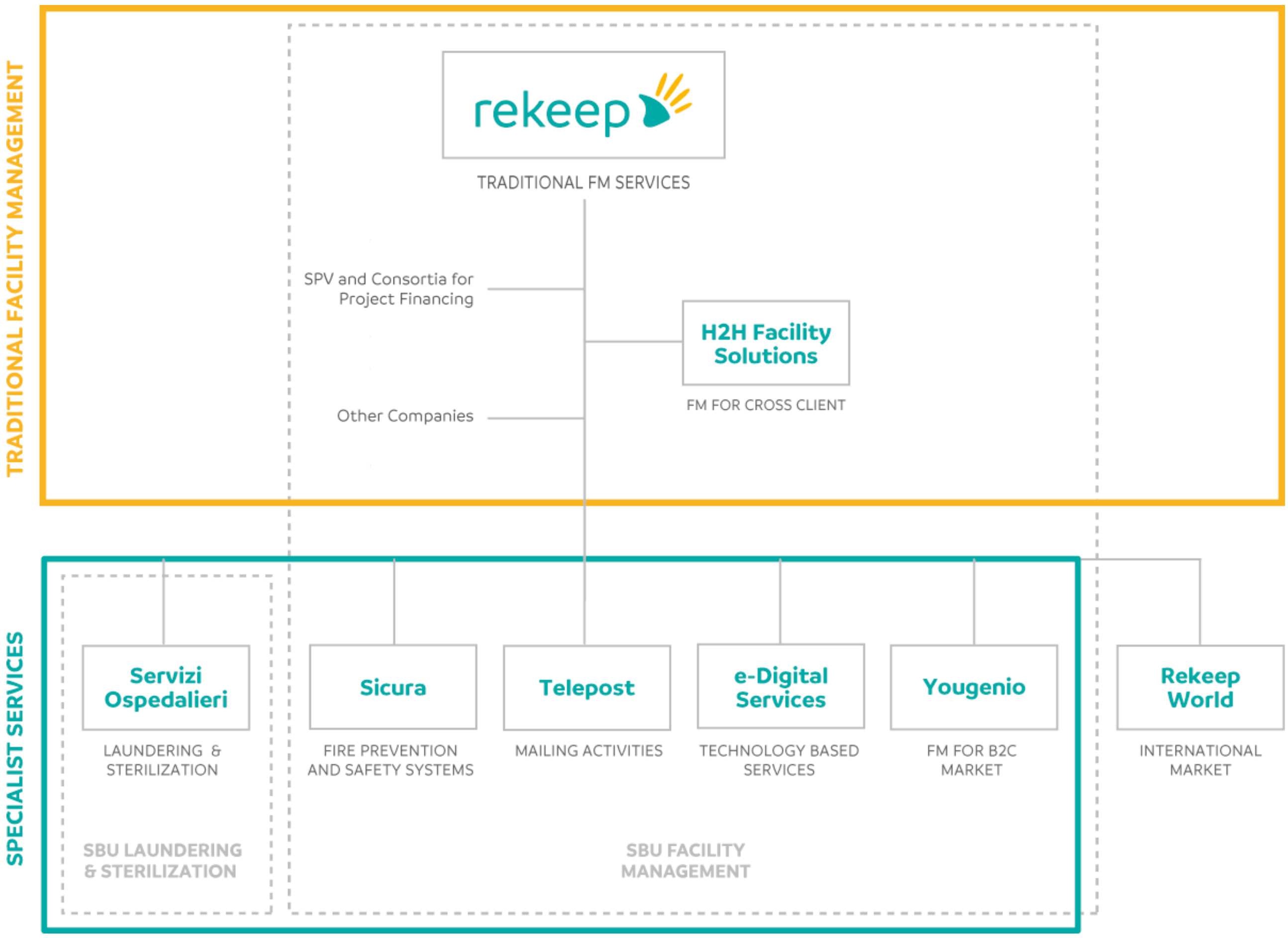
Manutencoop Società Cooperativa transformed its legal form from a cooperative company to a joint-stock company, and, in this context, changed its company name to MSC Società di Partecipazione tra Lavoratori S.p.A., with effect from 1 February 2022. The transaction was carried out following a resolution passed by the extraordinary shareholders' meeting held on 27 November 2021 and upon completion of the formalities required by the applicable provisions of law. The Rekeep Group's parent company retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal total value.

1.1 The business

The Group is active in the management and provision of integrated services to public and private customers, targeted at properties, the area and to support (so-called “Integrated Facility Management”) health care activities. In particular, the Rekeep Group provides a wide and coordinated range of integrated services, aimed at rationalizing and improving the quality of the non-strategic and auxiliary activities of major private groups, public authorities and health care facilities.

At present the Rekeep Group is structured into a single operating holding company which combines so-called “traditional” facility management production resources with those related to supporting the whole Group’s business. As early as from the previous financial years a strategy has been pursued by the central holding functions to diversify operations, also through a series of company acquisitions, with some “specialist” facility management services beside the historical core business (hygiene services, green spaces and technical and maintenance services), in addition to linen rental and industrial laundering services and surgical instrument sterilization at healthcare facilities and high technology B2B services. Furthermore, the Group started a major process of business development in international markets from the 2015 financial year, by establishing the sub-holding company Rekeep World S.r.l., which has already been operating for a few years in France and Turkey through its subsidiaries; as from 2019 it also started operations in Saudi Arabia through the establishment of a subsidiary, and in Poland, following the acquisition of Rekeep Polska S.A. (formerly Naprzód S.A.), a local leading company in the field of facility management in the healthcare sector, which is the parent of the group with the same name.

Therefore, the Group now operates through specific companies for each sector:



The Facility management segment offers a collection of logistic and organizational support services targeted at users of properties and aimed at optimizing the management of property-related activities.

The so-called ''traditional'' Facility management services provided by the Rekeep Group include the following activities:

- Cleaning;
- Technical services;
- La ndscaping.

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

The so-called Technical Services encompass the management, operation and maintenance services of property-related systems (including heating and air conditioning systems, electrical systems, fire prevention and safety systems), including therein:

- design and implementation of redevelopment and adjustment work into line with the safety legislation;
- design and installation of devices for energy saving and for the reduction of emissions of polluting agents into the atmosphere.

A third type of activities attributable to the Facility management service rendered by the Group is the so-called Landscaping, i.e. a service for the maintenance of green spaces, which includes both the planning and implementation of maintenance of properties' green areas, and services for the area.

Finally, energy management activities are developed, i.e. technical design, construction and operation of cogeneration plants and operation and maintenance of the same plants to provide customers with energy efficiency solutions.

The Group, through a series of acquisitions, has also expanded its range of services providing certain specialist Facility Management services alongside its ''traditional'' Facility management services, through business combinations or by reorganizing specific business areas. In particular it operates in the sector of:

- mailing and document management services (Telepost S.r.l.);
- facility services in the field of applications, management and sourcing (Rekeep Digital S.r.l.);
- facility services in the field of infrastructure and transport (Rekeep Rail S.r.l.).

Laundering/sterilization is an industrial activity given in support of public and private healthcare facilities. In Italy, the Rekeep Group operates in this sector in particular through Servizi Ospedalieri S.p.A. and its subsidiaries, which provide the following services:

- collection and distribution of linen in the individual departments;
- management of the linen rooms in the health care facilities;
- supply of disposable items;
- rental of linen with special materials for operating rooms;
- acceptance, treatment, sterilization and redelivery of surgical instruments;
- rental of surgical instruments;
- creation and management of sterilization systems.

Finally, the internationalization process led to the start-up of facility operations in France (through the sub-group controlled by Rekeep France S.a.S.) and other two subsidiaries, Turkey (through EOS and Rekeep United Yönetim Hizmetleri A.Ş..) and in Saudi Arabia (through Rekeep Saudi Arabia Ltd). Finally, in 2019 the acquisition of the Polish company Rekeep Polska S.A. (formerly Naprzód S.A.), the parent company controlling the group with the same name, served to expand and strengthen the market position in the field of facility management in the healthcare sector.

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The consolidated Financial Statements at 31 December 2021 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss, the Consolidated Statement of other comprehensive income, the Consolidated Statement of Cash flows, the Consolidated Statement of changes in Shareholders' Equity and the related Explanatory Notes.

The balance sheet and income statement values reported in the Statements, the Statement of Cash Flow and the Explanatory Notes are compared with those at 31 December 2020. The consolidated Financial Statements at 31 December 2021 were prepared on a historical cost basis, except for the financial instruments that have been measured at fair value.

After assessing any possible uncertainties surrounding the Group's ability to continue as a going concern, including financial risks described in note 36 and other market risks associated with the proceedings in progress described in notes 15 and 18, the directors decided to prepare the Consolidated Financial Statements on a going-concern basis.

The Statement of Financial Position sets forth assets and liabilities distinguishing between current and non-current. The Statement of profit or loss classifies costs by nature, while the consolidated Statement of other comprehensive income sets forth the result for the period added with income and expenses that, in accordance with IFRS, are directly recognized in the Shareholders' Equity. The Statement of Cash flows has been prepared on the basis of the indirect method and presented in accordance with IAS 7, distinguishing between cash flow from operating, investing and financing activities.

The Financial Statements at 31 December 2021 have been presented in Euro, which is the Group's functional currency. All values showed in the statements and in the explanatory notes are in thousands of Euro, unless otherwise stated.

2.1 Statement of compliance with international accounting standards (IFRS)

The Consolidated Financial Statements at 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The Rekeep Group is subject to Letter f) of Article 2 under the Italian Legislative Decree no. 38 of 28 February 2005, which rules the exercise of the options provided for by the Article 5 of Regulation (EC) 1606/2002 about the International Financial Reporting Standards and, therefore, pursuant to Article 3, paragraph 2, and Article 4, paragraph 5, of the aforesaid Italian Legislative Decree, the Parent Company has applied the IFRS as adopted by the European Union in the preparation of its consolidated and separate Financial Statements as from the year ended 31 December 2005.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the consolidated Financial Statements are consistent with those used to prepare the consolidated Financial Statements of the previous year, with the exception of the standards and interpretations which are newly issued and applicable from 1 January 2021, in addition to the amendments to standards already in force.

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

New or revised IFRS and interpretations applicable from 1 January 2021

The following IFRS accounting standards, amendments and interpretations were applied by the Group for the first time as from 1 January:

- on 31 March 2021 the IASB published the following amendment "*Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)*" by which it extends by one year the period of application of the amendment to IFRS 16, issued in 2020, which allowed lessees to account for Covid-19-related rent concessions and provide them with an exemption from assessing, through contract analysis, whether the definition of lease modification is met under IFRS 16. Therefore, lessees applying this option in 2020, accounted for the effects of rent concessions directly through profit or loss on the effective date of the concession. The 2021 amendment, which is available only to entities that have already adopted the 2020 Amendment, applied from 1 April 2021, with early adoption permitted;
- On 25 June 2020 the IASB published the following amendment: "*Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)*". The amendments allow the temporary exemption from applying IFRS 9 to be extended until 1 January 2023 for insurance companies;
- On 27 August 2020 the IASB published, following the reform of interbank interest rates such as IBOR, the document on the "*Interest Rate Benchmark Reform - Phase 2*", which makes amendments to the following standards:
  - IFRS 9 Financial Instruments;
  - IAS 39 Financial Instruments: Recognition and Measurement;
  - IFRS 7 Financial Instruments: Disclosures;
  - IFRS 4 Insurance Contracts;
  - IFRS 16 Leases.

All amendments became effective from 1 January 2021.

The application of these amendments has not had any significant impact on the Consolidated Financial Statements at 31 December 2021.

Accounting standards, amendments and IFRS and IFRIC interpretations endorsed by the European Union, which are not yet mandatorily applicable and not early adopted by the Group

On 14 May 2020 the IASB published the following amendments:

- *Amendments to IFRS 3 Business Combinations*: these are aimed at updating the reference to the Conceptual Framework in the revised version under IFRS 3, without this entailing amendments to the provisions of the standard;
- *Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use:* the amendment clarifies that it is impossible to deduct from the costs of property, plant and equipment any revenue arising from selling items produced in the test phase of activities. Revenues arising from selling these products and related production costs must be separately recognized through profit or loss;

- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - "Onerous Contracts – Costs of Fulfilling a Contract"*: the amendment clarifies what costs an entity considers in assessing whether a contract is onerous or priced at a loss. The amendment provides for the adoption of a directly related cost approach, according to which entities must consider any and all costs that are directly attributable to the contract. Accordingly, the assessment of whether a contract is onerous includes incremental costs (such as, for example, the cost of direct materials used in the work), as well as all the costs an entity cannot avoid because it has entered into the contract (such as, for example, the depreciation of the machinery used in fulfilling the contract). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the other party;
- *Annual Improvements to IFRS 2018-2020:* (i) *Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adopter"*: this amendment allows a subsidiary to account for cumulative translation differences of foreign currency transactions by using the amounts reported in the consolidated financial statements of the parent company, considering the date of transition to IFRS on the part of the parent company. This amendment shall also apply to associates or joint ventures; (ii) A*mendment to IFRS 9 "Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities"*: the amendment clarifies that the fees an entity must consider for the purposes of the 10% test (to establish whether there is a substantial change in the conditions of a financial liability) are only fees paid or received between the borrower and the lender, including on behalf of others. An entity applies this amendment to financial liabilities that are modified or exchanged after the date of the first financial period in which the entity applies the amendment for the first time; (iii) *IAS 41 Agriculture*: the amendment removes the requirement that must be met for an entity to exclude cash flows for taxation when measuring the fair value of assets; (iv) *IFRS 16 Leases, Illustrative Example.*

All amendments will become effective from 1 January 2022. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of these amendments.

On 18 May 2017 the IASB published IFRS 17 – Insurance Contracts and related amendments, which are intended to replace IFRS 4 – Insurance Contracts;

The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from insurance contracts issued. The IASB developed the standard to remove inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework in order to take account of any and all types of insurance contracts, including reinsurance contracts held by an insurer.

The new standard also provides for presentation and disclosure requirements to improve comparability among the entities operating in this sector.

The new standard measures an insurance contract based on a General Model or a simplified version thereof, according to the Premium Allocation Approach ("PAA").

The main features of the General Model are:

- estimates and expectations of future cash flows are always current;
- the measurement reflects the time value of money;

- estimates involve extensive use of information observable on the market;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated in groups of insurance contracts upon initial recognition;
- the expected profit is recorded in the period of contractual coverage, taking account of any adjustment arising from changes in the assumptions regarding the cash flows relating to each group of contracts.

The PAA approach provides for the measurement of the liability for residual coverage for a group of insurance contracts provided that, upon initial recognition, the entity expects the liability to reasonably consist of an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications arising from the application of the PAA method do not apply to the measurement of liabilities for outstanding claims, which are measured by using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will arise within one year of the date the claim occurred.

An entity must apply the new standard to the insurance contracts that are issued, including reinsurance contracts that are issued and held, as well as investment contracts with a discretionary participation feature (DPF).

The standard shall apply from 1 January 2023, with early adoption permitted, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this standard.

On 12 February 2021 the IASB published two amendments: “Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)” and “Definition of Accounting Estimates (Amendments to IAS 8)”. The amendments are aimed at improving disclosures on accounting policies so as to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments shall apply from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of these amendments.

Accounting standards, amendments and IFRS interpretations not yet endorsed by the European Union

As at the reporting date of this document, the competent bodies of the European Union had not yet completed the endorsement process required for the adoption of the amendments and standards described below:

- On 23 January 2020 and 15 July 2020 the IASB published “Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”. The document aims to clarify how to classify debts and other short- or long-term liabilities. The amendments will become effective from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment.
- On 7 May 2021 the IASB published “Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”. The document clarifies the method by which deferred taxes should be accounted for on certain transactions that can generate assets and liabilities for an equal amount, such as leases and decommissioning

obligations. The amendments shall apply from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment;

- On 9 December 2021, the IASB published "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*". The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17, aimed at avoiding temporary accounting mismatches between financial assets and insurance contract liabilities, and thus improving the usefulness of comparative information for readers of financial statements. The amendments shall apply from 1 January 2023, together with the application of IFRS 17. No significant impact is expected from the application of the new standard on the Consolidated Financial Statements, as the Group does not conduct any insurance business;
- On 30 January 2014 the IASB published the accounting standard IFRS 14 – *Regulatory Deferral Accounts*, which only allows first-time adopters of IFRS to continue to recognize amounts relating to Rate-Regulated Activities according to the previous accounting standards adopted. This standard is not applicable since the Group is not a first-time adopter.

2.3 Discretionary assessments and significant accounting assumptions

The preparation of the consolidated Financial Statements requires directors to make discretionary assessments, estimates and assumptions that affect the amounts of revenues, costs, assets and liabilities, and the indication of contingent liabilities at the date of the financial statements. However, the uncertainty of these assumptions and estimates could lead to outcomes which may require a significant adjustment to the carrying amount of said assets and/or liabilities in the future.

Discretionary assessments

The main decisions taken by the directors, on the basis of discretionary assessments (excluding those relating to accounting estimates), in the application of the accounting standards of the Group, with a significant effect on the values recognized in the accounts relate to the adoption of the continuity of values principle for the recognition of business combinations under common control. Application of this principle gives rise to the recognition in the statement of financial position of values equal to those that would be recorded if the companies involved in the business combination had always been combined. The net assets of the acquiree and of the acquiring entity are therefore recorded on the basis of the carrying amounts included in their respective accounts before the transaction.

Uncertainty of estimates

The key assumptions regarding the future and other significant sources of uncertainty relating to estimates as at the period ending date of the Consolidated Financial Statements are detailed below.

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 31 December 2021 the carrying amount of Goodwill was equal to € 404,706 thousand (€ 402,562 thousand compared to 31 December 2020). See note 7 for details.

Provisions for risks and charges and Allowance for doubtful accounts

Provisions representing the risk of negative outcomes of business issues have been set aside. The value of the provisions recognized in the accounts in relation to these risks is the best estimate made by the Directors at that date. Write-downs of trade receivables were recognized in an adjusting provision against failure to collect debts from clients. The value of the provisions recognized in the accounts in relation to these risks is the best estimate made by the Directors at that date. The estimates entail the adoption of assumptions depending on factors which could change in time and could therefore have a substantial impact on the Directors' current estimates used to prepare the Group's Consolidated Financial Statements.

Recognition of the present value of liabilities for Put Options on minority shares of subsidiaries and of the present value of liabilities for Earn-outs on acquisitions made

The Group held majority interests in subsidiaries in past years in relation to which the minority shareholders held PUT options, which can be exercised in the future at prices determined on the basis of certain parameters that require estimates from management for the purposes of reliable valuation. In this case, the correct recognition in the financial statements of the related liability requires management to make some estimates to determine the expected relevant parameters.

Recognition of revenues and costs from contracts with customers

The Group uses the percentage of completion method to account for activities on long-term contracts for the building and improvement of properties or technological plants for which it does construction work. The margins recognized in profit and loss depend both on the progress of the works and the margins on the entire work when completed; therefore if work in progress and margins on work not yet completed are to be recognized correctly, the Directors must make correct estimates of the costs of completion, possible increases in cost, delays, extra costs and penalties which could reduce the expected margin. The use of the percentage of completion method requires the Group to estimate the costs of completion, which entails the adoption of assumptions depending on factors which could change in time and could therefore have a substantial impact on current estimates. Should actual costs be different from estimated costs, this change will impact on the results for future periods.

Deferred tax assets and likelihood of these being reversed in the future

Deferred tax assets are recognized to the extent that there is a likelihood of there being sufficient future taxable profit for the losses to be utilized. This means that the management must make a strong commitment to working out a correct estimate of the amount of tax assets which can be recognized on the basis of the level of future taxable profit, the timing of the receipt of the profits and tax planning strategies.

Main assumptions applied to the actuarial valuation of the TFR (employee termination indemnity), such as the future turnover rate and discount financial rates

The cost of defined-benefit pension plans and of any other post-employment medical benefit, as well as the present value of the defined-benefit liability, are determined on the basis of actuarial assumptions. Actuarial assessments require various assumptions to be made which can differ from actual developments in the future. These assumptions also include the calculation of the discount rate, future pay rises, the mortality rate and future increases in pensions. Owing to the complexity of the assessment and its long- term nature, these estimates are extremely sensitive to changes in assumptions. All the assumptions are reviewed on an annual basis. See note 14 for details.

Consolidation principles

The Consolidated Financial Statements include the financial statements of Rekeep S.p.A. ("the 'Parent Company"", "Rekeep S.p.A." or "Rekeep") and its subsidiaries, prepared as at 31 December 2021. The financial statements of the subsidiaries have been prepared by adopting for each closing date the same accounting standards as those applied for the parent company.

All Intra-Group balances and intercompany transactions, including unrealized profits or losses arising from intra-Group transactions, which are recognized under assets, are eliminated in full.

Subsidiaries are consolidated on a line-by-line basis starting from the acquisition date, i.e. the date on which the Group acquires control, and are deconsolidated on the date in which control is transferred out of the Group. Acquisitions of subsidiaries, with the exception of those deriving from combinations of entities subject to joint control, are accounted for using the purchase method. This involves the allocation of the cost of the business combination to the fair values of assets, liabilities and contingent liabilities acquired at the acquisition date and the inclusion of the result of the acquiree starting from the date of acquisition until the end of the fiscal year. If the Group loses control over a subsidiary, it eliminates the related assets (including goodwill), liabilities, minority interests and other components of equity, while any gain or loss is recognized in the income statement. Any shareholding that is possibly retained is recognized at fair value.

Joint-ventures with other shareholders and associates are accounted for under equity method. Changes in the Group's shareholding in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Minority interests represent the portion of profits or losses and net assets not held by the Group and are disclosed under a separate item in the consolidated Statement of profit or loss for the year and in the Consolidated Statement of Financial Position under Equity items, separately from the Group's Equity.

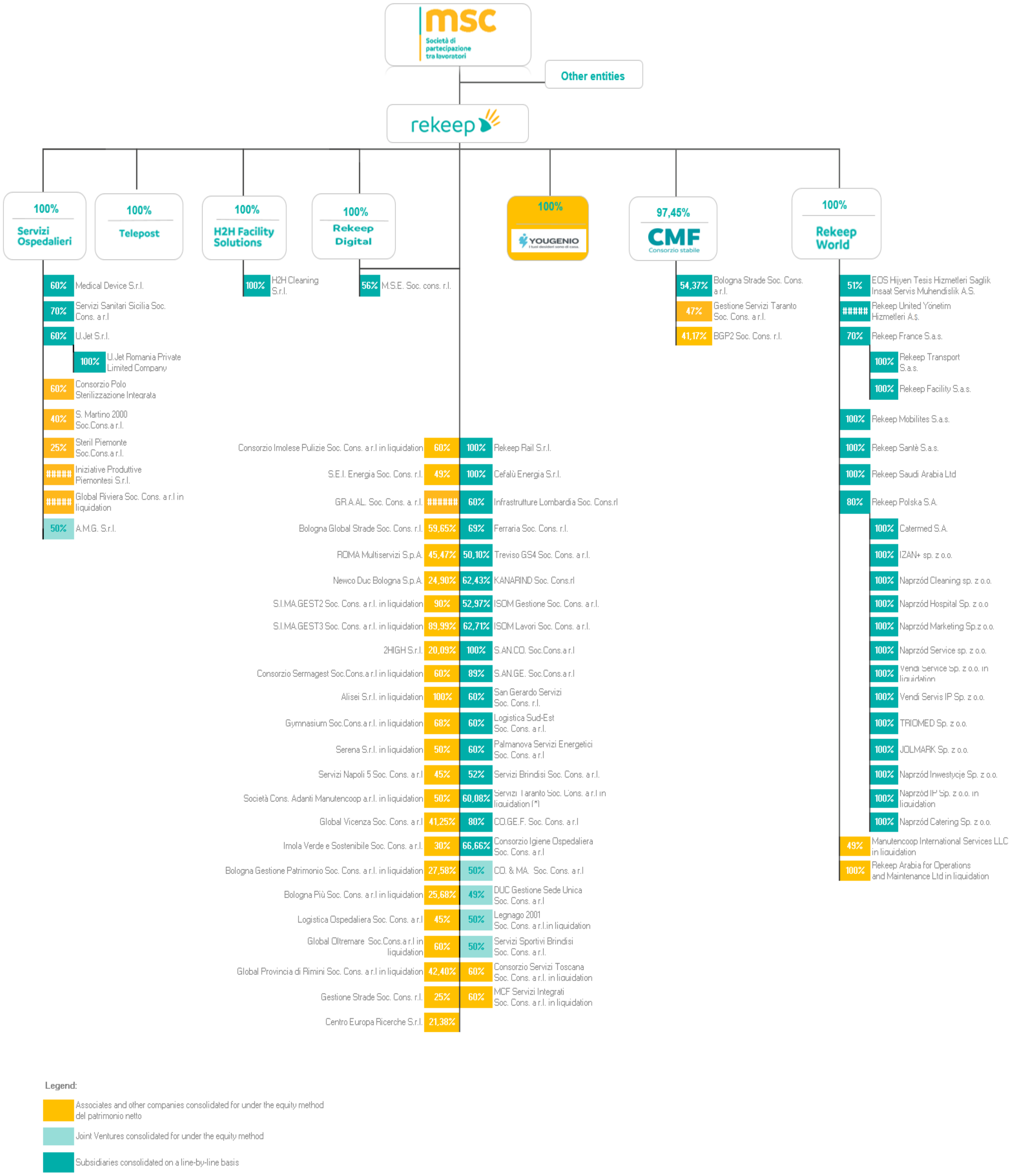
Conversion of financial statements of foreign companies

The financial statements are presented in Euro, the Group's functional currency. Statements of financial position and income statements stated in foreign currency are converted to Euro using the year-end exchange rates for the items of the Statement of Financial Position and average exchange rates for items in the Income Statement. Differences arising from the conversion of opening shareholders' equity at year-end exchange rates are charged to the currency conversion reserve, together with the difference arising from the conversion of the result for the period at average exchange rate with respect to year-end exchange rates.

At the time of disposal of the economic entity from which translation differences emerged, the accumulated exchange differences reported in the statement of other comprehensive income are reclassified in the Consolidated Statement of Profit or Loss for the period.

Currency	Exchange rate at 31 December 2021	Average exchange rate for the year ended 31 December 2021	Exchange rate at 31 December 2020	Average exchange rate for the year ended 31 December 2020
Romanian Leu (RON) – Romania	4.9490	4.9380	N/A	N/A
Turkish Lira (TRY) – Turkey	15.2335	10.5124	9.1131	8.0547
Qatar Riyal (QAR)– Qatar	4.1227	4.3052	4.4666	4.1576
Saudi Arabia Riyal (SAR) – Saudi Arabia	4.2473	4.4353	4.6016	4.2832
Zloty (PLN) – Poland	4.5969	4.5652	4.5597	4.4430

Scope of consolidation at 31 December 2021 is shown below.



(**) In liquidation starting from 01.01.2022

During the 2021 financial year note the following events:

- on 4 January 2021 there was the sale of the 20% investment in the quota capital of Gico Systems S.r.l.;
- on 16 April 2021 there was the acquisition of the remaining 30% of the quota capital of Cefalù Energia S.r.l. (already controlled). It should be noted that the company changed its corporate from S.p.A. (*Società per Azioni* – Join-Stock Company) to S.r.l. (*Società a responsabilità limitata* – Limited Liability Company) on 27 September 2021;
- on 28 May 2021 the 50.1%-owned company Treviso GS4 Soc. Cons. a r.l. was established;
- on 1 June 2021 Servizi Ospedalieri S.p.A. acquired a 60% investment in the quota capital of U.Jet S.r.l., which is based in Bastia Umbra (Perugia) and of its subsidiary U.Jet Romania Private Limited Company;
- on 7 June 2021 Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe Postęp Sp. z o.o. (wholly owned by Rekeep Polska S.A.) was merged by incorporation into JOL-MARK sp. z o.o. (which is also wholly owned by Rekeep Polska S.A.);
- on 15 June 2021 Vendi Cleaning sp. z o.o. and Vendi Marketing sp. z o.o. (wholly owned by Rekeep Polska S.A.) were merged by incorporation into Naprzód Marketing sp. z o.o. (which is also wholly owned by Rekeep Polska S.A.);
- the winding-up procedure was started for Rekeep Arabia for Operations and Maintenance Ltd on 30 August 2021;
- on 24 September 2021 the company Rekeep Santé S.a.s. was established, which is based in Paris (France), the share capital of which is wholly held through subsidiary Rekeep World S.r.l.;
- on 4 October 2021 the company Rekeep Mobilites S.a.S. was established, which is based in Paris (France), the share capital of which is wholly held through subsidiary Rekeep World S.r.l..

2.4 Summary of the main accounting policies

Property, plant and equipment

Property, plant and equipment are recognized at historical cost, net of the associated accumulated depreciation and accumulated impairment losses. This cost includes the costs for the replacement of part of the plant and equipment at the moment they are incurred if they conform to the recognition criteria.

Depreciation is calculated on a straight line basis in line with the estimated useful life of the asset, starting from the date the asset becomes available for use, until the date it is sold or disposed of. The carrying amount of property, plant and equipment is subject to impairment test when events or changes suggest that the carrying amount may not be recoverable. A tangible asset is derecognized from the financial statements at the moment of sale or when no future economic benefits are expected from its use or disposal. Any profits or losses (calculated as the difference between net proceeds from the sale and the carrying amount) are included in the income statement in the year of the aforementioned derecognition. The residual value of the asset, useful life and method applied are reviewed annually and adjusted, if necessary, at the end of each financial year.

The useful life of the various classes of tangible assets is estimated as shown below:

	Useful life
Plant and equipment, maintenance and landscaping	11 years
Plant and equipment, maintenance and construction of properties	From 6.5 to 10 years
Telephone systems	4 years
Properties	33 years
Equipment for cleaning/landscaping activities	6.5 years
Equipment for technological system management	3 years
Equipment for building construction and maintenance	2.5 years
Other industrial and commercial equipment	10 years
Laundry equipment	8 years
Linen	From 2.5 to 4 years
Vehicles	From 4 to 5 years
Office furniture and equipment	From 5 to 8 years
Leasehold improvements (including under plant and equipment)	< between useful life and lease term

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

Financial costs arising from the purchase are charged to the income statement except in the case in which they are directly attributable to the acquisition, construction or production of an asset which justifies their capitalization (qualifying asset), in which case they are capitalized. A qualifying asset is an asset that requires a certain period to be ready for use.

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

Extraordinary maintenance expenses are only included in the carrying amount of the asset when the company is likely to receive the associated economic benefits in the future and the cost can be reliably measured. The costs of repairs, maintenance or other operations to ensure the functioning of the assets are charged to the income statement in the year in which they are incurred.

Leasehold improvements are classified, on the basis of the nature of the cost incurred, under property, plant and equipment when they meet the capitalization criteria set forth by IAS 16. The period for depreciation corresponds to the lower of the residual useful life of the tangible asset and the residual lease term.

Business combinations

Business combinations are recognized according to the acquisition method. Under this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair values of the assets transferred and liabilities assumed by the Company at the acquisition date and the equity instruments issued in exchange for control over the acquiree. Additional transaction costs are generally recognized through profit or loss when they are incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at fair value applicable on the acquisition date, except for the following items that are instead measured in accordance with their relevant standard:

- Deferred tax assets and liabilities;
- Assets and liabilities for employee benefits;
- Liabilities or equity instruments relating to payments based on the acquiree’s shares or share-based payments relating to the Company, issued to replace the acquiree’s contracts;
- Assets held for sale and Discontinued Operations.

Goodwill is determined as the excess of the sum of the consideration transferred in the business combination, the value of the shareholders' equity attributable to non-controlling interests and the fair value of any previously-held equity interest in the acquiree compared to the acquisition-date fair value of the net assets acquired and liabilities assumed. If the acquisition-date value of the net assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the value of shareholders' equity attributable to non-controlling interests and the fair value of any previously-held equity interest in the acquiree, this excess is immediately recognized in the income statement as a profit arising from the transaction that has been completed.

Any consideration subject to the conditions set out in the business combination agreement is measured at acquisition-date fair value and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill. Any subsequent fair value changes, which can be qualified as adjustments arising during the measurement period, are included in the goodwill on a retrospective basis. Fair value changes that can be described as adjustments arising in the measurement period are those that arise from more information about facts and circumstances that existed at the acquisition date, obtained during the period of measurement (which may not exceed 1-year period after the business combination).

In the event of business combinations that occurred in stages, the equity interest previously held by the Company in the acquiree is remeasured at fair value at the date control is acquired and any resulting gain or loss is recognized in the income statement. Any values arising from the previously-held equity interest recognized in Other Comprehensive Income or Losses are reclassified in the income statement as if the investment had been sold.

If the initial values of a business combination are incomplete on the reporting date when the business combination took place, the Company reports in its financial statements the provisional values of the items for which recognition cannot be completed. These provisional values are adjusted in the measurement period in order to take account of new information gathered on facts and circumstances existing at the acquisition date which, if known, would have affected the value of assets and liabilities recognized at that date.

Goodwill

Goodwill arising in a business combination, is initially valued at cost, represented by the excess of the cost of the business combination with respect to the share pertaining to the Group in the net fair value relating to the identifiable values of assets and liabilities acquired and contingent liabilities. After the initial recognition, goodwill is valued at cost less any accumulated impairment losses. Goodwill is subject to an analysis of fairness on an annual basis, or more frequently if events or changes are identified which may give rise to impairment losses.

For the purposes of this analysis of fairness, goodwill is allocated, from the date of acquisition, when the allocation is possible without arbitrariness, to each of the cash-generating units of the Group which believe that they will benefit from the synergies of the acquisition, irrespective of the allocation of other assets or liabilities to said units. Each unit to which goodwill is allocated:

- represents the lowest level, within the Group, at which goodwill is monitored for internal management purposes; and
- is not larger than the segments identified on the basis of either the primary of secondary presentation layout as regards disclosures on the Group's operating segments, based on IFRS 8 - Operating Segments.

Impairment is determined as the difference between the recoverable value of the cash-generating unit (or group of units) to which goodwill is allocated ("impairment test") and the book value of goodwill allocated thereto.

When the recoverable value of the cash-generating unit (or group of units) is lower than the carrying amount, an impairment loss is recognized. The value of goodwill previously written down cannot be restored.

Other intangible assets

Intangible assets acquired separately are initially capitalized at cost, while those acquired through business combinations of companies not subject to joint control are capitalized at fair value on the date of acquisition. After initial recognition, intangible assets are recorded at cost net of amortization and accumulated impairment losses.

The useful life of the intangible assets is finite or indefinite. Intangible assets with a finite useful life are amortized over their useful life and subject to fairness tests whenever there is evidence of potential impairment losses. The period of amortization and method applied thereto are reviewed at the end of each financial year or more frequently if necessary. Changes in the expected useful life or the methods with which the future economic benefits of the intangible asset are achieved by the Group are recorded by modifying the period or method of amortization, as necessary, and treated as changes in the accounting estimates. The amortization charges of intangible assets with a finite useful life are recorded in the income statement under the cost item of "amortization, depreciation, impairment losses and write-backs of assets".

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

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

	Concessions, licenses, trademarks and similar rights	Other intangible assets
Breakdown of composition	Software and Trademarks	Contractual customers relations
Useful Life	Finite	Finite
Method used	Amortization on a straight line basis over the shortest time span between: > legal term of the right > expected financial period of use	Amortization in proportion to consumption of related backlog
Produced internally or purchased	Purchased	Acquired in business combination
Impairment tests / tests on recoverable value	Yearly or more frequently when there is evidence of impairment	Yearly or more frequently when there is evidence of impairment

Profits or losses arising from the disposal of an intangible asset are measured as the difference between the net sales revenue and the carrying amount of the asset, and are recognized in the income statement at the moment of disposal.

Equity investments in joint ventures and associates

According to the equity method, the equity investment is recognized in the balance sheet at cost increased by changes, after the acquisition, in the Group's share of the investee's net assets. Goodwill relating to the associate is included in the carrying amount of the equity investment and not subject to amortization. Following application of the equity method, the Group determines whether it is necessary to recognize any additional impairment losses with reference to the Group's net equity investment in the investee. The income statement reflects the Group's share of the investee's result for the year. In the event in which the investee recognizes adjustments directly in shareholders' equity, the Group recognizes its share, and presents this, where applicable, in the statement of changes in shareholders' equity.

In the majority of cases, the end of the investees' financial year is the same as that of the Group. Where this does not occur, in most cases, the investees prepare accounting statements at the reporting date of the Group's financial year. The accounting standards used conform to those used by the Group.

Impairment of assets

At the reporting date of the financial statements, the Group assesses whether there is any evidence of impairment of assets. In this case, or in the event an annual impairment test is required, the Group prepares an estimate of the recoverable value. The recoverable value is the higher of the fair value of an asset or cash-generating unit, net of selling costs and its value in use and is determined for each individual asset, except when said asset does not generate cash flows that are largely independent from those generated by other assets or groups of assets. If the carrying amount of an asset is higher than its recoverable value, said asset has been impaired and is subsequently written down to its recoverable value. In calculating the value in use, the Group discounts estimated future cash flows at the present value by using a pre-tax discount rate which reflects the market valuations on the time value of money and the specific risks of the asset. Impairment losses of operating assets are recognized in the income statement under 'amortization, depreciation, impairment losses and write-backs of assets'.

At each reporting date, the Group also assesses whether there is any evidence that the impairment losses recorded previously no longer exist (or have fallen) and, if said evidence exists, estimates the recoverable value. The value of an asset previously written down may only be restored if there have been changes to the estimates used to calculate the recoverable value of the asset following the latest recognition of an impairment loss. In said case, the carrying amount of the asset is adjusted at the recoverable value, without, however, the increased value exceeding the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized in the preceding years. Any write-back is recognized as income in the income statement, in the same category in which the write-down was recorded, except where the asset is recognized in a revalued amount, in which case the write-back is treated as a revaluation. After a write-back has been recognized, the amortization charge of the asset is adjusted in future periods, in order to break down the modified carrying amount, net of any residual values, on a straight line basis over the residual useful life.

Financial assets

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

- financial assets at amortized cost, i.e. trade receivables and debt instruments characterized by contractual cash flows at defined maturities, represented solely by the repayment of principal and the payment of interest, as well as by a business model that envisages holding them for the sole purpose of receiving such flows;
- financial assets at fair value through OCI (FVTOCI), which include equity instruments that are non held for sale, for which, upon initial recognition, an irrevocable option was exercised for the recognition of fair value changes in a specific equity reserve, as well as debt instruments characterized by contractual cash flows, represented solely by the repayment of principal and the payment of interest, as well as by a business model that is aimed at the sale of these instruments;
- financial assets at fair value through profit or loss (FVTPL), a category which includes the financial assets for which the conditions for recognition at amortized cost are not fulfilled, as well as equity instruments for which the irrevocable option of recognition at FVTOCI has not been exercised, and debt instruments characterized by contractual cash flows and by a business model that does not allow their recognition in the previous categories.

All financial assets are initially recognized at fair value, increased, in the event of assets other than those at fair value through profit or loss, by additional charges. Following the initial recognition, the Group determines the classification of its financial assets and, where appropriate and permitted, reviews said classification at the closing date of each financial year.

The accounting policies applied by the Group are the following:

Financial assets at amortized cost

Financial assets accounted for at amortized cost are measured using the effective discount rate method. Profits or losses are recognized through profit or loss when financial assets are derecognized from the accounts or when impairment losses occur, as well as through the amortization process.

Financial assets at fair value through OCI

Financial assets at fair value through OCI (FVTOCI) are measured at fair value and profits or losses must be recognized in a separate equity item.

For the year ended, however, as in the previous year, the Group only classifies investments of lower than 20% in this category of assets, which are valued at cost when it can be regarded as a representation of fair value. In particular, consortium companies and consortia, which are not listed on regulated markets and whose objective is to regulate relations as part of temporary business combines established for the operational purposes of management of some service contracts, are valued at cost, represented by the portion of subscribed share capital.

Inventories

Inventories are valued at the lower of cost and net presumed realizable value.

The costs incurred to deliver each asset to its current location and for warehousing are recognized as follows:

Raw materials (excluding fuel)	Purchase cost based on the weighted average cost method
Fuel inventories	Purchase cost based on the weighted average cost method

The net presumed realizable value of raw materials is represented by the replacement cost.

Trade receivables and other receivables

Trade receivables, which generally have contractual maturities of between 30-90 days, are recognized at nominal value, stated in the invoice, net of the provisions for bad debts. This allocation is made in the presence of objective evidence that the Group will not be able to collect the receivable. Uncollectible receivables are written down when they are identified. Receivables and payables in a foreign currency other than the functional currency of the individual entities are adjusted at the year-end exchange rates.

Contract assets on plan construction orders

A job order is a contract specifically stipulated for the construction of an asset on the instructions of a customer, who defines its design and technical features on a preliminary basis.

Job order revenues include the considerations initially agreed with the customer, in addition to the changes to the job order and price variations set out in the contract which can be determined reliably.

When the result of the job order can be determined reliably, the job orders are valued on the basis of the percentage of completion method. The progress status is determined by making reference to the costs of the job order incurred up to the balance sheet date as a percentage of total estimated costs for each job order. The percentage of completion determined in this manner is then applied to the contract price in order to determine the value of contract assets, classified under “Trade receivables". When the costs of the job order are likely to exceed total revenues, the expected loss is recognized immediately as a provision. Should the amount of the contract price already invoiced exceed the estimated value of contract assets, it must be recognized as a payable for the portion exceeding the value of the same and, as such, must be classified under "Contract liabilities".

Cash and cash equivalents

Cash and cash equivalents and short-term deposits in the statement of financial position include cash at hand and sight and short-term deposits, in the latter case with an original maturity of no more than three months.

Loans

All loans are initially recognized at the fair value of the consideration received net of additional charges involved in raising the loan. After initial recognition, loans are valued according to the amortized cost criterion using the effective interest rate method. All profits or losses are recognized in the income statement when the liability is extinguished, as well as through the amortization process.

Derecognition of financial assets and liabilities

Financial Assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognized from the accounts when:

- the contractual rights over cash flows arising from financial assets have expired ;
- the Group has transferred the financial asset (transferring the right to receive cash flows from the asset or retaining the right to receive these but assuming the contractual obligation to pay them in full and without delay to a third party) and has transferred substantially all risks and rewards of ownership of the financial asset.

If, as a result of the transfer, a financial asset is derecognized in full, but the result is that the Group obtains a new financial asset or assumes a new financial liability, the Group recognizes the new financial asset, financial liability or liability originating from service at fair value.

Financial Liabilities

A financial liability is derecognized from the accounts when the obligation underlying the liability is discharged, cancelled or fulfilled. In cases where an existing financial liability is replaced by another of the same provider, under essentially different conditions, or the conditions of an existing liability are essentially modified, said exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and any differences in the carrying amounts are booked to the income statement.

Impairment of financial assets

At the reporting date, the Group assesses whether a financial asset or group of financial assets has incurred any impairment loss.

Assets valued according to the amortized cost criterion

If there is an objective evidence that a loan or a receivable carried at amortized cost has suffered an impairment loss, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses still not incurred) discounted at the original effective interest rate of the financial asset (i.e. effective interest rate calculated at the initial recognition date). The carrying amount of the asset will be reduced both directly and through the use of a provision. The amount of the loss will be recognized through profit or loss.

The Group firstly assesses whether there is any objective evidence of an impairment loss at individual level, for financial assets that are significant on an individual basis, and therefore at individual or collective level for financial assets that are not significant on an individual basis. In the absence of any objective evidence of impairment of a financial asset that is valued individually, whether it is significant or not, said asset is included in a group of financial assets with similar credit risk characteristics and said group is subject to impairment test in a collective fashion, by determining the forecast insolvency rate, i.e. the loss rate (Probability of default "PD") for the amount of expected losses (Loss Given Default "LGD") calculated taking account of elements of forward looking, thus also reporting and representing incurred losses. The assets valued at individual level and for which an impairment loss is recognized or continues to be recognized, will not be included in a collective valuation.

If, in a subsequent financial year, the size of the impairment loss falls and said reduction can be related objectively to an event which occurred after the recognition of the impairment loss, the previously reduced value can be written back. Any subsequent write-backs are recognized through profit or loss to the extent the carrying amount does not exceed the amortized cost at the write-back date.

Assets recognized at cost

If there is objective evidence of an impairment of an unlisted equity instrument which is not recognized at fair value since it cannot be measured reliably, or of a derivative instrument which is linked to said equity instrument and has to be settled through the delivery of said instrument, the amount of the impairment loss is measured by the difference between the carrying amount of the asset and the present value of expected future cash flows and discounted at the current market rate of return for a similar financial asset.

Financial assets at fair value through OCI

In the case of an impairment of a financial asset at fair value through OCI, a transfer from shareholders' equity is effected of a value equal to the difference between its cost (net of the repayment of capital and amortization) and its present fair value. Write- backs of instruments classified in this category are also recognized in a specific equity reserve.

Provisions for risks and charges

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

When the Group believes that an accrual to the provision for risks and charges will be partially or fully reimbursed, e.g. in the event of risks covered by insurance policies, the compensation is recognized separately under assets if and only if it is virtually certain. In said case, a cost is stated through profit or loss which is the cost of the associated related accrual, net of the amount recognized for the compensation.

If the effect of discounting the value of money is significant, accruals are discounted using a pre-tax discount rate which reflects, where appropriate, the specific risks of the liabilities. When discounting is carried out, the increase in the provision due to the passing of time is recognized as a financial cost.

Provision for employee termination benefits

Liabilities in the form of employee termination benefits are only recognized when the Group is demonstrably committed to: (a) terminate the employment of an employee or group of employees before the normal retirement date; or (b) provide termination benefits as a result of an offer made in order to encourage voluntary resignation for redundancy purposes. The Group is demonstrably committed to terminate employment only when it has a detailed formal plan for the dismissal (termination of employment) and is without realistic possibility of withdrawal from the plan.

Employee benefits

Italian legislation (art. 2120 of the Civil Code) requires that, on the date of termination of their employment with the company, each employee receives compensation known as ESI (Employee Severance Indemnity). Calculation of this indemnity is based on certain items that form the annual employee remuneration for each year of employment (re-valued as necessary) and on the length of service. According to statutory Italian legislation, said indemnity is reported in the financial statements according to a calculation method based on the indemnity accrued by each employee at the balance sheet date, in the assumption that all employees terminate their employment at said date.

The IFRIC issued by the IASB tackled the issue of Italian ESI and concluded that, in application of IAS 19, it falls within the scope of “defined benefit” plans, as regards post-employment benefits and, as such, must be calculated using the Projected Unit Credit Method (PUCM), in which the amount of liabilities in the form of acquired benefits must reflect the expected date of termination and must be discounted.

Following the 2007 reform of national legislation which governs, for Companies with more than 50 employees, ESI accruing from 1 January 2007, it is established as a “defined contribution” plan, whose payments are accounted for directly in the income statement, as a cost, when recognized. ESI accrued up until 31 December 2006 remains a defined benefit plan, without future contributions.

The Group accounts for actuarial gains or losses arising from the application of the aforementioned method (PUCM) in an appropriate equity reserve according to the provisions of IAS 19 pars. 120 and 128.

The actuarial valuation of the liability was entrusted to an independent actuary.

The Group has no other significant defined benefit pension plans.

Leases

According to IFRS16 a lease is an agreement that grants the right to use an asset ("the underlying asset") for a certain period of time against the payment of a consideration. At the inception of the contract the entity must assess whether the contract is, or contains, a lease. The contract is, or contains, a lease if it gives the entity the right to control the use of a specified asset for a period of time in exchange for consideration. An entity must reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are amended.

For a contract that is, or contains, a lease, the entity must account for each lease component as a lease separately from non-lease components. For contracts that contain a lease component and one or more lease and non-lease components, the lessor must allocate the consideration under the contract by applying IFRS15.

"Finance" lease contracts, which substantially transfer all risks and rewards of ownership of the leased asset, are capitalized at the date of the start of the lease at the fair value of the leased asset or, if lower, at the present value of rental fees. Rental fees are split between the portions of principal and interest so as to obtain the application of a constant interest rate on the residual debt balance. Financial costs are charged directly to the income statement. Capitalized leased assets are amortized over the estimated useful life of the asset and the lease term, whichever is the shorter, if there is no reasonable certainty that the ownership of the asset will be obtained at the end of the contract.

At the effective date, the lessee must measure the liability under an operating lease at the present value of lease payments outstanding at that date. Lease payments must be discounted back by using the interest rate implicit in the lease if it is determinable reliably. If it is not possible, the lessee must use its marginal borrowing rate. The underlying asset, which consists of the Right Of Use (ROU), must be recognized among assets must be recognized against an entry for this liability. After the effective date, the lessee must measure the asset consisting of the right of use by applying a cost model, unless the fair value model or the revaluation model is applied. Group companies do not apply such alternative models.

Following the adoption of IFRS16 the accounting treatment of operating leases is then in line with the provisions laid down in IAS17 previously in force: the liability for lease payments and the asset in relation to which the entity has a right to use must be reported at the date of recognition of the lease, accounting for financial charges and the asset's amortization/depreciation separately. In fact, as regards the lessor, the accounting method is substantially unchanged with respect to the provisions laid down under the previous IAS17. Finally, the Group has adopted some exceptions allowed by the accounting standard, excluding any lease with a term of less than 12 months, as well as any lease and hire of low value (less than € 5,000) from the related scope of application. Furthermore, the Group has exercised its right to not review whether a contract is, or contains, a lease on the date of first-time adoption(IFRS16.C3).

Revenue recognition

Revenues are recognized to the extent in which it is likely that economic benefits can be achieved by the Group and the associated amount can be determined reliably. The following specific revenue recognition criteria must be complied with before revenues are charged to the income statement:

Provision of services

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

- operation and maintenance of properties and plants, often associated with the provision of heat (energy service);
- cleaning and environmental hygiene services;
- landscaping;
- project management services;
- design services;
- linen rental and industrial laundering and sterilization services.

Revenues are recognized on the basis of the progress of the services underway at the balance sheet date, measured as a percentage with reference to the different variables depending on the services provided and the contracts stipulated with the customer (square meters, hours, costs incurred, hospital days).

The provisions of services, which are still not completed at the reporting date, constitute contract assets and are classified under trade receivables.

Revenues billed at the balance sheet date, which exceed the amount accrued on the basis of the progress status of the service, are suspended under contract liabilities, and classified under trade payables. The considerations, also as part of multi-service contracts, are, as a rule, defined separately by service type and the amount of revenues to be attributed to the individual services is quantified at fair value.

When the outcome of a services transaction cannot be measured reliably, revenues are only recognized to the extent it is believed that the costs incurred can be recovered.

Plant construction activities

The Group recognizes the revenues arising from building contracts on the basis of the percentage of completion of the job order, measured as a percentage of the costs incurred with respect to the total estimated costs for completing the work. When the outcome of a job order cannot be measured reliably, revenues are only recognized to the extent it is believed that the costs incurred can be recovered.

Sales of assets

The revenue is recognized when the company has transferred all significant risks and rewards related to ownership of the asset to the purchaser.

Interest

Interest is recognized as financial income following the verification of interest income accrued (carried out using the effective interest rate method which is the rate that accurately discounts expected future cash flows based on the expected life of the financial instrument at the net carrying amount of the financial asset).

Dividends

Revenues are recognized when the right of shareholders to receive the payment arises.

Government grants

Government grants are recognized when it is reasonably certain they will be received and all inherent conditions are met. When grants are related to cost components, they are recognized as revenues, but are systematically split over the financial years so they are commensurate with the costs they intend to compensate. In the event the grant is related to an asset, the fair value is deducted from the carrying amount of the asset to which it is related and the release to the income statement occurs progressively over the expected useful life of the asset on a straight line basis, through the systematic reduction of the associated amortization charges.

Income taxes

Current taxes

Current tax assets and liabilities for the year are valued by applying estimate criteria to determine the amount accrued in the financial year which is expected to be recovered or paid to the tax authorities. The rates and tax legislation used to calculate the amount are those issued at the balance sheet date.

Deferred taxes

Deferred taxes are calculated on the temporary differences arising at the balance sheet date between the tax values taken as a reference for assets and liabilities and the values stated in the financial statements.

Deferred tax liabilities are recognized against all temporary taxable differences, except for:

- deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, does not have any effect on the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- taxable temporary differences associated with equity investments in subsidiaries, associates and joint ventures, in the event in which the reversal of the temporary differences can be controlled and is not likely to occur in the foreseeable future.

Deferred tax assets are recognized against all deductible temporary differences and for tax assets and liabilities carried forward, to the extent it is possible that there will be adequate future tax profits that make the use of temporary deductible differences and tax assets and liabilities carried forward applicable, except in the case in which:

- deferred tax assets connected to deductible temporary differences arise from the initial recognition of an assets or liability in a transaction which is not a business combination and which, at the time of the transaction, does not have any effect on the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with equity investments in subsidiaries, associated and joint ventures, deferred tax assets are recognized only to the extent in which it is likely that the deductible temporary differences will be reversed in the immediate future and that sufficient tax profits will be generated against which the temporary differences can be used.

The value of deferred tax assets to be recognized in the financial statements is reviewed at each reporting date of the financial statements and reduced to the extent it is no longer likely that sufficient tax profits will be available in the future to permit all or part of said receivable to be used. Unrecognized deferred tax assets are reviewed annually at the reporting date of the financial statements and are recognized to the extent it has become likely that the tax profit is sufficient to allow said deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured on the basis of the tax rates that are expected to be applied in the year in which said assets are sold or said liabilities are extinguished, considering the rates in force and those already issued or substantially issued at the balance sheet date.

Income taxes relating to items recorded directly in equity are charged directly to equity and not to the income statement.

Deferred tax assets and liabilities are offset, if there is a legal right to offset the current tax assets with current tax liabilities and the deferred taxes refer to the same tax entity and the same tax authorities.

VAT

Revenues, costs and assets are recognized net of VAT, with the exception of the case in which said tax applied to the purchase of goods or services is non-deductible, in which case it is recognized as part of the purchase cost of the asset or part of the specific cost item recognized through profit or loss. Trade receivables and payables for which an invoice has already been issued or received are carried inclusive of tax.

The net amount of indirect taxes on sales and purchases that can be recovered from or paid to the tax authorities is included in the financial statements under other receivables or payables depending on the accounting sign.

Service concession arrangements

The Group is the holder of concession agreements in which certain companies manage activities in the public interest, provided that the grantor (i) controls/regulates, by determining the price, which public services must be offered by the concessionary companies through the infrastructures that the concessionary company obtains under management or constructs and (ii) maintains, through ownership or by other means, the authorization granted and any other interest in the infrastructures upon expiry of the concession agreement.

The concessionary company shall not carry infrastructure under tangible assets as it does not hold "control", as set forth in IFRIC 12. The asset to be recognized is the right to use the infrastructure for providing the service, to be classified as a financial asset in the presence of an unconditional right to receive future compensation regardless of actual use of the infrastructure and as an intangible asset in the presence of a right to exploit the infrastructure itself in financial terms, charging users based on use of the service received. Provision is also made for a "mixed" accounting model if the concessionary company is the holder of both a financial asset and an intangible right, where it is necessary to separate the component of remuneration as provided for under the agreement relating to the financial asset, determining the amount of the intangible asset as a secondary activity (with respect to the value of the construction services provided).

The concessionary company also recognizes revenues for the services it provides, in compliance with IFRS15, and, therefore, the consideration envisaged in the agreement must be allocated with reference to the fair value of the associated services provided (construction, improvements and management respectively). Pursuant to IAS 23, financial costs attributable to the agreement must be recognized as costs in the financial year in which they are incurred, unless the concession holder has recognized an intangible asset, for which said costs are capitalized during the phase of drafting of the agreement. Otherwise, if the concession holder has recognized a financial asset, IAS 39 requires financial income calculated on the basis of the effective interest method to be recognized in the income statement.

Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year.

The Parent Company presents voluntary disclosures on earnings per share, with reference solely to consolidated data.

Operating segments

An operating segment is made up of a clearly identifiable group of assets and operations which provides a collection of related products and services, subject to risks and rewards other than those of other Group business sectors. For operational purposes, the Group is structured into business areas that coincide with the "strategic business units" (SBU) in which the Group operates.

No operating segments were combined for the purpose of determining the operating segments subject to disclosure obligations.

The Group's Management look at the results achieved by the individual Strategic Business Units separately, for the purpose of making decisions regarding the allocation of resources and performance monitoring. The segment performance is assessed on the basis of the EBIT. The Group's financial management (including loan costs and revenues) and income taxes are managed at Group level and are not allocated to operating segments.

Methods of calculation of costs allocated to segments

The Group includes direct and indirect production costs relating to the business sector in the costs attributed to the segments. Starting from the consolidated financial statements for the year ended 31 December 2007, it was deemed appropriate to also allocate to the segments commercial costs and other general overheads on the basis of the appropriate conventional allocation drivers. By contrast, any income and costs generated by financial management and current and deferred taxes remain unallocated to the segments, while income from equity investments valued at equity is attributed to the segments.

Method of calculation of assets and liabilities allocated to segments

The assets and liabilities have been attributed to the various segments in accordance with the method used for income statement items.

Changes in accounting estimates and errors

Some elements in the financial statements cannot be measured accurately and are therefore the objects of estimates which depend on future uncertain circumstances governing the conduct of the entity's business. Over time these estimates will be revised to take account of the data and information that subsequently become available. The effect of a change in accounting estimates in the financial year in which it has occurred must be recognized prospectively and included in the income statement of that period and in future periods if the change also affects these. Prospective recognition of the effects of the changed estimate means that the change is applied to transactions that take place from the time that the estimate is changed. Accounting estimates are reviewed or changed if new information comes to hand or if there are new developments in operations and. for these reasons, these do not constitute corrections of errors.

Prior period errors are omissions from, and misstatements in, an entity's financial statements for one or more prior periods arising from a failure to use, or a misuse of, reliable information that was available when the financial statements for those periods were authorized for issue, and could reasonably have been expected to have been obtained and used in the preparation and presentation of these financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting standards, oversights or misinterpretation of facts and fraud. Financial statements do not comply with IFRSs if they contain either material errors or immaterial errors made intentionally to achieve a particular presentation of an entity's statement of financial position, financial performance or cash flows. Potential current period errors discovered in that period must be corrected before the financial statements are authorized for issue. Errors recognized in subsequent periods must be corrected in the comparative information presented in the financial statements for that subsequent period if they are material errors and the correction is deemed feasible, restating the opening balances of assets, liabilities and equity for that period (“Restatement”).

Restatement is not applied and errors are recognized prospectively if the errors and omissions are considered immaterial. Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that the users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

3. BUSINESS COMBINATIONS

3.1 Acquisition of a controlling interest in U.Jet S.r.l.

On 1 June 2021 the Group acquired, through subsidiary Servizi Ospedalieri S.p.A., an investment of 60% in the quota capital of U.Jet S.r.l., a leading company in the production of non-woven fabric (TNT) devices mainly aimed at the healthcare market, which can count on 2 clean rooms for the packaging and composition of disposable fabric surgical kits for the healthcare market, with more than 500 facilities served in Italy and Poland. The newly-acquired company in turn holds 100% of U.Jet Romania Private Limited Company.

The transaction was completed by means of a carve-out of U.Jet's core business activities, which were contributed to a NewCo in which Servizi Ospedalieri holds 60% and is part of the growth and development strategy of the Rekeep Group, which envisages the entry into specialist sectors that are linked to the core business, thus increasing its footprint and strengthening its leadership both at national and international level in the business of services in support of healthcare activities.

U.Jet S.r.l., which is based in Bastia Umbra (Perugia), recorded pro-forma consolidated revenues of € 11.2 million in 2020. The Company has obtained the certifications ISO 9001:2015, ISO 13485:2016, EC Quality Assurance System Certificates; it has also entered the dental, veterinary, wellness, community, and industrial sectors in recent years.

Accounting effects of the acquisition

The acquisition transaction can be described as a business combination: the Group has therefore applied the purchase method required by IFRS 3 in reporting it in the accounts.

The acquisition was completed on 1 June 2021 against a price equal to € 5,016 thousand, of which an amount of € 2,121 thousand paid at the closing date, while the deferred portion (€ 2,550 thousand) is paid in subsequent installments by 2023, the first of which was already paid on 30 November 2021 for € 1,849 thousand.

The purchase contract also provides for a price adjustment mechanism based on the estimated value of the property owned by the subsidiary U.Jet Romania, and grants the transferor an Earn-out equal to a multiple of EBITDA achieved by the company in 2022, for a maximum value of € 1,498 thousand.

The fair value of the acquiree's assets and liabilities was determined on a provisional basis, as was the goodwill arising from the transaction and the Earn-out value to be paid to the transferor, since sufficient information was not available as at the reporting date of the Consolidated Financial Statements at 31 December 2021.

The table below shows the breakdown of the values provisionally attributed to the assets and liabilities acquired:

	Recognized value	Book value
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	4,027	4,027
Property, plant and equipment under lease	1,876	1,876
Other intangible assets	7	7
Other investments	1	1
Other non-current assets	2	2
Prepaid tax assets	61	61
TOTAL NON-CURRENT ASSETS	**5,975**	**5,975**
CURRENT ASSETS		
Inventories	2,863	2,863
Trade receivables and advances to suppliers	665	665
Current tax receivables		
Other current assets	27	27
Cash and cash equivalents	207	207
TOTAL CURRENT ASSETS	**3,761**	**3,761**
TOTAL ASSETS	**9,736**	**9,736**
LIABILITIES		
NON-CURRENT LIABILITIES		
Capital and reserves attributable to non-controlling interests	1,996	1,996
Employee termination indemnity	675	675
Non-current loans	1,983	1,983
TOTAL NON-CURRENT LIABILITIES	**4,655**	**4,655**
CURRENT LIABILITIES		
Short-term loans	1,472	1,472
Trade payables and contract liabilities	364	364
Other current liabilities	373	373

	Recognized value	Book value
TOTAL CURRENT LIABILITIES	**2,209**	**2,209**
TOTAL LIABILITIES	**6,864**	**6,864**
FAIR VALUE OF NET ASSETS	**2,872**	**2,872**
GOODWILL FROM BUSINESS COMBINATION	**2,144**	
Total cost of business combination:		
Price paid at closing	2,121	
Deferred price	2,550	
TOTAL COST OF THE BUSINESS COMBINATION	**5,016**	
Net cash of acquisition:		
Cash and cash equivalents of the acquiree	207	
Price paid at closing	(2,121)	
Additional costs for the contribution	(161)	
NET CASH OF ACQUISITION	**(2,075)**	

The fair value of assets and liabilities acquired through the business combination was positive and provisionally set at € 2,872 thousand, while the overall cost of the business combination was equal to € 5,016 thousand (of which an amount of € 2,121 thousand was already paid at the closing date), including additional costs of € 161. Consequently, the provisional goodwill arising from the transaction was equal to € 2,144 thousand, while the net cash used for the business combination in 2021 amounted to € 2,075 thousand.

As at 31 December 2021, U.Jet S.r.l contributed an amount of € 3,770 thousand to the Group's revenues as from the date of acquisition.

4. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in the company-owned property, plant and equipment in the financial year ended 31 December 2021.

	Property	Plant and equipment	Total
At 1 January 2021, net of accumulated depreciation and impairment	**17,925**	**61,294**	**79,219**
Business combinations	399	3,628	4,027
Additions from acquisitions	227	28,370	28,597
Impairment losses		(76)	(76)
Disposals		(1,080)	(1,080)
Depreciation for the year	(952)	(21,728)	(22,680)
Others	644	(2,276)	(1,632)
At 31 December 2021	**18,243**	**68,132**	**86,375**
At 1 January 2021			
Historical cost	22,363	417,977	440,340
Accumulated depreciation and impairment losses	(4,438)	(356,683)	(361,121)
NET BOOK VALUE	**17,925**	**61,294**	**79,219**
At 31 December 2021			
Historical cost	23,633	446,619	470,252
Accumulated depreciation and impairment losses	(5,390)	(378,487)	(383,877)
NET BOOK VALUE	**18,243**	**68,132**	**86,375**

The additions from acquisitions which took place in the financial year mainly related to the linen in the *Laundering&Sterilization* segment for € 16,424 thousand and to the purchases of other machinery and specific equipment for € 12,173 thousand, of which an amount of € 1,210 thousand related to equipment used to provide services on the new contract acquired by the subsidiary Rekeep Transport S.a.S. during the year. Furthermore, additions from business combinations were recorded during the period, which were attributable to the acquisition of U.Jet S.r.l. and of its subsidiary, for which reference should be made to note 3 above. Disposal for the period amounted to € 1,080 thousand.

Finally, other changes relate to the effect of a change in the exchange rate applied for the translation of balances relating to foreign companies with a currency other than the Euro.

The table below shows the changes in the company-owned property, plant and equipment in the year ended 31 December 2020.

	Property	Plant and equipment	Total
At 1 January 2020, net of accumulated depreciation and impairment	**17,032**	**62,313**	**79,345**
Business combinations		31	31
Additions from acquisitions	2,253	25,216	27,469

	Property	Plant and equipment	Total
Disposals		(429)	(429)
Depreciation for the year	(1,038)	(20,201)	(21,239)
Others	(322)	(5,636)	(5,958)
At 31 December 2020	**17,925**	**61,294**	**79,219**
At 1 January 2020			
Historical cost	20,432	398,809	419,241
Accumulated depreciation and impairment losses	(3,400)	(336,497)	(339,896)
NET BOOK VALUE	**17,032**	**62,313**	**79,345**
At 31 December 2020			
Historical cost	22,363	417,977	440,340
Accumulated depreciation and impairment losses	(4,438)	(356,683)	(361,121)
NET BOOK VALUE	**17,925**	**61,294**	**79,219**

5. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

The table below shows the changes in property, plant and equipment under lease in the year ended 31 December 2021.

	Property under "finance" lease	Plant and equipment under "finance" lease	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2021, net of accumulated depreciation and impairment	**4,315**	**4,593**	**26,711**	**7,704**	**43,323**
Additions from business combinations	0	0	1,876	0	1,876
Additions from acquisitions	0	2,215	1,122	3,321	6,658
Early termination			(470)	(493)	(963)
Depreciation for the period	(134)	(1,477)	(3,946)	(3,211)	(8,768)
Others	(169)	1,600	(6)	39	1,464
At 31 December 2021	**4,012**	**6,931**	**25,287**	**7,360**	**43,590**
At 1 January 2021					
Historical cost	4,991	9,908	49,063	29,838	93,799

	Property under "finance" lease	Plant and equipment under "finance" lease	Rights of use of properties	Rights of use of plant and machinery	Total
Accumulated depreciation and impairment losses	(676)	(5,315)	(22,351)	(22,133)	(50,476)
NET BOOK VALUE	**4,315**	**4,593**	**26,711**	**7,704**	**43,323**
At 31 December 2021					
Historical cost	4,822	13,723	51,585	32,705	102,834
Accumulated depreciation and impairment losses	(810)	(6,792)	(26,297)	(25,345)	(59,244)
NET BOOK VALUE	**4,012**	**6,931**	**25,287**	**7,360**	**43,590**

Property, plant and equipment under leases reported changes during the year, which were due to depreciation for the year, as well as to the execution of new lease agreements for a total of € 2,215 thousand, mainly in the *Laundering&Sterilization* segment where the subsidiary Servizi Ospedalieri S.p.A. signed, among others, linen finance lease agreements for a total amount of € 1,643 thousand.

"Rights of use on Properties" and "Rights of use on plant and machinery" showed an increase during the year following the execution of new property lease agreements for € 1,122 thousand and new long-term hire of vehicles that make up the corporate fleets and equipment of the Group for € 3,321 thousand. Furthermore, additions from business combinations were recorded during the period, which were attributable to the acquisition of U.Jet S.r.l. and of its subsidiary, for which reference should be made to note 3 above.

Furthermore, there was the early termination of some lease and long-term hire agreements for a total of € 963 thousand.

The table below shows the changes in property, plant and equipment under lease in the year ended 31 December 2020.

	Property under "finance" lease	Plant and equipment under "finance" lease	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2020, net of accumulated depreciation and impairment	**4,450**	**4,016**	**31,556**	**7,124**	**47,146**
Additions for new contracts and rental adjustments		1,452	771	4,183	6,406
Disposals		(200)			(200)
Early termination			(1,277)	(285)	(1,562)
Depreciation for the year	(134)	(1,185)	(3,866)	(2,921)	(8,106)
Others	(1)	510	(473)	(397)	(361)
At 31 December 2020	**4,315**	**4,593**	**26,711**	**7,704**	**43,323**

	Property under “finance” lease	Plant and equipment under “finance” lease	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2020					
Historical cost	4,992	8,146	50,175	26,602	89,916
Accumulated depreciation and impairment losses	(542)	(4,130)	(18,619)	(19,478)	(42,771)
NET BOOK VALUE	**4,450**	**4,016**	**31,556**	**7,124**	**47,146**
At 31 December 2020					
Historical cost	4,991	9,908	49,063	29,838	93,799
Accumulated depreciation and impairment losses	(676)	(5,315)	(22,351)	(22,133)	(50,476)
NET BOOK VALUE	**4,315**	**4,593**	**26,711**	**7,704**	**43,323**

6. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the year ended 31 December 2021.

	Other intangible assets	Goodwill	Total
At 1 January 2021, net of accumulated amortization and impairment	**21,653**	**402,562**	**424,215**
Additions from business combinations	7	2,144	2,151
Additions from acquisitions	4,110		4,110
Amortization for the year	(6,325)		(6,325)
Others	34		34
At 31 December 2021	**19,479**	**404,706**	**424,185**
At 1 January 2021			
Historical Cost	125,702	404,879	530,582
Accumulated Amortization and impairment losses	(104,050)	(2,318)	(106,367)
NET BOOK VALUE	**21,653**	**402,562**	**424,215**
At 31 December 2021			
Historical Cost	129,853	407,023	536,877
Accumulated Amortization and impairment losses	(110,375)	(2,318)	(112,692)
NET BOOK VALUE	**19,479**	**404,706**	**424,185**

Goodwill is tested annually for impairment. The change for the period related to the acquisition of U.Jet S.r.l. and of its subsidiary U.Jet Romania Private Limited Company on the part of Servizi Ospedalieri S.p.A. (€ 2,144 thousand). For more details, reference should be made to note 7 below.

Other intangible assets, amounting to € 19,479 thousand at 31 December 2021, mainly consist of investments in software carried out as part of the projects aimed at upgrading and enhancing the corporate information systems. Additions from acquisitions for the period (€ 4,110 thousand) are mainly attributable to the Parent Company Rekeep S.p.A. and are related to the implementation and upgrading of software platforms used by the Group.

The table below shows the changes in intangible assets in the year ended 31 December 2020:

	Other intangible assets	Goodwill	Total
At 1 January 2020, net of accumulated amortization and impairment	**26,823**	**387,778**	**414,601**
Additions from business combinations	1	12,365	12,366
Additions from acquisitions	5,264		5,264
Amortization for the year	(7,293)		(7,293)
Others	(3,142)	2,418	(723)
At 31 December 2020	**21,653**	**402,561**	**424,214**
At 1 January 2020			
Historical Cost	125,238	390,096	515,334
Accumulated Amortization and impairment losses	(98,415)	(2,318)	(100,733)
NET BOOK VALUE	**26,823**	**387,778**	**414,601**
At 31 December 2020			
Historical Cost	125,702	404,879	530,582
Accumulated Amortization and impairment losses	(104,050)	(2,318)	(106,367)
NET BOOK VALUE	**21,653**	**402,562**	**424,214**

7. IMPAIRMENT OF GOODWILL

The Group's Management believe that the Strategic Business Units (SBU) structure described in the company reports, regardless of legal entities, should be reflected, consistently with the provisions of the accounting standards, also at the level of the CGUs used for impairment tests. The SBUs identified and their composition, in corporate terms, are defined as follows.

SBU – Facility management

The SBU is identified with:

- Rekeep S.p.A.;
- H2H Facility Solutions S.p.A.;
- Telepost S.r.l., specialist in internal mailing services;
- Rekeep Digital S.r.l., active in high-tech services to companies;
- Rekeep World S.r.l. and its foreign subsidiaries, dedicated to international business development;
- other minor investee companies operating in the same segment.

SBU – Laundering & Sterilization

The SBU is identified with:

- Servizi Ospedalieri S.p.A., operating in the linen rental and industrial laundering segment for hospitals and the sterilization of linen and surgical instruments;
- Medical Device S.r.l., acquired during 2018 and specializing in the production of disposable kits containing all the devices needed to support the healthcare team in performing surgical procedures;
- U.Jet S.r.l., acquired on 1 June 2021 and specializing in the production of non-woven fabric (TNT) devices mainly aimed at the healthcare market, as well as in the packaging and composition of disposable fabric surgical kits, which are also intended for the healthcare market;
- other minor investee companies operating in the same sector In Italy.

The table below sets forth the carrying amounts of the goodwill recognized in the Consolidated Financial Statements as at 31 December 2021, broken down into the different CGUs.

	31 December 2021	31 December 2020
Goodwill allocated to Facility Management CGU	388,752	388,753
of which International markets	*34,514*	*34,514*
Goodwill allocated to Laundering & Sterilization CGU	15,954	13,809
CONSOLIDATED GOODWILL	**404,706**	**402,562**

Goodwill showed an increase at 31 December 2021 following the acquisition of U.Jet S.r.l. and of its subsidiary U.Jet Romania Ltd on the part of subsidiary Servizi Ospedalieri. For more details, reference should be made to note 3 above.

Facility management CGU Goodwill

The goodwill allocated to the Facility management CGU, which amounted to € 388,752 thousand at 31 December 2021, was recognized as a result of various business combinations from 2004 to date, the most important of which are listed below:

- Project 'Palladio', which took place on 29 December 2003, involved the Group acquiring control of the business unit relating to facility management technical services previously managed by the parent company Manutencoop Società Cooperativa (now MSC Società di Partecipazione tra Lavoratori S.p.A.);
- Acquisition of MCB S.p.A., a company through which the Group established the first facility management unit for "network" customers (banks, insurance companies, etc.). In 2010, MCB S.p.A. was merged by incorporation into MP Facility S.p.A. (nowH2H Facility Solutions S.p.A.);
- Acquisition of Teckal S.p.A., which was merged by incorporation into Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) in 2010, through which the Group strengthened the production structure of traditional facility management, in particular in the heat management service;
- Acquisition of Altair IFM S.p.A. (the most significant transaction to date), which enable the Group to gear the customer portfolio towards large private customers. In 2010 the larger companies in the Altair sub-group were merged by incorporation into Manutencoop Facility Management S.p.A (now Rekeep S.p.A.);
- Reverse merger of the Parent Company CMF S.p.A. by incorporation into the subsidiary Rekeep S.p.A. with statutory accounting and tax effects starting from 1 July 2018. The operation, defined as an "Operation Under Common Control" since it was carried out between parties subject to common control, gave rise to the recognition of a merger deficit in the assets up to the amount recorded in the Consolidated Financial Statements in which the companies involved in the merger participate, i.e. that of Manutencoop Società Cooperativa (now MSC Società di Partecipazione tra Lavoratori S.p.A.). The non-recognizable difference also gave rise to a negative equity reserve.
- The Facility management SBU also includes the goodwill generated from two acquisitions carried out by Rekeep World S.r.l. in foreign markets:
- Acquisition of the majority stake of EOS Hijyen İşletmeciliği Tesis Hizmetleri Sağlık İnşaat Servis ve Mühendislik Anonim Şirketi ("EOS", of which the Group already held a stake of 50%) on 28 February 2018. The Company is active in the linen rental and industrial laundering services and surgical instrument sterilization to support healthcare activities in Turkey, with a portfolio of orders already underway;
- Acquisition of Naprzód S.A. (now Rekeep Polska S.A.), controlling a group of other 15 companies operating in Poland in the provision of facility management services in the healthcare sector, catering and medical transportation services, including outsourcing services, ambulance hire, security in mass events and the transport of disabled people.

Laundering & Sterilization CGU Goodwill

The goodwill allocated to the Laundering & Sterilization CGU, which amounted to € 15,954 thousand, emerged as a result of the following acquisition:

- Acquisition during the 2003 financial period of a business unit dealing with the linen rental and industrial laundering and sterilization activities for public and private healthcare of LIS S.p.A., with contracts mainly located in the Marche Region;
- Acquisition during the 2006 financial period of a business unit dealing with the linen rental and industrial laundering and sterilization activities for public healthcare of Lidi Service S.p.A., the activity of which was carried out in Porto Garibaldi (province of Ferrara) plant;
- Acquisition of Omasa S.p.A. in 2007, a company operating in the market for the sterilization of surgical instruments and linen, as well as following further minor acquisition, all made by Servizi Ospedalieri S.p.A., a company operating in the linen rental and industrial laundering and sterilization market. Omasa S.p.A. was then merged by incorporation into Servizi Ospedalieri S.p.A. on 1 July 2009;
- On 3 July 2018, acquisition of Medical Device S.r.l., a trading company which has acquired over the years many certifications for the marketing of Class 3 medical devices, particularly critical for their intended use and requiring very complex certification procedures by Notified Bodies;
- On 1 June 2021 acquisition of U.Jet S.r.l., a trading company specializing in the production of non-woven fabric (TNT) devices mainly aimed at the healthcare market, as well as in the packaging and composition of disposable fabric surgical kits, which are also intended for the healthcare market.

Impairment Test

Pursuant to IAS 36, goodwill is not amortized, but is tested for any possible impairment on an annual basis, or more frequently, should specific events or circumstances arise which provide evidence of an impairment loss. The impairment test, prepared by the Management and presented to the Board of Directors at the time of the approval of the draft financial statements, was carried out through the comparison between the net book value and the recoverable value of the individual CGUs to which goodwill was allocated, determined on the basis of the discounting-back of expected future cash flows relating to the period from 2022 to 2026 and extrapolated from the Business Plan of the Rekeep Group.

The 2022-2026 Business plan used for the analysis described in these Explanatory Notes was approved by the Board of Directors of Rekeep S.p.A. for impairment test purposes only on 18 March 2022.

As from 2019, steps were taken, following the acquisition of the Rekeep Polska sub-group on the part of Rekeep World, to test separately the goodwill allocated to the Facility Management and Laundering & Sterilization CGUs, as well as that accounted for following this business combination, equal to € 32,485 thousand.

The estimated value in use of the Facility management, Laundering & Sterilization and Rekeep Polska was based on the following assumptions:

- The expected future cash flows, for the period from 2022 to 2026, extrapolated from the Business Plan, are derived from projected cash flows obtained through:
  - determination of the value of the forecast gross margins according to the projection of the backlog of existing service contracts, augmented by the assumptions of renewals and new portfolio acquisitions,

- ○ estimates of changes in Net Working Capital on the basis of the target days of stock rotation, the payment of amounts due and collection of receivables,
- ○ assumptions of investments consistent with the performance of forecast revenues in the various business sectors in which the Group operates,
- › A terminal value used to estimate future results beyond the time horizon expressly considered. The terminal value was determined by applying a NOPLAT equal to 2026 EBIT adjusted by the average expected depreciation and amortization and investments, net of a nominal tax rate. As regards long-term growth rates, an assumption of 1% was considered for all CGUs.
- › The expected future cash flows were discounted back at a discount rate (WACC) of 7.95% for the Facility management CGU (2020: 6.73%), at a discount rate (WACC) of 7.11 % (2020: 6.00%) for the *Laundering&Sterilization* CGU and at a discount rate (WACC) of 8.95% for Rekeep Polska (2020: 7.10%). The WACC was determined by using the Capital Asset Pricing Model ("CAPM"), by which the risk-free rate was calculated with reference to the curve of the rates of return of Italian long-term government bonds, while the non-diversifiable systematic risk ratio (βeta) and the debt/equity ratio were extrapolated from the analysis of a group of comparable companies operating in the European facility management and laundering sector. In addition, in order to reflect the uncertainty of the current economy and the future market conditions, the cost of the equity component of the WACC rate was increased with a risk premium of 100 basis points both for Facility management and Rekeep Polska CGUs and for Laundering&Sterilization CGU in each financial period.

For all CGUs analyzed, the analysis confirmed that the recoverable value of the same exceeds the associated carrying amount, therefore not requiring any write-downs. On a prudential basis "Worst Cases" were outlined with reference to the WACC, the growth rates applied and a deterioration in operating cash flows compared to forecasts, both with reference to the plan time frame and with reference to the terminal value. However, in simulating nil or negative growth rates, also in combination with WACCs exceeding those applied by two percentage points (and, then, equal to 9.95% for Facility management CGU, 9.11% for Laundering & Sterilization CGU and 10.95% for Rekeep Polska, there would be no need to make write-downs in all CGUs, as the recoverable value would exceed the related book value).

8. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

The Group holds some investments which are accounted under the equity method in the Consolidated Financial Statements. These companies include associates, joint-ventures and subsidiaries in liquidation, as listed in Annex I.

At 31 December 2021 the net-book value of investments valued at Equity reported a net amount of € 8,779 thousand, against a net amount of € 8,807 thousand in the previous year; these values are already stated net of a provision for risks covering future outlays that are expected to be incurred by the Group on behalf of the associate/joint venture (for more details, see note 15).

	Net assets 31 December 2021	Net assets 31 December 2020
Investments accounted for under the equity method	9,153	9,140
Provision for risks on investments	(374)	(333)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**8,779**	**8,807**

The breakdown of changes during the year is shown in Annex II attached to the Consolidated Financial Statements, to which reference should be made.

During 2021 investments accounted for under the equity method recorded a positive result of € 1,267 thousand, for the share attributable to the Group, as a result of the recognition of income from equity investments of € 1,798 thousand and write-downs of € 531 thousand. Furthermore, positive effects were recognized directly in the Consolidated Equity to an overall amount of € 283 thousand.

Below are the main financial statements data relating to the major companies accounted for under equity method, as well as to the project financing companies owned by the Group. The data relate to the information contained in the most recent approved separate financial statements.

	% Ownership	Total Assets	Total Liabilities	Shareholders' Equity	Net financial position	Revenues	Profit (loss) for the year
Roma Multiservizi S.p.A.	45.47%	38,550	(32,535)	(6,015)	(5,168)	58,889	347
Yougenio S.p.A. in liquidation	100%	1,514	(4,838)	3,325	(3,119)	678	(3,408)
Project financing companies	<50%	60,470	(60,537)	66,660	(32,590)	12,239	324

Project financing companies are vehicles invested in by the Group companies in order to do work in the field of long-term project financing concessions.

9. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets at 31 December 2021 and at 31 December 2020:

	31 December 2021	31 December 2020
Other investments	7,140	7,130
Non-current financial assets	4,702	5,529
Other non-current assets	3,232	3,408
OTHER NON-CURRENT ASSETS	**15,074**	**16,067**

The financial assets accounted for as Other investments relate to investments in companies in which the Group has no significant or controlling interests and that have been acquired for strategic/production purposes. There are also investments in National Cooperative Consortia, as well as investments in production sites, or in other minor activities such as industrial laundering services, performed by minor companies that may also act as sub-contractors.

Other investments are measured at purchase or establishment cost, as the best estimate of the fair value, since there is no active market in the securities concerned, which for the most part cannot be freely transferred to third parties due to limitations and restrictions preventing their free circulation. The item remained unchanged during the period.

Non-current financial assets, amounting to € 4,702 thousand at 31 December 2021 (€ 5,529 thousand at 31 December 2020), are composed of:

- € 1,501 thousand of Non-current financial receivables due from associates, affiliates or joint-ventures (€ 1,581 thousand at 31 December 2020). The face value of these receivables is € 1,527 thousand, while the discounting fund amounts to € 26 thousand (€ 1,610 thousand and € 29 thousand at 31 December 2020, respectively). Some of these are non-interest bearing since they were drawn down from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread.
- € 3,100 thousand of Non-current financial receivables from third parties, down compared to 31 December 2020 (€ 3,847 thousand). During the year the Parent Company disbursed loans to non-consolidated companies for € 257 thousand. The item also included the long-term portion, equal to € 2,357 thousand, of the deferred price relating to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i EOPF, which took place in December 2018 (unchanged compared to 31 December 2020). As at 31 December 2020 the balance included a receivable of € 1,104 thousand relating to the sale of the 15% investment held by subsidiary Servizi Ospedalieri S.p.A. in the quota capital of Linea Sterile S.r.l., which took place in December 2020; the balance was reclassified to current financial receivables at 31 December 2021, since due within 12 months;
- € 101 thousand of securities held to maturity (unchanged compared to 31 December 2020.

Furthermore, the item is made up of security deposits related to long-term manufacturing contracts for € 2,083 thousand (€ 2,062 thousand at 31 December 2020) and long-term deferrals relating to some contracts equal to € 818 thousand (€ 1,089 thousand at 31 December 2020).

10. INVENTORIES

The Group recognized inventories of € 12,743 thousand at 31 December 2021, marking a decrease of € 178 thousand compared to the amount in the previous year.

	31 December 2021	31 December 2020
Inventories of raw materials, consumables and goods for resale	13,252	13,009
Provision for write-down of raw materials, finished products and goods for resale	(110)	(88)
Provision for write-down of finished products	(399)	0
INVENTORIES	**12,743**	**12,921**

The final inventory of raw materials is composed of materials and goods for resale present in the warehouses, while waiting to be used at work sites, valued at the average weighted purchase cost, goods for resale (mostly medical devices) stored in the warehouses of Medical Device and stocks of fuel in tanks belonging to integrated service customers. The change was mainly attributable to the inventories in medical devices and personal protective equipment (PPE) at the end of the year, specifically of Medical Device S.r.l., as well as the provision for write-down of finished products, as determined by the comparison between the carrying amount of inventories and presumed realizable value at 31 December 2021.

11. TRADE RECEIVABLES, ADVANCES TO SUPPLIERS AND OTHER CURRENT RECEIVABLES

The following table includes the breakdown of Trade receivables and advances to suppliers and Other current operating receivables at 31 December 2021 and 31 December 2020:

	31 December 2021	of which from related parties	31 December 2020	of which from related parties
Contract assets	32,177		29,111	
Trade receivables, gross	407,197		413,443	
Allowance for doubtful accounts	(18,546)		(29,759)	
Trade receivables due from third parties	**420,828**	**0**	**412,795**	**0**
Trade receivables from MSC Società di Partecipazione tra Lavoratori	38	38	57	57
Trade receivables from Rekeep Group Companies	12,136	12,136	8,637	8,637
Trade receivables from Affiliates and Joint Ventures	4,649	4,649	4,031	4,031
Trade receivables from Group	**16,823**	**16,823**	**12,725**	**12,725**
Advances to suppliers	5,597	2	5,601	2
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**443,248**	**16,825**	**431,121**	**12,727**
Current tax assets within 12 months	10,984		11,799	
Other current assets due from third parties	8,636		8,047	
Due from social security institutions	990		2,086	
Due from employees	422		72	
Other current assets from third parties	**21,032**	**0**	**22,004**	**0**
Current assets from MSC Società di Partecipazione tra Lavoratori	20	20	14	14
Current assets from associates	210	210	282	282
Current assets from affiliates	47	47	22	22
Other current assets from the Manutencoop Group	277	277	**318**	**318**
Accrued income	794		1,121	
Prepaid expenses	2,030		2,193	
Accrued income and prepaid expenses	**2,824**	**0**	**3,314**	**0**
OTHER CURRENT ASSETS	**24,133**	**277**	**25,636**	**318**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 443,248 thousand at 31 December 2021, up by € 12,127 thousand compared to 31 December 2020 (€ 431,121 thousand).

The change in question was mainly due to a decrease of € 6,246 thousand in trade receivables from third parties and an increase of € 4,098 thousand in receivables from other Group companies. Finally, contract assets recorded a decrease of € 3,066 thousand, while the value of the provision for bad debts showed a decrease of € 11,213 thousand.

In 2021, the Group continued to hold contracts for the assignment without recourse of trade receivables from third parties. On 27 December 2018 the Parent Company Rekeep S.p.A. and Servizi Ospedalieri S.p.A. signed a new 3-year maturity factoring agreement with Bancafarmafactoring S.p.A (which replaced the previous one signed in 2016) concerning the assignment on a revolving basis of receivables claimed by the same companies from entities in the National Health System and Public Administration, in an amount of up to € 200 million.

On 27 June 2018, the Parent Company also signed an uncommitted factoring agreement with Banca IFIS, intended for the assignment without recourse of trade receivables specifically accepted for the individual transactions carried out. On 18 December 2018 the Parent Company obtained an additional credit line for assignments without recourse of up to Euro 20 million on a revolving basis with Unicredit Factoring S.p.A., which was also aimed at the disinvestment of credit positions specifically negotiated with the factor. The Parent Company also signed an uncommitted factoring agreement with Carrefour Italia Finance S.r.l. for the assignment without recourse of trade receivables claimed from the Carrefour Group companies on 22 march 2019 and an additional uncommitted agreements with MB Facta S.p.A. for the assignment without recourse of trade receivables claimed from the Telecom Group on 4 December 2019. Finally, spot assignments were made to Banca Sistema S.p.A. and Prime Revenue Inc..

The assignments made during the period are summarized below:

	Assignments made in the year ended 31 December 2021	**Balance of trade receivables assigned without recourse and not yet collected by the Factor**
Banca Farmafactoring S.p.A.	104,193	31,399
Banca IFIS S.p.A.	40,717	13,109
Unicredit Factoring S.p.A	12,947	6,457
Carrefour Italia Finance S.r.l.	18,090	3,767
MB FACTA S.p.A.	19,818	3,599
Banca Sistema S.p.A.	38,104	6,478
Prime Revenue Inc.	12,730	3,152
TOTAL ASSIGNMENTS WITHOUT RECOURSE	**246,598**	**67,962**

On 29 December 2021, the Parent Company Rekeep S.p.A. and the subsidiary Servizi Ospedalieri S.p.A. also completed a spot assignment of non-performing loans related to private and public customers for a net value of receivables equal to € 3,250 thousand in favor of a vehicle specialized in the management of this type of receivables.

In all assignments, the assigned trade receivables were subjected to derecognition according to IFRS 9 in consideration of the characteristics of the transactions and entailed interest discount costs totaling € 5,078 thousand.

Finally, trade receivables from the Group amounted to € 16,823 thousand (€ 12,725 thousand at 31 December 2020), in addition to advances for € 2 thousand (unchanged compared to 31 December 2020). For more details, reference should be made to Annex III – Related-Party transactions.

A specific provision for bad debts was recorded against non-performing loans, which are difficult to fully recover, amounting to € 18,546 thousand at 31 December 2021 (€ 29,759 thousand at 31 December 2020). Changes in the provision during the period are detailed as follows:

	31 December 2020	Business Combinations	Increases	Uses	Releases	Other changes	31 December 2021
Provision for bad debts	**29,759**	3	4,119	(15,223)	(500)	388	**18,546**

Uses recognized in 2021, equal to € 15,223 thousand, included the use of the residual provision for bad debts allocated in the previous years on non-performing trade receivables, subject of the abovementioned sale.

An analysis of trade receivables at 31 December 2021 and as at the end of the previous year is provided below, broken down by maturity. The balances shown are net of the provision for bad debts.

	Total	Trade receivables reaching maturity	Overdue trade receivables				
			< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	beyond 120 days
31 December 2021	**388,651**	299,307	22,736	13,555	6,496	5,027	41,530
31 December 2020	**383,684**	288,467	22,110	9,687	9,418	5,331	48,671

Other current assets, equal to € 24,133 thousand (€ 25,636 thousand at 31 December 2020), showed a total decrease of € 1,503 thousand in the year.

Below are the details of the most significant entries in this item:

- tax receivables, which mostly include receivables concerning the VAT payments made by the Group companies (€ 7,820 thousand against € 9,107 thousand at 31 December 2020), which continue to show a credit balance given the widespread application of the regulations governing "Split-payment" and "Reverse charge" to the cycle of purchasing and sales invoicing. During 2021 assignments without recourse of VAT receivables of some Group companies were made for a total nominal amount of € 28,551 thousand;
- receivables for credit balances of current accounts held at Unicredit, managed in the name and on behalf of INPDAP (Social Security Institute for employees in public administration), as envisaged in a property management contract

entered into with the aforementioned authority for € 2,172 thousand. At present some restrictions have been placed on said accounts as a result of the dispute that has arisen with INPDAP. Therefore, for the purposes of an accurate presentation, it was deemed appropriate to classify said item under *Other current receivables*, instead of cash and cash equivalents.

12. CASH AND CASH EQUIVALENTS, RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

A breakdown of the balance as at 31 December 2021 and 31 December 2020 is shown below:

	31 December 2021	31 December 2020
Bank and postal deposits	97,153	78,005
Cash in hand	160	144
Current financial accounts - consortia	2,199	12,315
CASH AND CASH EQUIVALENTS	**99,512**	**90,464**
Current financial receivables from third parties	4,468	5,722
Current financial receivables from Group Companies	10,193	180
Other receivables for dividends	138	92
RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS	**14,799**	**5,994**

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

Amounts deposited at Consorzio Cooperativo Finanziario per Lo Sviluppo (C.C.F.S.), Consorzio Integra and Consorzio Nazionale Servizi (C.N.S.) also have the nature of available current accounts on demand and accrue interest.

At 31 December 2021 *Current financial assets* amounted to € 14,799 thousand (€ 5,994 thousand at 31 December 2020) and mainly include:

› The balance of upstream loan, equal to € 10,037 million at 31 December 2021, was disbursed by the Parent Company Rekeep S.p.A. to the controlling company MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), in accordance with the agreement signed on 5 November 2021. The loan has an annual term and accrues interest equal to 3-month EURIBOR plus a spread;

› the current portion, equal to € 1,104 thousand of the receivable arising from the sale of investment equal to 15% of the quota capital of Linea Sterile, held by the subsidiary Servizi Ospedalieri, which took place on 29 December 2020. Changes in the period included the collection of an amount of € 1,448 thousand, as well as the short-term reclassification of the balance recognized at 31 December 2020 under *Financial assets and other non-current financial assets*;

- the balance of the pledged current accounts dedicated to the operation of the service for managing receipts within the scope of assignments of trade receivables without recourse, equal to € 2,548 thousand (€ 906 thousand at 31 December 2020, in addition to receivables from factors for collections the latter unduly received on receivables assigned in previous periods for € 1,600 thousand and reversed in the first days of the subsequent month);
- an overall amount of € 608 thousand of receivables from short-term loans and financial accounts held with non-consolidated Group companies.

Finally, the remaining short-term portion, equal to € 1,420 thousand, of the deferred price referring to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i European Operational Projects SCSp which took place in December 2018, was collected during the last quarter of 2021.

13. SHARE CAPITAL AND RESERVES

	31 December 2021	31 December 2020
Share Capital – Ordinary shares	109,150	109,150

Ordinary shares have a nominal value of € 1 each. Ordinary shares issued and fully paid up at 31 December 2021 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and retained Earnings

The table below shows changes in Equity reserves in the year.

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
31 December 2019	**145,018**	**21,830**	**3,536**	**16**	**(5,977)**	**(158,713)**	**5,710**
Allocation of prior year result				(16)	876	5,741	6,601
Economic effects on shareholders' equity			(105)	873	(25)		743
31 December 2020	**145,018**	**21,830**	**3,431**	**873**	**(5,126)**	**(152,972)**	**13,054**
Allocation of prior year result				(873)	39	0	(834)

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
Economic effects on shareholders' equity			283	(1,165)	172		(710)
31 December 2021	**145,018**	**21,830**	**3,714**	**(1,165)**	**(4,916)**	**(152,972)**	**11,510**

The table below shows changes in *Retained earnings*:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
31 December 2019	**3,809**	**30,015**	**33,825**
Allocation of prior year result		(3,316)	(3,316)
Change in consolidation area		(222)	(222)
31 December 2020	**3,809**	**26,477**	**30,286**
Allocation of prior year result		(81,612)	(81,612)
31 December 2021	**3,809**	**(55,135)**	**(51,326)**

Below is the breakdown of Shareholders' Equity attributable to minority shareholders. For a detailed list of the companies in which non-controlling interests are held, reference should be made to the paragraph on Consolidation Principles.

	31 December 2021	31 December 2020
Equity attributable to non-controlling interests	**4,588**	**3,199**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	(267)	(211)
Other subsidiaries and consortia	4,855	3,410

	31 December 2021	31 December 2020
Profit for the year attributable to non-controlling interests	**1,603**	**2,703**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	258	(84)
Other subsidiaries and consortia	1,345	2,787

The equity and the result for the year attributable to minority interests relate to the minorities present in some subsidiaries, the most significant of which are described below.

Rekeep World S.r.l., which is the Group’s sub-holding company active in the development of international markets, holds a stake of 70% of the capital of Rekeep France S.a.s. and an investment of 80% in the capital of the Polish company Rekeep Polska. There is no recognition of equity attributable to minority shareholders of these subsidiaries since a Put option is granted to minority shareholders, which is recognized as a financial liability in the Consolidated Financial Statements. During 2018 EOS, a Turkish company in which Rekeep World S.r.l. acquired a majority stake against a stake of 49% held by local partners, and Rekeep United, a Turkish company also jointly established with local partners holding 49.02% of the share capital, were consolidated for the first time. The valuation of the stake pertaining to minority shareholders was accounted for as an increase during the year in the Shareholders' Equity of non- controlling interests.

Finally, Shareholders' equity of third parties includes the minority interests of Medical Device S.r.l. (60% owned by Servizi Ospedalieri S.p.A.) and of the newly-acquired U.Jet S.r.l., which is also 60% owned by Servizi Ospedalieri S.p.A..

14. EMPLOYEE TERMINATION INDEMNITY (TFR)

Below are the changes in the liabilities relating to Employee Termination Indemnity (TFR) in 2021, compared with changes in the previous year.

	For the year ended	
	31 December 2021	**31 December 2020**
AT 1 JANUARY	**11,267**	**12,443**
Additions for business combinations	675	0
Current Service cost	733	459
Interest costs on benefit obligations	6	47
Benefits paid	(2,002)	(1,695)
Net actuarial (gains)/ losses from benefit obligations	(197)	92
Other changes	0	(79)
AT 31 DECEMBER	**10,483**	**11,267**

Below is reported the breakdown of the net cost of employee benefits relating to the termination indemnity:

	For the year ended	
	31 December 2021	31 December 2020
Current service cost	733	459
Interest costs on benefit obligations	6	47
Net cost of the benefits recognized through profit or loss	**739**	**506**
Net actuarial (gains)/ losses recognized in equity	(197)	92
TOTAL NET COST OF THE BENEFIT	**542**	**599**

The main financial and demographic assumptions used in the actuarial valuation of the obligation relating to TFR are illustrated below:

	31 December 2021	31 December 2020
Discount rate	0.98%;0.44%	0.34%;-0.02%
Inflation rate	1.20%	1.00%
Estimated turnover	From 3.5% to 10.00%	From 3.5% to 10.00%

The discount rates used to assess the TFR obligation are defined on the basis of curves of rates of return of high-quality fixed-interest securities, the amounts and maturity dates of which correspond to those of the payments of expected future benefits. In 2021 two different discount rates were used by the Group depending on the remaining average period of time during which personnel remains in each company, equal to 0.98% and 0.44% (equal to 0.34% and -0.02% in 2020).

The estimated turnover rate is presented in a range as the actuary appointed by the Group Companies for the actuarial estimate of the liability used different turnover rates for the individual companies.

The effects on the TFR obligation from the increasing or decreasing measurement of the financial rates in relation to reasonably possible changes in interests rates and in the assumptions of average duration of the working population, while maintaining all the other variables unchanged, are illustrated below:

	Financial year ended 31 December 2021	
	Assumptions	Employee Termination Indemnity
Discount rate	+ 0.25 bps	11,045
	- 0.25 bps	11,405
Inflation rate	+ 0.25 bps	11,317
	- 0.25 bps	11,129
Actuarial assumptions	+ 2.00 ppt	11,099
	- 2.00 ppt	11,366

	Financial year ended 31 December 2020	
	Assumptions	Employee Termination Indemnity
Discount rate	+ 0.25 bps	11,076
	- 0.25 bps	11,487
Inflation rate	+ 0.25 bps	11,390
	- 0.25 bps	11,168
Actuarial assumptions	+ 2.00 ppt	11,112
	- 2.00 ppt	11,483

Below are reported the data relating to the average number of the Group's employees and of the workers provided to the Group by MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa):

	For the year ended	
	31 December 2021	31 December 2020
Executive	70	73
White collars	1,673	1,710
Blue collars	25,786	26,265
AVERAGE STAFF	**27,528**	**28,047**

The average number of leased employees provided to the Group by MSC Società Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa) was equal to no. 313 units at 31 December 2021 (31 December 2020 no. 355 units).

15. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the year ended 31 December 2021:

	Risks on Investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance provisions	Other provisions	Total
At 1 January 2021	**333**	**7,991**	**24,223**	**490**	**280**	**750**	**1,259**	**35,327**
Accruals		3,454	2,090				1,181	**6,726**
Uses		(343)	(1,918)	(42)		(169)	(64)	**(2,537)**
Reversals		(1,013)	(88)				(153)	**(1,255)**
Others	41	170			19			**230**
At 31 December 2021	**374**	**10,259**	**24,306**	**448**	**299**	**581**	**2,222**	**38,490**
At 31 December 2021:								
Current	*374*	*9,545*	*551*	*447*		*581*	*957*	***12,455***
Non-current		*714*	*23,755*	*1*	*299*		*1,266*	***26,035***
At 31 December 2020:								
Current	*333*	*7,928*	*492*	*447*		*750*	*600*	***10,550***
Non-current		*64*	*23,731*	*43*	*280*		*659*	***24,777***

Provision for risks on investments

The item, amounting to € 374 thousand at 31 December 2021, includes the provision for unrecoverable future losses of Group companies and related for € 110 thousand to the subsidiary Alisei S.r.l. in liquidation, for € 96 thousand to the subsidiary Manutencoop International Services LLC in liquidation and for € 169 thousand to the subsidiary Yougenio S.r.l. in liquidation.

Provision for risks on job orders

This provision includes, at consolidated level:

- estimated risks relating to potential disputes with customers, on the report of works l;
- estimated penalties charged by customers;
- estimated costs to complete job orders, in respect of which no additional revenues will be paid.

The balance amounted to € 10,259 thousand at 31 December 2021, up by € 2,268 thousand against accruals of € 3,454 thousand and uses and releases of Euro 1,357 thousand, as well as other changes of € 170 thousand. Provision for risks on job orders includes accrual to provisions for non-recurrent additional charges of € 1,464 thousand.

Provisions for pending legal disputes

At the reporting date of the financial statements, the risk was assessed for the Group to be required to pay future compensation in the event of losing cases in legal actions pending with customers, suppliers, employees and others. During the year ended 31 December 2021 the provision, totaling € 24,306 thousand, recorded increases for accruals to provisions of € 2,090 thousand and decreases for uses and releases totaling € 2,007 thousand.

Provisions were mainly recognized to hedge the risks involving the Parent Company Rekeep S.p.A. for € 1,609 thousand. Uses and reversals for the period, of which an amount of € 1,264 thousand attributable to the Parent Company, relate to the use of provisions set aside in previous years against the settlement of disputes with suppliers and of actions with other persons or entities.

On 20 January 2016 the Competition Authority (“AGCM”) imposed on the Parent company Rekeep S.p.A. (formerly Manutencoop Facility Management S.p.A.) a fine of € 48.5 million due to the breach of competition rules on the part of some companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012 (“Consip Scuole”). The fine was subsequently reduced to € 14.7 million and paid in full by the Company already during 2019.

On 7 January 2017 the Company served on the entity a summons before the Court of Rome in order to verify the unlawfulness of the termination of the agreements and to order Consip S.p.A. to pay compensation for damages suffered by the company itself. The hearing, which was held on 13 January 2021, was then adjourned for decision. Any adverse outcome of the legal proceedings brought against Consip S.p.A. could also result in the actual partial enforcement of the performance bond issued during the tender (originally € 24.5 million). ANAC has proceeded with the entry of the contract termination.

Subsequently, on 16 June 2017 Consip officially informed Rekeep S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks (“Consip Caserme”) and to cleaning services with health service providers (“Consip Sanità”), with the intention also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as “bid bond). At present, both the Regional Administrative Court and the Council of State have confirmed the order of exclusion and a judicial appeal is pending before the Supreme Court. In the meantime, Consip S.p.A. asked the guarantors to enforce the guarantees (bid bonds) provided in the interest of Rekeep for the Consip Sanità tender (equal to € 10.4 million) and Consip Caserme (equal to € 3.4 million). Rekeep S.p.A., with independent appeals and additional grounds, challenged these measures before the Lazio Regional Administrative Court, which rejected the appeals. By an order dated 22 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the judgment; at the hearing on the merits held on 7 October 2021 the Council of State suspended the proceedings pending a decision on the part of the Constitutional Court as to a dispute regarding Consip's enforcement of provisional deposits against a competitor that had not been awarded the contract, during which objections were raised regarding constitutional legitimacy. However, a single-member board's Presidential decree suspending the challenged judgments was obtained in the meantime. Finally, on 28 July 2020, one of the guarantors (Atradius) served on Rekeep an appeal before the Civil Court of Rome under Article 702-*bis* in order to obtain the payment of the sums relating to the sureties issued for the participation in the Consip Sanità tender, pending the enforcement on the part of Consip. At the first appearance hearing held on 24 March 2021, the Court ordered for the summary procedure to be converted into ordinary procedure and for the parties' to appear at the hearing scheduled on 16 December 2021, which was rescheduled on 21 September 2022.

Finally, on 6 March 2020 Consip S.p.A. informed the Company of the exclusion from the tender for the cleaning of museum premises ("Consip Musei"), with the intention of sending the document to ANAC, which may proceed with the entry in the electronic criminal records of "Useful information". On 13 March 2020 a request was also sent for the enforcement of the bid bond relating to this tender (equal to € 2.8 million). The Company challenged these orders before the Regional Administrative Court, which rejected the appeal. However, by an order of 11 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the judgment that had been appealed against, postponing the discussion on the merits to the hearing scheduled on 7 June 2022.

The Consip Sanità, Consip Caserme and Consip Musei tenders did not generate consolidated Revenues until 31 December 2021 and were not included in the Group's backlog at 31 December 2021.

In the Financial Statements at 31 December 2021 the Directors already decided to maintain the provisions for future charges (equal to € 17.5 million), also taking account of the risk of enforcement of the abovementioned performance bond and bid bonds and despite the fact that Rekeep S.p.A. could submit sound arguments against the enforcement of the bonds in court.

The dispute concerning the fine imposed in relation to the FM4 Tender still continued in 2021.

On 23 March 2017, the Competition Authority notified Rekeep S.p.A. (at the time Manutencoop Facility Management S.p.A.) of the start of an investigation procedure against the Company itself, as well as against CNS – Consorzio Nazionale Servizi Società Cooperativa, Dussmann Service S.r.l., Engie Servizi S.p.A. (formerly Cofely Italia S.p.A.), ManitalIdea S.p.A., Romeo Gestioni S.p.A. e STI S.p.A. and subsequently extended to Exitone S.p.A., Manital Società Consortile per i Servizi Integrati per Azioni Consorzio Stabile, Manital S.c.p.a., Gestione Integrata S.r.l., Kuadra S.r.l. in Liquidation, Esperia S.p.A., Engie Energy Services International SA, Veolia Energie International SA, Romeo Partecipazioni S.p.A., Finanziaria Bigotti S.p.A., Consorzio Stabile Energie Locali S.c.a.r.l. to ascertain whether those companies put in place a possible anti-competitive agreement whose subject matter consisted of the coordination of the procedures for taking part in the tender called by Consip in 2014 for awarding the Facility Management services intended for properties mainly for office use of the Public Administration (known as "FM4 Tender"). On 9 May 2019, after the completion of the abovementioned proceedings, the Competition Authority served the final order, considering the existence of the agreement restricting competition between some of the abovementioned companies and imposing a sanction of € 91.6 million on the Company.

The Lazio Regional Administrative Court's judgment of 27 July 2020 partially granted the appeal submitted by the Company, albeit confirming the Competition Authority's Order as regards the merits, the Regional Administrative Court granted the request for redetermination of the fine setting the parameters. Subsequently, the Competition Authority therefore again set the new fine at € 79.8 million. The Company challenged both the Regional Administrative Court's judgment before the Council of State and orders for the new calculation of the fine before the Regional Administrative Court. Finally, on 22 December 2020 the Competition Authority served on the Company its appeal against the Lazio Regional Administrative Court's order, while requesting the confirmation of the order on the FM4 tender, including the initial fine equal to € 91.6 million. During the hearing held on 27 October 2021 the Council of State issued a preliminary order, whereby it asked some parties to produce additional documentation, postponing any decision to the hearing scheduled on 20 January 2022 for discussion on the merits, then adjourned for decision.

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified and declares that it is sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender. The various orders issued over time have however had an impact on the financial statements. As at 31 December 2019, waiting for the developments of the proceedings on the merits, the Company took steps to recognize the liability arising from the notice of payment issued by the Revenue Agency – Collection department among "Other current liabilities" and "Other non-current assets" in the Statement of Financial Position for the corresponding amount (€ 94,611 thousand). The entry of this debt in the taxpayers' list was made enforceable by the Revenue Agency following the issue of a notice of payment on 18 December 2019, for which a request was submitted for payment in installments, which was obtained on 10 January 2020. This order provides for the payment of 72 monthly installments, at an interest rate of 4.5% as from 24 January 2020. The Company started to pay these installments on a regular basis, but it then suspended payments as a result of the application of Decree Law no. 18 of 17 March 2020, governing "Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID-19 epidemic emergency" ("Cure Italy Decree"). Following the issue of the Competition Authority's new order of € 79,800 thousand, while continuing to have confidence in the reasonableness of the defense arguments, the Directors, given the enforceability of the fine, recognized the debt, and the related cost, relating to expected financial outlay in the financial statements at 31 December 2020 (for an amount equal to what is stated in the order), even in consideration of the uncertainty surrounding the actual outcome of the appeal against the Regional Administrative Court's judgment and the appeal on the merits concerning the Competition Authority's new order of 29 October 2020. On 22 December 2020, in fact, the Revenue Agency sent the related updated installment plan, deducting three installments already paid as deposit for € 3,010 thousand. Furthermore, the amount of the debt stated in the accounts at 31 December 2020 also includes, in addition to the amount of the fine, surcharges and collection costs (equal to 3% of the amount of debt entered in the taxpayers' list) for € 2,612 thousand. Finally, it should be noted that the Company resumed operations to pay monthly installments during 2021, paying part of the installments suspended during the Covid-19 emergency period, even in view of the expiry of the final deadline for the suspension of payment of the amounts due as provided for by the legislative measures issued during the emergency phase (31 August 2021) and which entailed in 2021 the recognition of a higher collection costs on certain installments for € 606 thousand (of which € 255 thousand recognized as an increase in the debt and € 351 thousand recognized among provisions for risks and charges, due to the different probability of application of the additional charge) in addition to default interest.

Furthermore, on 28 June 2019 Consip S.p.A. served on Rekeep S.p.A. the order providing for its exclusion from the FM4 Tender due to the breach of Article 38, paragraph 1.f, of Legislative Decree 163/2006, as well as of Article 68 of Royal Decree 827/1924 and of Article 38, paragraph 2, of Legislative Decree 163/2006, while notifying the enforcement of the provisional guarantees provided by Rekeep S.p.A. in tendering (equal to € 3.9 million). With regard to this exclusion, ANAC initiated a procedure under Article 38, paragraph 1-*ter*, of Legislative Decree no. 163/2006. On 3 July 2019 Rekeep S.p.A. filed an appeal with the Lazio Regional Administrative Court in order to seek the annulment of the acts of Consip S.p.A.; on 10 July 2019 the administrative court ordered for them to be suspended pending its own ruling on the appeal against the Competition Authority's order, while also scheduling the hearing in chambers for the decision on the preliminary request on 11 September 2019. On that occasion the Lazio Regional Administrative Court partially granted the preliminary request against the order issued by Consip S.p.A., providing on 10 July 2019 for the suspension of only the enforcement of the temporary guarantees until the hearing on the merits scheduled on 15 July 2020 and subsequently postponed on several occasions until 9 March 2022. By an order filed on 22 March 2022 the Regional Administrative Court suspended the proceedings pending the settlement of the appeal concerning the Competition Authority's order on Consip FM4.

On 4 November 2019 the Company submitted an appeal to the Lazio Regional Administrative Court against the proceedings initiated by ANAC, which, at present, have been removed from the docket in consideration of the fact that on 24 January 2020 ANAC ordered to suspend the proceedings while waiting for the settlement of the disputes brought in first instance before the Regional Administrative Court for the Competition Authority's Consip FM4 orders and the exclusion from the Consip FM4 tender. To date, since the tender has not yet been awarded on a final basis, potential revenues relating to the FM4 Tender have never been included in the Rekeep Group's backlog.

The Company continues to hold that it considers the Competition Authority's order unjustified and disproportionate and will continue to take any necessary action against it to protect its rights and interests. While having full confidence in the arguments discussed with their lawyers and after specifically verifying the consolidated financial planning and the actual conditions to be able to meet non-recurring cash outflows (if any), the Directors do not see any uncertainties for the purposes of assessing the going-concern assumption.

The Company believes that a general delay may actually arise in awarding some tenders attributable to situations of further worsening of the disputes connected with the participation in or the awarding of said tenders. As things stand as regards the abovementioned proceedings, there are no impediments for the Rekeep S.p.A. group companies to the participation and awarding of new calls for tenders by the Public Administration, and, moreover, any other awarding procedure of contracts with private customers still remains valid.

Provision for termination employee benefits

This provision has been set aside to include the amounts due for severance and employee redundancy costs, as part of the sundry restructuring plans implemented by some Group companies over the last few years. The provision recorded a balance equal to € 581 thousand at 31 December 2021 (€ 750 thousand at 31 December 2020), against uses equal to € 169 thousand.

Provision for tax disputes

At 31 December 2021 the provision amounted to € 448 thousand, recording uses which gave rise to a decrease of € 42 thousand during the period.

Other provisions for risks and charges

The provision, amounting to € 2,222 thousand at 31 December 2021, showing an increase of € 964 thousand compared to 31 December 2020 (Euro 1,259 thousand) as a result of provisions for € 1,181 thousand and uses and releases totaling € 217 thousand. Provisions for the period also included a higher collection charge of € 351 thousand, recognized on some installments of the notice of payment issued by the Revenue Agency relating to the Competition Authority's fine, as detailed in relation to the "Provision for legal disputes".

16. DERIVATIVES

At 31 December 2021, the Group had not recorded any derivative assets or liabilities.

17. BORROWINGS, LOANS AND OTHER CURRENT FINANCIAL LIABILITIES

The items Non-current loans and Loans and other current financial liabilities include both the non-current and current portion of loans from credit institutions and consortium members, respectively. Furthermore, in application of the financial method of recognizing leases, payables to other lenders are included, as well as other current debt balances of a financial nature such as, for example, the debt for the acquisition of investments or business units and the liability for dividends to be paid.

The tables below set forth the qualitative breakdown by current and non-current financial liabilities at 31 December 2021 and at 31 December 2020:

	31 December 2021	within 1 year	beyond 1 year to 5 years	beyond 5 years
Senior Secured Notes	363,025		363,025	
Artigiancassa loan	1,077	239	838	
Other bank loans	27	27		
Prepaid interest expenses	(1,253)	(531)	(722)	
Accrued interest expenses	11,726	11,726		
Long-term bank borrowings and current portion of long-term bank borrowings	**374,602**	**11,461**	**363,141**	**0**
Current bank overdraft, advance payments and hot money	6,140	6,140		
Obligations arising from “finance” lease	6,991	2,105	4,147	738
Financial liability for “operating” leases	37,116	6,841	21,829	8,446
Loans from syndicated shareholders	603	603		
Loan from Parent Company MSC Società di Partecipazione tra Lavoratori	75	75		
Other financial liabilities	4,317	3,120	1,197	
Obligations from assignments with recourse of trade receivables	23,270	23,270		
Collections on behalf of assignees of trade receivables	14,556	14,556		
Obligations arising from reverse factoring transactions	9,963	9,963		
Options on subsidiaries’ minority shareholdings	15,336	1,952	13,384	
Debt for the acquisition of investments/business units	1,112	1,112		
Share capital to be paid into investee companies	878	878		
TOTAL FINANCIAL LIABILITIES	**494,960**	**82,077**	**403,698**	**9,185**

	31 December 2020	within 1 year	beyond 1 year to 5 years	beyond 5 years
Senior Secured Notes	328,082		328,082	
Artigiancassa loan	1,317	239	1,077	
ETNO Bank Spółdzielczy mortgage loan	59	23	36	
Other bank loans	31	21	10	
Prepaid interest expenses	(553)	(551)	(2)	

	31 December 2020	within 1 year	beyond 1 year to 5 years	beyond 5 years
Accrued interest expenses	1,336	1,336	0	
Long-term bank borrowings and current portion of long-term bank borrowings	**330,272**	**1,069**	**329,203**	**0**
Current bank overdraft, advance payments and hot money	5,950	5,950		
Obligations arising from “finance” lease	6,426	1,689	3,681	1,056
Financial liability for “operating” leases	38,788	6,527	21,128	11,133
Loans from syndicated shareholders	580	380	200	
Loan from Parent Company Manutencoop Società Cooperativa	174	174		
Other financial liabilities	4,474	2,237	2,237	
Obligations from assignments with recourse of trade receivables	15,732	15,732		
Collections on behalf of assignees of trade receivables	9,935	9,935		
Obligations arising from reverse factoring transactions	4,629	4,629		
Options on subsidiaries’ minority shareholdings	13,077	977	12,099	
Debt for the acquisition of investments/business units	745	745		
Share capital to be paid into investee companies	3	3		
TOTAL FINANCIAL LIABILITIES	**430,785**	**50,047**	**368,549**	**12,189**

Senior Secured Notes (Rekeep S.p.A.)

On 28 January 2021 Rekeep S.p.A. launched a high-yield bond issue named “€350,000,000 7.25% Senior Secured Notes due 2026”, which is not convertible and not subordinated, for a total amount on account of principal of € 350 million, due 1 February 2026. The Notes, which were reserved for institutional investors, were admitted to listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. The issue took place at par, with a coupon at an annual fixed rate of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

The proceeds from offering the new Senior Secured Notes (totaling € 370 million), together with Cash and Cash equivalents that were already stated in the Company's accounts, were used to pay off the Senior Secured Notes that had been issued in 2017 with an annual coupon of 9% and due 2022, as well as to pay the costs sustained for the redemption premium of these Notes and replenish the liquidity with which the previous RCF line of credit had been repaid.

The rules of the bond issue provide for a system of guarantees and covenants to protect the Bondholders' investment. There are in fact some limitations on the financial operations of the Issuer and of its subsidiaries, while allowing the Group to operate freely, provided that the operations carried out contribute added value and cash flows to the Group, at least potentially. These covenants substantiate in some limitations on the possibility of incurring new indebtedness and making distribution of dividends, investments and some types of payments outside the Restricted Group (restricted payments). Furthermore, there are also rules governing the allocation of sums obtained from the sale of fixed assets, the performance of non-recurring and related-party transactions and the release of collateral on corporate assets to third parties. The covenants in question substantiate in the compliance with certain financial parameters (incurrence base financial covenants), the fulfillment of some conditions or the application of a quantitative limit on the performance of the transactions referred to above rather than in a full prohibition on carrying out the aforesaid transactions. Finally note interim reporting obligations concerning the Group's financial position, results of operations and cash flows. The limits and provisions laid down in the rules of the bond issue are in line with market practice for similar operations. The failure by the Issuer to comply with one or more covenants, in addition to significant events that give rise to a state of insolvency, constitute default events. There is the possibility of remedying most of them within a certain financial period. The default event relating to the state of insolvency or the failure to remedy the other default events constitute grounds for acceleration, i.e. the beneficiary's forfeiture of the right to the time limit and the early redemption of the Notes. No default events had occurred and the financial parameters, which are not subject to periodic audits, had been in any case complied with at the reporting date of these Financial Statements.

At 31 December 2021 the financial charges accrued on the bond coupons amounted to € 27,514 thousand (of which € 2,254 thousand related to the Senior Secured Notes issued in 2017 and paid off at the same date as the new issue) against € 30,537 thousand at 31 December 2020. The upfront fees relating to the issue of Senior Secured Notes were accounted for according to the amortized cost method, which entailed, in accordance with IFRS 9, the recognition of financial Amortization charges of € 7,176 thousand in 2021, of which an amount of € 5,818 thousand related to write-off of the remaining amount still to be amortized on the Notes paid off (€ 3,977 thousand at 31 December 2020).

Super Senior Revolving Credit Facility (RCF)

At the same time as the issue of 28 January 2021, Rekeep S.p.A. signed a new revolving loan agreement that will guarantee a senior secured line of credit ("RCF") for an amount of up to € 75 million, and due 1 August 2025, to be used for general purposes and to manage the working capital of the Issuer and its subsidiaries. The subsidiary Servizi Ospedalieri S.p.A. may also access this facility providing a specific personal security. The interest rate applicable to each use of the RCF loan for each interest period will be equal to the percentage rate resulting from the sum of the fixed margin (equal to 3.5) and the applicable EURIBOR parameter.

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

The facility was partially drawn down in four different occasions during the second half-year in order to meet temporary cash requirements (if any), and promptly repaid: the RCF facility had not been drawn down at 31 December 2021. The temporary partial uses entailed the charging of financial costs equal to € 223 thousand accrued for the time being.

Prepaid interest expenses

At 31 December 2021 the Company recognized prepaid interest expenses of € 1,253 thousand. The item mainly related to arrangement fees initially paid by Rekeep S.p.A. for entering into the Super Senior Revolving (RCF) facility agreement, initially equal to € 1,260 thousand. These costs are amortized on a straight-line basis throughout the term of the credit facility and amortization charges of € 522 thousand were recognized in 2021, of which € 264 thousand related to the write-off of the remaining amount still to be amortized on the previous RCF line, paid at the same time as the new bond issue.

Accrued interest expenses

At 31 December 2021 accrued interest expenses were recognized for € 11,726 thousand, of which € 11,624 thousand relating to the coupon of the Senior Secured Notes due 1 February 2022.

Artigiancassa loan (Rekeep S.p.A.)

On 21 June 2018 the Company obtained a soft loan from the “Energy and Mobility Fund” operated by the Regional Government of Marche, aimed at supporting the energy efficiency development of healthcare units. This loan was partly disbursed by Artigiancassa S.p.A. in the form of a 8-year financing for an initial amount of € 1,676 thousand, with a pre-amortization period of 12 months. This loan does not bear interest and provides for the payment of 14 six-monthly installments, falling due on 31 March and 30 September of each year. As at 31 December 2021, two additional installments had been repaid, each one amounting to € 120 thousand.

Other bank loans

Other bank loans amounted to € 27 thousand at 31 December 2021 (€31 thousand at 31 December 2020).

Current account overdraft, advance payments and hot money

At 31 December 2021 this item showed a balance of € 6,140 thousand, against an amount of € 5,950 thousand at the end of the previous year.

Bank overdrafts and advance payments are not backed by guarantees. Their management is linked to temporary reductions in cash within inflows and outflows on the reporting date.

Finance lease obligations

The “finance” lease agreements (according to the classification of the previous standard IAS17) entered into are not secured and are signed by the Parent Company Rekeep S.p.A. and subsidiaries Servizi Ospedalieri S.p.A., Medical Device S.r.l. and some companies in the Polish sub-group. In particular, they refer to motor vehicles and plant and machinery mainly referable to Servizi Ospedalieri S.p.A., which uses them in the laundering and sterilization production processes, and to the Rekeep Polska Group. During 2021 new finance lease agreements were entered into for € 2,215 thousand.

Financial liability for operating leases

As at 31 December 2021 the financial liability for “operating” leases (according to the classification of the previous standard IAS 17) amounted to € 37,116 thousand against € 38,788 thousand at 31 December 2020. Specifically, during 2021 there were early termination transactions of agreements concerning property leases and long-term hire of vehicles and equipment, equal to € 963 thousand and increases for the execution of new agreements equal to € 4,443 thousand, as well as additions from business combinations following the acquisition of U.jet S.r.l. for € 1,983 thousand; for which reference should be made to note 3.

Syndicated loans

This item refers to financing provided by the consortium members, which are minorities in the consortium companies included within the scope of consolidation, since they are owned or held in joint venture at 50%. In certain cases, these loans are non-interest-bearing loans and are repayable on request. In other cases, they have a contractually defined maturity and, in others still, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract, on the basis of which the consortium company was established. At 31 December 2021 the overall balance of these loans amounted to € 603 thousand (€580 thousand at 31 December 2020).

Collections on behalf of assignees of trade receivables

The item included receipts from customers on assigned receivables as part of the factoring without recourse transaction of trade receivables. The receipts, equal to € 14,556 thousand at 31 December 2021, were transferred to the factor in the subsequent month after the end of the period.

Obligations from assignments of receivables with recourse

During 2020 the Parent Company Rekeep S.p.A. entered into an agreement for the assignment with recourse of trade receivables with Banca Sistema S.p.A., concerning receivables from Public Authorities. This agreement superseded the previously applicable agreement for assignment with recourse, which had been executed with Unicredit Factoring S.p.A. in 2015 and was terminated in full during 2020. The subsidiary Servizi Ospedalieri S.p.A. also entered into an agreement for the assignment with recourse of public trade receivables with Banca Sistema S.p.A. during the same year.

During 2021 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 56,272 thousand, while the exposure was equal to € 23,270 thousand at 31 December 2021 (€ 15,732 thousand at 31 December 2020).

Obligations arising from reverse factoring transactions

As from 2020 the Parent Company Rekeep S.p.A. entered into some reverse factoring lines which ensure a greater amount of overdraft facilities with respect to payments to some suppliers. The overall exposure amounted to € 9,963 thousand at 31 December 2021.

Options on subsidiaries' minority shareholdings

The options on subsidiaries' non-controlling interests were recognized for an amount of € 15,336 thousand at 31 December 2021 (€ 13,077 thousand at 31 December 2020).

Of these an amount of € 13,384 thousand related to the fair value at the date of the Put option granted in favor of the minority shareholder Rekeep Polska S.A. on 20% of the share capital of the company acquired on 30 October 2019. The related strike price is calculated for an amount equal to the product between consolidated EBITDA on a 12-month basis for the quarter immediately preceding the exercise date by a multiple equal to 7.5x, as reduced by the consolidated net financial position and adjustments to Net Working Capital set out in the acquisition contract. This option may be exercised within one year as from the fifth year after the date of acquisition. This option may be exercised between 30 October 2024 and 30 October 2025.

As at 31 December 2021 the estimated liability linked to the Put option held by the minorities of Rekeep France S.a.s. was also recognized for € 1,952 thousand (€ 977 thousand at 31 December 2020), whose shareholding of 30% was transferred to third parties on 15 January 2018 under an Investment Agreement signed in 2017. This option may be exercised between 30 September 2021 and 30 September 2023.

Debt for the acquisition of investments/business units

This item amounted to € 1,112 thousand at 31 December 2021 (€ 745 thousand at 31 December 2020). The increase for the period was due to the recognition of the portion of the deferred price (€ 1,046 thousand) paid at closing for the acquisition of the subsidiary U.Jet S.r.l..

As at 31 December 2020, payables for the acquisition of minority interests amounted to € 745 thousand, of which an amount of € 679 thousand relating to payables for the acquisition of minority interests of other companies in the Polish sub-group.

Other financial liabilities

As at 31 December 2021 other financial liabilities were recorded for € 4,317 thousand, against € 4,474 thousand at 31 December 2020. Other financial liabilities include a loan of € 2,408 thousand granted by the Polish Government to the Polish group's subsidiary Catermed S.A. within the scope of measures put in place to support companies in order to counter the COVID-19 emergency. The loan, which is structured into two lines, i.e. liquidity and preferential financing, has a term of three years and accrues interest. Furthermore, the balance of this item includes financial liabilities of the newly-acquired U.Jet S.r.l. for € 1,677 thousand (for more details, reference should be made to note 3 Business Combinations).

At 31 December 2020 the Parent Company Rekeep S.p.A. also showed the payable for adjustments to the price for the transfer of Sicura S.p.A. for € 800 thousand, in accordance with the provisions of the contract of sale signed on 28 February 2020. This debt was paid off in 2021.

18. CONTINGENT LIABILITIES

As at the date of approval of the Consolidated Financial Statements at 31 December 2021 no contingent liabilities had arisen for the Rekeep Group, which had not been recognized in the accounts, for which the Management believes that the related financial risks can be regarded as possible but unlikely or for which these risks cannot be quantified and recognized in the financial statements at 31 December 2021.

ANAC's disqualification order - Santobono Pausilipon

With reference to the *ANAC's disqualification order - Santobono Pausilipon*, it should be noted that, at the hearing on the merits held on 25 November 2021, the Council of State, by judgment no. 491/2022 filed on 25 January 2022, granted the appeal filed by the Company against the Lazio Regional Administrative Court's ruling no.3754/2021, annulling any effect of the order adopted by ANAC, previously suspended as a precautionary measure, by which an administrative fine had been imposed for € 10,000 and the disqualification of the Company had been ordered from taking part in public tenders and from awarding public contracts under sub-contract agreements for a period of 6 months.

On 10 November 2017 ANAC, after the completion of proceedings initiated in November 2016 following a report made by A.O.R.N. Santobono Pausilipon in Naples, imposed a sanction (the "ANAC Order") on Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at that time), raising objections concerning the failure to provide a declaration relating to the absence of criminal proceedings against one of the Company's proxy holders in the documentation submitted for the same tender, which took place in 2013. On the other hand, this proxy holder met the legal requirements in full. The ANAC order provided, in addition to a fine of € 10 thousand, for the Company to be excluded from all public tenders for a period of 6 months as from the date of entry in the computerized records of economic operators in public contracts. The Company, which considers that the order is unfounded and based on erroneous legal grounds, in addition to being disproportionate with respect to the alleged infringement, filed an appeal with the Lazio Regional Administrative Court, while asking the President of the competent division to order the immediate suspension of the measure before any discussion on the merits of the case ("request for precautionary measure from a single-member court"). On 15 November 2017 this request was granted and all the effects of the ANAC Order were suspended. On 21 December 2017 the Lazio Regional Administrative Court granted the appeal, as regards the merits, submitted by the Company and annulled the ANAC Order. Subsequently, ANAC challenged the administrative court's ruling before the Council of State, while submitting a request for precautionary measures for the suspension of the effects of the trial judgment. At the hearing held on 8 March 2018 the Council of State rejected this request, ordering ANAC to pay expenses.

By a judgment published on 27 December 2018, however, the Council of State granted the appeal filed by ANAC against the Lazio Regional Administrative Court's ruling of 21 December 2017, which had annulled the ANAC's Order.

The Company successfully challenged the order before the Regional Administrative Court, but, within appellate proceedings brought by ANAC, the disqualification order was confirmed by the Council of State; at the end of the procedure for application of extraordinary means of appeal (appeal for review and judicial appeal to the Supreme Court), it became final on 4 December 2020 with the filing of the Supreme Court's judgment no. 27770/2020. As a result of this judgment, any suspension effect of ANAC Resolution no. 1106/2017 was therefore removed, which entails, in addition to a fine of € 10,000, the exclusion of Rekeep S.p.A. from public tender procedures and subcontracting of public contracts for a financial period of 6 months in accordance with Legislative Decree 50 of 2016 (the "Public Contracts Code"). The entry, which had been previously blacked out by ANAC, was therefore re-inserted in the computerized records of economic operators in public contracts relating to works, services and supplies as from 25 December 2020 and until 17 June 2021. Rekeep S.p.A. had formally asked ANAC to postpone the immediate new reinstatement of the entry in the records until the conclusion of the proceedings initiated by ANAC on the Application for Re-examination submitted on 20 October 2020 and, subordinately, to specify that the disqualifying effects of these records, as provided for by Article 38, paragraph 4, of the "Rules for the management of the Computerized Records of public contracts for works, services and supplies, in accordance with Article 213, paragraph 10, of Legislative Decree no. 50 of 18 April 2016", are only limited to exclusion "from tender procedures or from access to qualification if the expiry of the time limit set for submitting bids or the application for qualification falls within the effective period of the entry". ANAC replied to this notice with an additional memo sent on 5 January 2021, whereby it also notified that it rejected the Company's request and intended to reinstate the entry in question, as any other wording would not be in line with the principle according to which tendering requirements must necessarily be met on an ongoing basis». The Company lodged an appeal against this order before the Lazio Regional Administrative Court which declared the appeal as inadmissible by a judgment dated 29 March 2021. The Company filed an appeal against this judgment together with an application for preliminary request, which was accepted by the Council of State by an order dated 23 April 2021. In light of this, any effect of the ANAC order must be regarded as suspended at present. Moreover, following the summary examination of the precautionary proceedings phase, the Council of State held that "the principle of strictly legal typicality of the sanctions (....) has been breached, given that (...) the failure to make a statement with which the Company has been charged under the order does not coincide with a false statement». Finally, the hearing for the trial proceedings which took place on 25 November 2021 before the Council of State, had a favorable outcome for the Company. The Company had also filed an appeal with the European Court of Human Rights in order to protect its interests, having it entered on the docket, due to meeting the preliminary requirement of non-manifest inadmissibility.

19. TRADE PAYABLES, CONTRACT LIABILITIES AND OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item at 31 December 2021 and 31 December 2020:

	31 December 2021	of which to related parties	31 December 2020	of which to related parties
Trade payables	372,513		373,295	
Trade payables due to third parties	**372,513**	**0**	**373,295**	**0**
Trade payables to MSC Società di Partecipazione tra Lavoratori	4,683	4,683	5,883	5,883
Trade payables to Group companies within 12 months	17,240	17,240	12,644	12,644
Trade payables to MSC group	**21,923**	**21,923**	**18,527**	**18,527**
Advances from customers, including contract liabilities	18,938	2	21,027	1
Trade payables and contract liabilities	**413,374**	**21,925**	**412,849**	**18,528**
Fees due to directors and statutory auditors	301		245	
Tax payables	9,103		7,835	
Payables to social security institutions within 12 months	19,575		28,269	
Other payables to TJA ("Associazione temporanea di imprese")	5,556		10,807	
Payables to employees within 12 months	48,566		49,356	
Other payables within 12 months	81,919		85,487	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**167,196**	**0**	**184,175**	**0**
Other current payables to Manutencoop Società Cooperativa	36	36	26	26
Other payables to Group companies	97	97	31	31
Other current payables to MSC Group	**133**	**133**	**57**	**57**
Accrued expenses	61		3	
Deferred income	67		14	
Accrued expenses and deferred income	**128**	**0**	**17**	**0**
Other current operating payables	**167,457**	**133**	**184,249**	**57**

Trade payables do not accrue interest and are settled, on average, 90/120 days from the invoice date. The other payables are non-interest bearing payables and are settled, on average, after 30 days, excluding payables due to employees for accrued 13th and 14th monthly pay and holidays paid at 6 months on average, and the amounts due to the Tax Authorities on account of VAT.

Trade payables and contract liabilities amounted to € 413,374 thousand at 31 December 2021 against a balance of € 412,849 thousand at 31 December 2020, showing an increase of € 525 thousand.

Other current operating payables showed a balance of € 167,457 thousand at 31 December 2021 (€ 184,249 thousand at 31 December 2020) and are mainly made up of the following items:

- payables to employees of € 48,566 thousand (€ 49,356 thousand at 31 December 2020) including the current monthly salaries to be paid in the months after the end of the financial period, as well as payables for additional monthly salary to be paid (a portion of the 14th salary, to be paid every year in the month of July, and of the 13th salary, to be paid every year in December). Furthermore, the corresponding payables to social security institutions were recognized for € 19,575 thousand (€ 28,269 thousand at 31 December 2020);
- payables due to tax authorities for € 9,103 thousand mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF (Personal Income) tax payable for employees (€ 7,835 thousand at 31 December 2020);
- collections on behalf of Temporary Associations of Companies (TJA) for € 5,556 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 10,807 thousand at 31 December 2020).

As at 31 December 2021, Other payables within 12 months included the remaining payable relating to the fine imposed by the Competition Authority in relation to the Consip FM4 Tender, which was recognized by the Parent Company Rekeep S.p.A.. While continuing to have confidence in the reasonableness of the defence arguments, the Directors given the enforceability of the fine, recognized the debt relating to expected financial outlay in the Consolidated Financial Statements at 31 December 2020 for an amount equal to what is stated in the Competition Authority's order, as well as in the related updated installment payment plan sent by the Revenue Agency on 22 December 2020 (€ 82,200 thousand, including surcharges and collection costs). In 2021, the Company resumed operations to pay monthly installments, paying part of the installments suspended during the Covid-19 emergency period, even due to the expiry of the final deadline for suspending payments of the sums on the tax roll provided for by the legislative orders issued during the emergency period (31 August 2021), which entailed recognition of a higher collection cost on certain installments for € 606 thousand in 2021 (of which an amount of € 255 thousand recognized as an increase in the payable and € 351 thousand recognized under provisions for risks and charges, due to the different probability of application of the additional cost) in addition to default interest. The residual debt stated in the Consolidated Financial Statements amounted to € 72,194 thousand at 31 December 2021.

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

The table below sets forth the breakdown of the item for the years ended 31 December 2021 and 31 December 2020, as restated:

	For the year ended	
	31 December 2021	31 December 2020
Revenues from product sales	28,857	42,443
Service revenues	978,634	918,581
Revenues from construction activities and plant installation	86,215	98,795
Other sales revenues	25,053	18,121
REVENUE FROM CONTRACT WITH CUSTOMERS	1,118,759	1,077,940

At 31 December 2021 *Revenue from contracts with customers* amounted to € 1,118,759 thousand (€ 1,077,940 thousand at 31 December 2020).

The item showed an increase of € 40,819 thousand, driven by the Private and Public markets mainly due to two effects: there was an increase in volumes thanks to less stringent closures due the Covid-19 pandemic on the one hand and, on the other, an increase in the price charged to the customer in the integrated management heat service contracts following an increase in energy costs. The healthcare sector also contributed to the rise in revenues for the period, recording a better performance in the first half of 2021, thanks to higher sales of PPE and the supply of bulk materials (gowns) and mattresses as requested by the hospital trusts, which were requested during the “third wave” of the Covid-19 emergency, while a slowdown was recorded in the remaining part of the year.

The contribution of foreign companies to consolidated revenues from contracts with customers amounted to € 156,467, against € 133,039 thousand recorded at 31 December 2020, which were mainly contributed to by the results achieved by the Group led by Rekeep Polska.

21. OTHER REVENUES

The table below sets forth the breakdown of the item for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	31 December 2020
Grants	531	534
Asset capital gains	928	185
Recovery of costs – seconded personnel	0	98
Compensation for damages	699	145
Revenues for leases and rentals	12	12
Other revenues	1,096	2,476
OTHER REVENUES	3,266	3,450

At 31 December 2021 the balance of *Other revenues* amounted to € 3,266 thousand compared to € 3,450 thousand in 2020, showing a decrease of € 184 thousand.

Operating grants, equal to € 531 thousand, mainly related to grants on training projects for subordinate staff.

Finally, “Other revenues” mainly include unsecured grants that the Polish government has disbursed to the companies in the Rekeep Polska for € 614 thousand.

22. COSTS OF RAW MATERIALS AND CONSUMABLES AND CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Fuel consumption	62,961	43,878
Consumption of raw materials	130,975	119,481
Purchase of semi-finished/finished products	619	1,293
Products of auxiliary materials and consumables	11,229	18,355
Packaging	2,424	2,295
Change in inventories of fuel and raw materials	2,347	(541)
Other purchases	4,411	6,990
CONSUMPTION OF RAW MATERIALS AND CONSUMABLES	**214,966**	**191,751**
Change in inventories of finished and semi-finished products	918	5,087
CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS	**918**	**5,087**

At 31 December 2021 the item amounted to € 214,966 thousand compared to € 191,751 thousand at 31 December 2020. The increase, equal to € 23,215 thousand, was mainly due to an increase in fuel and energy prices, which mainly occurred in the second half-year, as well as to the higher consumption of raw and auxiliary materials due to the resumption of routine work during the year thanks to the less stringent measures put in place in order to cope with the Covid-19. *Other purchases* include costs for other materials such as clothing and PPE for the staff members employed on site at customers’ premises.

The change in inventories of finished products was mainly due to the production by Medical Device S.r.l. of medical devices and PPE.

23. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Third-party services	208,907	224,421
Consortia services	10,264	7,791
Equipment maintenance and repair	8,193	8,371
Professional services	32,961	37,726
Statutory Auditors' fees	357	258
Transport	12,702	12,923
Advertising and promotion	455	406
Bonuses and commissions	287	170
Insurance and sureties	6,368	6,091
Bank services	390	378
Utilities	8,636	10,999
Travel expenses and reimbursement of expenses	2,733	2,359
Employee services	7,493	7,204
Other services and contingent items	11,724	11,379
Costs for services	**311,470**	**330,476**
Rent expense and Hires	5,700	5,940
Hiring of equipment and others	6,182	5,789
Costs for leased assets	11,882	**11,729**
COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS	**323,352**	**342,205**

For the year ended 31 December 2021 *Costs for services and use of third party assets* totaled € 323,352 thousand, marking a decrease of € 18,853 thousand compared to the balance of the item recorded in the previous year. The change was mainly due to a drop in costs for third-party services: from the previous years the Group started in fact a major process of internationalization in performing some activities, which entailed a change in the mix of production factors in favor of the labor cost, as described in note 24 below.

24. PERSONNEL COSTS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Wages and salaries	320,106	301,290
Social security charges	78,174	75,686
Secondment costs	30,756	28,688
ESI paid to INPS (National Social Security Institute) and to funds	23,553	23,209
Directors' fees	949	1,202
Other personnel costs	3,122	1,535
Current benefits	**456,660**	**431,610**
Employee termination indemnity provision	739	506
Subsequent benefits	**739**	**506**
Employment termination benefits	2,797	1,024
Employment termination benefits	**2,797**	**1,024**
PERSONNEL COSTS	**460,196**	**433,140**

At 31 December 2021, Personnel Costs, equal to € 460,196 thousand, showed an increase of € 27,056 thousand compared to the previous year (when they amounted to € 433,140 thousand).

The total change in Group personnel costs is necessarily correlated to the cost of services, as the mix of production costs linked to "internal" work (i.e. work performed by employees of Group companies) and "external" work (i.e. work performed by third-party providers) can change significantly according to organizational changes aimed at increasing overall productivity.

The ratio between Revenues from sales and services and the total amount of costs for internal personnel ("make") and services costs ("buy") relating to third-party services, services provided by consortia and professional services, came to 156% at 31 December 2021 against 153% at 31 December 2020. The "make-or-buy ratio" shows that the Group is continuing to implement an organizational preference for producing by greater recourse to internal production factors than to purchasing services from external sources.

The cost of personnel related to the work performed in Italy was Euro 358,812 thousand (€ 351,842 thousand at 31 December 2020).

25. OTHER OPERATING COSTS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	31 December 2020
Capital losses on disposals of assets	55	185
Losses on receivables	14	50
Other taxes	2,083	2,201
Fines and penalties	1,815	83,915
Credit Discount on assignments of receivables	213	214
Other operating costs and contingent items	9,426	5,168
OTHER OPERATING COSTS	**13,606**	**91,733**

Other operating costs amounted to € 13,606 thousand, showing a decrease of € 78,127 thousand compared to the balance for the previous year (€ 91,733 thousand at 31 December 2020).

The change was mainly attributable to the recognition in the 2020 financial year of the fine imposed on the Parent Company Rekeep S.p.A. by the Competition Authority in relation to the Consip FM4 tender, for € 79,800 thousand in addition to collection charges and surcharges of € 2,612 thousand. While continuing to have confidence in the reasonableness of the defence arguments, the Directors, given the enforceability of the fine, have decided to recognize the total amount of the fine in the financial statements at 31 December 2020. In this regard, an additional amount of € 255 thousand was recognized for higher collection costs in 2021. For more details, reference should be made to note 15 above.

After excluding the amount of the fine in the two comparative financial years, the change increased by € 3,818 thousand, mainly due to higher taxes, penalties and other operating costs.

26. AMORTIZATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACKS OF ASSETS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Amortization of intangible assets	6,325	7,293
Depreciation of property, plant and equipment	24,292	22,558
Amortization of Rights of use	7,155	6,787
Write-downs of receivables, net of releases	3,619	3,284
Write-down of property, plant and equipment	76	0
Other write-downs	10	550
AMORTIZATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACK OF ASSETS	**41,477**	**40,472**

At 31 December 2021 *Amortization/depreciation, write-downs and write-backs of assets* amounted to € 41,477 thousand, showing an increase of € 1,005 thousand compared to the balance of item in the previous year.

Specifically note the following:

- an increase in amortization/depreciation for a total of € 1,134 thousand, mainly attributable to property, plant and equipment;
- higher write-downs of receivables made for € 335 thousand during the year.

27. DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Dividends	302	430
Capital gains (capital losses) from sale of equity investments	1,196	4,797
DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS	**1,498**	**5,227**

In 2021, dividends were collected from other companies not included under the scope of consolidation for € 302 thousand, relating to investee companies of the Parent Company Rekeep S.p.A..

Capital gains (capital losses) from sale of equity investments included a net capital gain recorded as result of the sale by Servizi Ospedalieri S.p.A. of Fratelli Bernard S.r.l., a company specializing in industrial laundering services, of which it held an investment of 20% in the quota capital: the sale was signed on 28 December 2021 for a consideration of € 2,200 thousand, of which an amount of € 300 thousand was deferred, achieving a net capital gain of € 514 thousand in the Group's Consolidated Financial Statements, consisting of a net capital gain of € 1,800 thousand recognized in the Financial Statements of Servizi Ospedalieri, net of net capital loss arising from the consolidation adjustments allocated to the company.

The Parent Company Rekeep S.p.A. also sold an associate investment on 4 January 2021, which achieved a net capital gain of € 638 thousand in the Consolidated Financial Statements (consisting of a net capital gain of € 812 thousand recognized in the Financial Statements of the Company, net of net capital loss arising from the consolidation adjustments allocated to the company).

As at 31 December 2020, on the other hand, this item included a capital gain of € 3,857 thousand obtained by Servizi Ospedalieri from the disposal of Linea Sterile S.p.A. in which it held 15% of the share capital, as well as an income of € 900 thousand, in relation to the collection of the premium-for-yield granted under the agreement for the sale of investments to 3i EOPF carried out in December 2018.

28. FINANCIAL INCOME

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Interest on bank current accounts	210	14
Interest on non-property and intercompany current accounts	163	233
Interest on trade receivables	318	628
Interest from discounting of non-interest bearing loans	3	10
Interest and other income from securities	1	1
Capital gains on sale of securities	-	1,160
Other financial income	360	529
FINANCIAL INCOME	**1,055**	**2,575**

Financial income recorded a decrease equal to € 1,520 thousand compared to the previous year, when capital gains on securities for € 1,160 thousands were recognized by the Parent Company Rekeep S.p.A. following the repurchase of portions of the previous bond issue for a nominal value of € 15,800 thousand, which took place in the second quarter of 2020.

29. FINANCIAL COSTS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Financial costs for “finance” leases	145	132
Financial costs for “operating” leases	1,637	1,790
Financial costs on intercompany loans	67	183
Interest on bank loans and current account overdrafts	413	36
Other financial costs	30,230	34,084
Interest discount on assignments of receivables without recourse	5,259	4,534
Interest on trade payables	224	510
Other financial costs	31,706	8,812
FINANCIAL COSTS	**69,681**	**50,081**
Exchange rate adjustments	(424)	(752)
PROFIT (LOSS) ON EXCHANGE RATE	**(424)**	**(752)**

Financial costs showed a total increase of € 19,600 thousand in 2021 compared to the previous year.

The change in this item was significantly affected by the refinancing transaction carried out by the Parent Company Rekeep S.p.A., which entailed an early redemption of the Senior Secured Notes issued in 2017, due 2022 and a coupon at an annual fixed rate of 9% (for a nominal value of € 333.9 million at the settlement date), as well as the issue of new Senior Secured Notes due 2026 and a coupon at an annual fixed rate of 7.25% for a total amount of € 370.0 million. At the same time as the bond issue the Revolving Credit Facility line of € 50.0 million was repaid and a new facility was signed for a maximum amount of € 75.0 million. This transaction, which will allow in the next financial years a reduction in the weight of financial charges on results of operations (payable with a coupon on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) entailed the payment of non-recurring financial charges for € 23,674 thousand during the first half of 2021.

With reference to the Senior Secured Notes, *Financial charges on other loans* included financial costs on the coupons of the Notes for € 27,514 thousand, which accrued in 2021, of which € 2,254 thousand related to interest accrued on previous notes before the sale, down by € 3,023 thousand compared to the balance recorded in the previous year (€ 30,537 thousand); the item clearly showed the benefit in term of interest accrued on the Notes, due to the lower interest rate applied on the new issue. *Other financial costs* included financial charges for amortized cost accrued in 2021 for € 7,176 thousand, including the write-off of the residual additional costs to the issue in 2017 equal to € 5,818 thousand, against a cost of € 3,977 thousand which affected the 2020 financial year (including the write-off cost on the Notes repurchased during the year, equal to € 402 thousand).

Other financial costs also included amortization charges of the initial costs for the new facility *Super Senior Revolving Credit Facility* ("RCF"). These costs, which were initially equal to € 1,260 thousand, were also amortized on a straight-line basis throughout the term of the credit facility and gave rise to amortization charges of € 258 thousand in 2021, to which must be added € 254 thousand related to the reversal through profit or loss of the residual portion of the costs concerning the previous RCF facility (initially equal to € 1.0 million), which are also amortized on a straight-line basis throughout the term of the credit facility (in 2020, the charges accrued in the period attributable to the facility amounted to € 325 thousand). Other financial charges incurred for the Super Senior Revolving Facility included commitment fees charged by banks equal to € 673 thousand (€ 67 thousand at 31 December 2020). Finally, with regard to the facility, interest on temporary partial uses accrued for € 223 thousand in 2021, which was included in the item *Charges on other loans*. In 2020, the facility was used on 23 March 2020 and repaid on 31 December 2020 generating financial costs for the time being equal to € 1,670 thousand.

Finally, the refinancing transaction, which was completed at the beginning of 2021, entailed a further charge to the item *Other financial charges* for € 17,592 thousand, of which € 15,026 thousand related to early redemption costs on the basis of the redemption premium set in the rules of the Senior Secured Noted and € 2,567 thousand due to bank fees correlated to the new issue.

Finally, the Group recorded charges correlated to the assignments of trade receivables without recourse and VAT made during the year for € 5,259 thousand at 31 December 2021, of which € 182 thousand related to the assignments of VAT receivables requested for refund (totaling € 4,534 thousand at 31 December 2020) and financial costs accrued on the financial liability for operating leases equal to € 1,637 thousand (€ 1,790 thousand in 2020).

30. CURRENT AND DEFERRED TAXES

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Current IRES tax	12,685	13,141
Current IRAP tax	5,447	4,430
(Income) costs from tax consolidation	(2,237)	(2,536)
Adjustments to current taxes of previous years	413	707
Current taxes	**16,308**	**15,742**

	For the year ended	
	31 December 2021	**31 December 2020**
Deferred IRES tax	1,520	(1,278)
Deferred IRAP tax	(56)	131
Deferred taxes relating to previous years	(29)	29
Deferred taxes	**1,435**	**(1,118)**
CURRENT AND DEFERRED TAXES	**17,743**	**14,624**

In 2021 the Group recorded taxes totaling € 17,743 thousand, marking an increase of € 3,116 thousand compared to the taxes recognized at 31 December 2020.

More specifically, the main changes are as follows:

- a decrease of € 456 thousand in the current IRES tax balance;
- an increase of € 1,017 thousand in the current IRAP tax balance;
- an increase of € 299 thousand in the balance of income from tax consolidation;
- negative adjustments to current taxes relating to previous years for € 294 thousand;
- the recognition of a net charge of € 1,435 thousand, relating to the total balance of prepaid and deferred taxes (a net income of € 1,118 thousand at 31 December 2020). The future recovery of deferred tax assets has been assessed on the basis of the same forecasts as those used by the Management for the impairment test on goodwill (see note 7).

At 31 December 2020 the Group recognized Current tax receivables for a total amount of € 5,278 thousand, relating to the net balance of the excess IRES tax advances paid to the Tax Office or receivables from parent company MSC Società di Partecipazione tra Lavoratori (formerly Manutencoop Società Cooperativa) which arose within the scope of the national tax consolidation in force with some Group companies.

The reconciliation between current income taxes accounted for and the theoretical tax resulting from the application of the IRES tax rate in force for the years ended 31 December 2021 and 31 December 2020 to pre-tax profit is set out below. The theoretical IRES tax rate applicable in Italy is 24% of taxable income for the financial period. The table includes the effects on current IRES tax arising from the recognition of income from participation in the tax consolidation scheme. The theoretical IRAP tax rate applicable in Italy varies by region and business sector. The taxes of foreign companies are calculated on the basis of rates that are applicable at local level.

	31 December 2021		31 December 2020	
		%		%
PRE-TAX PROFIT	(3,259)		(68,396)	
of which Discontinued operations	*16*		*2,694*	
Current taxes calculated in Italy – IRES tax	11,368		12,438	
(Income)/ costs from national tax consolidation	(2,237)		(2,536)	
Current taxes calculated in Italy - IRAP tax	5,447		4,430	
Current taxes calculated abroad	1.316		703	
Taxes for previous years	413		707	
EFFECTIVE TAX / RATE	**16,307**	**N/A**	**15,742**	**N/A**
OF WHICH DISCONTINUED OPERATIONS	*0*	***0%***	*125*	***4.65%***

Deferred tax assets and liabilities

At 31 December 2021 the Group recorded deferred tax assets of € 15,783 thousand, net of deferred tax liabilities of € 16,384 thousand, as shown below:

	Tax effect on thebalance sheet			Tax effect through P&L	Tax effect on equity
	31 December 2020	of which Business Combinations	31 December 2021	31 December 2021	31 December 2021
Deferred tax assets:					
Expected credit losses	4,767		2,751	(2,016)	
Provisions for risks and charges	4,074		4,663	589	
Amortization	973		891	(82)	
Interest expense	3,071		3,086	5	
Cash cost deduction	49	30	35	(44)	
Other consolidation adjustments	321	30	380	37	(7)
Other temporary adjustments	4,690	31	3,977	34	(5)
Foreign exchange effect					
Total deferred tax assets	**17,945**	**91**	**15,783**	**(1,477)**	**(776)**
Deferred tax liabilities:					
Goodwill amortization	(11,428)		(11,528)	(100)	

	Tax effect on thebalance sheet			Tax effect through P&L	Tax effect on equity
	31 December 2020	of which Business Combinations	31 December 2021	31 December 2021	31 December 2021
Purchase Price Allocation	(1,539)		(1,472)	67	
Cash cost deduction	(845)		(665)	181	
Employee benefit discounting	18		3	(17)	(3)
Other consolidation adjustments	(227)		(203)	25	
Other temporary differences	(2,686)		(2,520)	(113)	
Foreign exchange effect					282
Total deferred tax liabilities	**(16,708)**	**0**	**(16,384)**	**43**	**280**
NET DEFERRED TAXES	**1,238**	**91**	**(601)**	**(1,435)**	**(497)**

31. NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

No significant assets held for sale were recognized at 31 December 2021.

With regard to the 2020 financial year, on 28 February 2020 the parent company Rekeep S.p.A. sold its full investment in Sicura S.p.A., the Group's sub-holding company operating in the facility management sector as a provider of specialist services in the fields of safety and fire prevention.

The transfer to Argos Wityu, a pan-European Private Equity fund, entailed the recognition of a consideration of € 55,041 thousand. In the consolidated financial statements for the financial year ended 31 December 2020 the income statement balances relating to the sub-group controlled by Sicura S.p.A. and prior to the date of transfer were reclassified in the Statement of Profit/Loss for the year under a single item of “Profit (loss) from discontinued operations” in accordance with IFRS5. However, the adoption of this standard did not entail any impact on consolidated net Profit and consolidated equity.

The Profit (loss) from discontinued operations for the 2020 financial year also included the write-down of the receivable for the remaining consideration claimed by the Parent Company Rekeep S.p.A. in relation to the sale of Energyproject S.r.l., which took place in 2014, for a value equal to € 409 thousand.

Financial flows generated from/used in discontinued operations

Assets held for sale and related associated liabilities, which were entirely attributable to the sub-group controlled by Sicura S.p.A., as well as discontinued operations in previous years, gave rise to the following cash flows:

	31 December 2021	31 December 2020
Collection of deferred consideration from sale of Energyproject S.r.l. (2014)	0	205
Collection of consideration from sale of Sicura S.p.A. (2020)	0	53,731
CASH FLOW FROM DISPOSAL OF OPERATING ASSETS	**0**	**53,935**

The sale of Sicura S.p.A. on the part of the parent company Rekeep S.p.A. took place on 28 February 2020 for a gross consideration equal to € 55,041 thousand, which had been collected in full as at the reporting date of these financial statements.

32. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing consolidated net profit in the year pertaining to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year. Diluted earnings per share are, in the case of the Rekeep Group, equal to basic earnings per share, since no convertible bonds or share options were issued by the Parent Company.

Income and information on the shares used for the purpose of calculating consolidated basic earnings per share are shown below:

	For the year ended	
	31 December 2021	**31 December 2020**
Net profit /(loss) attributable to shareholders (in thousands of Euro)	(22,588)	(83,154)
Number of ordinary shares (excluding own shares) for the purpose of basic earnings per share	109,149,600	109,149,600
BASIC AND DILUTED EARNINGS PER SHARE (IN EURO)	**N.A.**	**N.A.**

	For the year ended	
	31 December 2021	31 December 2020
Net profit /(loss) from continuing operations (in thousands of Euro)	(21,001)	(83,020)
Net profit /(loss) from continuing operations pertaining to minority interests (in thousands of Euro)	(1,603)	(2,703)
Net profit from continuing operations pertaining to the Group (in thousands of Euro)	(22,604)	(85,723)
Number of ordinary shares for the purpose of basic earnings per share	109,149,600	109,149,600
BASIC AND DILUTED EARNINGS PER SHARE OF CONTINUING OPERATIONS (IN EURO)	**N.A.**	**N.A.**

No other transactions were performed regarding ordinary shares or potential ordinary shares between the balance sheet date and the date the financial statements were drafted.

33. OPERATING SEGMENTS

The services provided by the Rekeep Group can be divided into two primary areas of business, which coincide with the Strategic Business Units (SBU) where business is channeled. The latter is not affected by significant seasonality factors. The SBUs identified coincide with the CGUs where the Group's activities are conducted. See note 6 for details.

Information on the operating segments for the financial year ended 31 December 2021

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment revenues	975,196	150,471	(3,642)	1,122,026
Segment costs	(927,216)	(136,273)	3,642	(1,059,846)
Operating income (loss) by segment	**47,981**	**14,199**	**0**	**62,179**
Share of net profit of associates	916	351	0	1,267
Net financial income (costs)				(66,704)
Profit (loss) before taxes				(3,258)
Income taxes				(17,743)
Profit (loss) from discontinued operations				16
NET PROFIT (LOSS) FOR THE YEAR ENDED 31 DECEMBER 2021				**(20,985)**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	492,850	139,427	(2,709)	629,568
Goodwill	388,752	15,954		404,706
Investments	12,111	4,182		16,294
Other assets not allocated and related taxes				143,306
SEGMENT ASSETS AT 31 DECEMBER 2021	**893,713**	**159,563**	**(2,709)**	**1,193,873**
Liabilities allocated to the segment	571,227	61,287	(2,709)	629,805
Other liabilities not allocated and related taxes				512,735
SEGMENT LIABILITIES AT 31 DECEMBER 2021	**571,227**	**61,287**	**(2,709)**	**1,142,540**

	Facility management	Laundering & Sterilization	Total
OTHER SEGMENT INFORMATION AT 31 DECEMBER 2021			
Investments in segment assets	11,177	15,940	**27,117**
Amortization/depreciation and write-downs of segment assets	21,277	20,200	**41,477**

Information on the operating segments for the financial year ended 31 December 2020

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment revenues	919,044	166,298	(3,951)	1,081,391
Segment costs	(959,512)	(145,258)	3,951	(1,100,819)
Operating income (loss) by segment	**(40,468)**	**21,040**	**0**	**(19,428)**
Share of net profit of associates	(7,371)	(70)	0	(7,441)
Net financial income (costs)				(41,527)
Profit (loss) before taxes				**(68,396)**
Income taxes				(14,624)
Profit (loss) from discontinued operations				2,569
NET PROFIT (LOSS) FOR THE YEAR ENDED 31 DECEMBER 2020				**(80,451)**

	Facility Management	Laundering & Sterilization	Elisioni	Total
Assets allocated to the segment	486,972	129,510	(2,608)	613,873
Goodwill	388,752	13,810		402,562
Investments	10,883	5,387		16,270
Other assets not allocated and related taxes				133,350
SEGMENT ASSETS AT 31 DECEMBER 2020	**886,606**	**148,707**	**(2,608)**	**1,166,055**
Liabilities allocated to the segment	579,117	67,185	(2,608)	643,694
Other liabilities not allocated and related taxes				449,826
SEGMENT LIABILITIES AT 31 DECEMBER 2020	**579,117**	**67,185**	**(2,608)**	**1,093,520**

	Facility management	Laundering & Sterilization	Total
OTHER SEGMENT INFORMATION AT 31 DECEMBER 2020			
Investments in segment assets	18,268	20,869	**39,137**
Amortization/depreciation and write-downs of segment assets	22,277	18,195	**40,472**

Geographical areas

The Group conducts its core business in Italy. At 31 December 2021 the activities conducted abroad were still marginal for the Group, although on the rise, and generated revenues amounting to € 154,484 thousand (€ 124,949 thousand at 31 December 2020).

The information by geographical area required by IFRS 8 is shown below for the years ended 31 December 2021 and 2020.

	Italy	Foreign countries	Eliminations	Total
INFORMATION BY GEOGRAPHICAL AREA AT 31 DECEMBER 2021				
Revenues	967,542	154,484		**1,122,026**
Non-current operating assets	536,540	17,610		**554,150**

INFORMATION BY GEOGRAPHICAL AREA AT 31 DECEMBER 2020	Italy	Foreign countries	Eliminations	Total
Revenues	956,441	124,949		**1,081,390**
Non-current operating assets	535,019	15,103		**550,122**

34. COMMITMENTS AND GUARANTEES

The Group has commitments in place which arise from the execution of lease agreements.

Specifically, the Group signed "finance" lease agreements primarily for plant and equipment used in the production processes of the Laundering & Sterilization SBU and for motor vehicles and equipment. Moreover, during 2017 a property lease agreement was signed by subsidiary Servizi Ospedalieri S.p.A. to acquire the factory in Lucca, while the acquisitions of EOS and Medical Device S.r.l., during 2018 and the acquisition of Rekeep Polska in 2019 contributed additional leases for capital goods and for the use of a property.

Furthermore, the Group holds commitments to the execution of property lease agreements for the Group's offices, as well as long-term hire agreements for the Group companies' corporate fleets and agreements for the hiring of equipment used in performing some work contracts, accounted for in accordance with the new IFRS16 as from 1 January 2019.

The tables below report the breakdown of the amount of future payments under lease agreements and their present value at 31 December 20201 and 31 December 2020:

	31 December 2021			
	"Finance" Lease		"Operating" Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	2,179	2,105	8,376	6,841
From one year to five years	4,264	4,147	25,272	21,829
After 5 years	1,186	738	9,137	8,446
TOTAL LEASE PAYMENTS	**7,628**	**6,991**	**42,785**	**37,116**
Financial charges	(637)		(5,669)	
PRESENT VALUE OF LEASE	**6,991**	**6,991**	**37,116**	**37,116**

	31 December 2020			
	"Finance" Lease		"Operating" Lease	
	Lease payments	**Present value of lease payments**	**Lease payments**	**Present value of lease payments**
Within 1 year	1,606	1,689	8,145	6,527
From one year to five years	3,934	3,681	24,583	21,128
After 5 years	1,546	1,056	12,193	11,133
TOTAL LEASE PAYMENTS	**7,086**	**6,426**	**44,921**	**38,788**
Financial charges	(660)		(6,133)	
PRESENT VALUE OF LEASE	**6,426**	**6,426**	**38,788**	**38,788**

Furthermore, as at 31 December 2021, the Group granted sureties to third parties for:

- guarantees for financial obligations of € 10,459 thousand (€ 11,022 thousand compared to 31 December 2020), of which € 2,420 thousand issued in the interest of associates for overdrafts and other financial obligations (€ 2,932 thousand at 31 December 2020);
- sureties issued to third parties to ensure the correct fulfillment of contract obligations in place with customers amounting to € 342,774 thousand (€ 324,376 thousand at 31 December 2020), of which € 1 thousand issued in the interest of associates;
- other guarantees issued by third parties in favor of associates, joint ventures and other shareholdings amounting to € 6,619 thousand (€ 10,307 thousand at 31 December 2020);
- other guarantees granted to third parties to replace security deposits required to activate utilities or for lease contracts, as well as to the Inland Revenue Agency for VAT refunds, for a total amount of € 76,889 thousand (€ 48,299 thousand at 31 December 2020).

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

On 18 January 2021, Rekeep S.p.A. announced the launch of an offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

At the same time as the issue of 28 January 2021, Rekeep S.p.A. finally signed a new revolving loan agreement that will guarantee a senior secured line of credit ("RCF") for an amount of up to € 75 million, to be used for general purposes and to manage the working capital of the Issuer and Servizi Ospedalieri S.p.A..

The payment obligations connected to both the Bond Issue and the Super Senior Revolving facility (RCF) are backed by the following collateral provided:

- a first-degree pledge over the total shares of Rekeep S.p.A., granted by the controlling company Manutencoop Società Cooperativa (now MSC Società di Partecipazione tra Lavoratori S.p.A.);
- pledge over the total shares of the subsidiary Servizi Ospedalieri S.p.A;
- an assignment, by way of security, involving receivables held by Rekeep S.p.A, arising from intercompany loans granted by it to some of its subsidiaries.

Rekeep S.p.A. has also provided, in favor of the subscribers of the Super Senior Revolving facility only, a special lien pursuant to Article 46 of Legislative Decree 385 of 1 September 1993 on some of the personal properties held by it.

The guarantees listed above may be enforced by the counterparties only in the case that one of the events of default envisaged in the above mentioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Rekeep Group companies. At 31 December 2021 no events of default had occurred.

35. TRANSACTIONS WITH RELATED PARTIES

Related party transactions were performed under normal market conditions, i.e. in line with conditions that would be applied between aware and independent parties. Market prices are applied to both commercial and financial transactions.

Non-interest bearing loans are only disbursed in the case of pro-quota financing granted by syndicated shareholders to consortium companies. These loans were, however, discounted in the financial statements of the Parent Company Rekeep S.p.A..

The Parent Company not only provides technical-production services relating to the core business, but also administrative and IT services for certain Group companies. The Parent Company also has some administrative and lease service contracts in place with its parent company MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa).

Finally, in certain cases the Parent Company provides and performs technical services and works for individuals who hold top management positions within the Group, according to contracts entered into at arm’s length. Advances of € 188 thousand collected in consideration of these services were recognized at 31 December 2021 (€ 984 thousand at 31 December 2020).

The main contracts in place with other Rekeep Group companies, controlled by MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), with the latter and its subsidiaries, are shown below:

- MSC sub-leased to the Company the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The lease has a term of five years and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is € 1,320 thousand to be paid in 12 monthly installments;
- MSC also leased to Rekeep S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use . The lease has a term of six years and is tacitly renewable. Annual rent is expected to be € 325 thousand to be paid in 12 monthly installments;
- On 6 July 2007, Rekeep S.p.A. signed a framework agreement with its parent company, MSC, in order to regulate the essential contents of subsequent personnel leases from MSC to Rekeep S.p.A. pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term, and is tacitly renewed, unless terminated by one of the parties. As a result of said agreement, which has the legal nature of a prescriptive contract that does not provide rights to third parties, Rekeep S.p.A. and the parent company MSC set out the conditions that regulate any future contracts for the leasing of shareholding personnel of MSC, and the operating rules for establishing and terminating said contracts;
- MSC is committed, on the basis of contracts stipulated with the individual companies of the Rekeep Group, to prepare pay packets;
- Rekeep S.p.A. signed agreements with MSC and the other Group companies for the provision of tax consultancy services.

The breakdown of the balances relating to the transactions carried out by the Group's Companies with related parties is provided in Annex III attached to the Consolidated Financial Statements.

The Rekeep Group is subject to the management and coordination activities of MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa).

Pursuant to art. 2497-bis, paragraph 4 of the Italian Civil Code, the highlights of the latest set of approved financial statements are provided below:

	31 December 2020	31 December 2019
BALANCE SHEET		
ASSETS		
A) Subscribed capital unpaid	27	52
B) Fixed assets	127,428	316,234
C) Current assets	10,409	30,166
D) Accrued income and prepaid expenses	733	993
TOTAL ASSETS	**138,596**	**347,445**
LIABILITIES		
A) Shareholders' equity:		
Share capital	4,564	5,034

	31 December 2020	31 December 2019
Reserves	285,866	277,737
Profit/(Loss) for the year	(186,960)	8,381
B) Provisions for risks and charges	315	684
C) Employee Severance Indemnity	878	984
D) Payables	33,343	53,995
E) Accrued expenses and deferred income	590	630
TOTAL LIABILITIES	**138,596**	**347,445**
INCOME STATEMENT		
A) Value of production	30,447	34,282
B) Costs of production	(28,917)	(33,230)
C) Financial income and costs	1,331	9,033
D) Value adjustments to financial assets	(189,046)	(2,855)
Income taxes for the year	(776)	1,151
Profit/(Loss) for the year	**(186,960)**	**8,381**

Remuneration of members of the Governing and Control Bodies, as well as of other executives with strategic responsibilities

Fees paid to members of governing and control bodies reported below include the total fees paid to the members of these corporate bodies in 2021, as well as those paid to executives with strategic responsibilities in the Parent Company, including for roles held in other Group companies:

	31 December 2021	31 December 2020
Board of Directors		
Short-term benefits	463	416
Post-employment benefits	0	0
TOTAL BOARD OF DIRECTORS	**463**	**416**
Executives with strategic responsibilities		
Short-term benefits	4,281	2,787
Post-employment benefits	125	133
TOTAL EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**4,406**	**2,920**
Board of Statutory Auditors		
Short-term benefits	102	104
TOTAL BOARD OF STATUTORY AUDITORS	**102**	**104**

The table below reports the fees accounted for in the 2021 consolidated income statement for audit and non-audit services rendered by EY S.p.A. and by other entities in its network:

	31 December 2021	31 December 2020
Audit services	698	614
Certification services	20	34
Other services	909	744
TOTAL FEES DUE TO EY S.P.A. NETWORK COMPANIES	**1,627**	**1., 92**

Audit services include the fees paid for the audit of annual and interim consolidated financial statements, as well as of the separate Financial Statements of the Parent Company and of some subsidiaries.

Certification services relate to the fees paid for the issue of tax compliance certificates and the engagements for performance of agreed-upon procedures.

Other services mainly concerned advice services concerning the start-up of the Group's foreign operations.

36. MANAGEMENT OF FINANCIAL RISKS

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

On 18 January 2021, Rekeep S.p.A. also announced the launch of a new offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The stock was admitted for listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

The transaction enabled the Parent Company Rekeep S.p.A. to early repay the previous high-yield bond issue named "€360,000,000 9.0% Senior Secured Notes due 2022", which is not convertible and not subordinated, for an overall amount of principal of € 360 million, due 15 June 2022, with an outstanding nominal value equal to € 333.9 million.

The other traditional financing instruments used by the Group Companies are made up of:

- short-term loans and revolving assignments of trade receivables without and with recourse, as well as reverse factoring, with the aim of funding working capital;
- very short-term credit lines used for contingent cash requirements;
- medium and long-term loans with long-term amortization plans to cover investments in non-current assets and in acquisitions of companies and business units.

The Group also uses trade payables deriving from operations as financial instruments. It is not Group policy to trade in financial instruments.

The Group's financial instruments involve a classification at the three levels stated in IFRS 7. The fair value hierarchy has the following three levels:

- Level 1: prices quoted on active markets for similar liabilities and assets;
- Level 2: prices calculated through information obtained from observable market data;
- Level 3: prices calculated through information other than observable market data.

The table below shows the hierarchical levels for each class of financial asset measured at fair value on 31 December 2021 and 31 December 2020:

	Hierarchy Levels				Hierarchy Levels			
	31 December 2021	**Level 1**	**Level 2**	**Level 3**	**31 December 2020**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss								
Financial assets, securities and other non-current financial assets	**101**	101			**101**	101		
- of which securities	**101**	101			**101**	101		
Available for sale financial assets								

	Hierarchy Levels				Hierarchy Levels			
	31 December 2021	Level 1	Level 2	Level 3	31 December 2020	Level 1	Level 2	Level 3
Financial assets and other current financial assets	**0**	0			**0**	0		
- of which securities	**0**	0			**0**	0		
- of which hedging derivatives	**0**	0			**0**	0		
- of which non-hedging derivatives	**0**	0			**0**	0		
TOTAL FINANCIAL ASSETS	**101**	**101**			**101**	**101**		

The other financial assets posted in the Statement of financial position are not measured at fair value and the Group has no financial liabilities measured at fair value at 31 December 2021 and 31 December 2020. During the year under consideration there were no transfers between fair value measurement levels.

There were no changes in allocation of financial assets that led to a different classification of asset. The Group does not hold instruments to warrant amounts receivable to mitigate credit risk. The carrying amount of financial assets, therefore, represents its potential credit risk.

Classes of financial assets and liabilities

The following table shows the classification of financial assets and liabilities recorded in the consolidated Financial Statements of the Rekeep Group, as required by IFRS 7, and the associated economic effects for the year ended 31 December 2021:

	31 December 2021	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
NON-CURRENT FINANCIAL ASSETS			
Other investments	7,140	7,140	
Non-current financial assets	4,702		4,702
Other non-current assets	3,232		3,232
Total non-current financial assets	**15,074**	**7,140**	**7,934**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	443,248		443,248

	31 December 2021	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
Current tax receivables	5,278		5,278
Other current assets	24,133		24,133
Current financial assets	14,799		14,799
Cash and cash equivalents	99,512		
Total current financial assets	**586,970**	**0**	**487,458**
TOTAL FINANCIAL ASSETS	**602,044**	**7,140**	**495,392**
FINANCIAL INCOME (COSTS)	**2,977**	**752**	**2,225**

	31 December 2021	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	412,883		412,883
Financial liabilities for non-current derivatives	0		0
Other non-current liabilities	1,391		1,391
Total non-current financial liabilities	**414,274**	**0**	**414,274**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	413,374		413,374
Current tax payables	0		0
Other current liabilities	167,457		167,457
Bank borrowings and other financial liabilities	82,077		82,077
Total current financial liabilities	**662,908**	**0**	**662,908**
TOTAL FINANCIAL LIABILITIES	**1,077,182**	**0**	**1,077,182**
FINANCIAL INCOME (COSTS)	**(74,940)**	**0**	**(74,940)**

Below is the same information for the financial year ended 31 December 2020:

	31 December 2020	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
NON-CURRENT FINANCIAL ASSETS			
Other investments	7,130	7,130	
Non-current financial assets	5,529		5,529

	31 December 2020	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
Other non-current assets	3,408		3,408
Total non-current financial assets	**16,067**	**7,130**	**8,937**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	431,121		431,121
Current tax receivables	10,010		10,010
Other current assets	25,636		25,636
Current financial assets	5,994		5,994
Cash and cash equivalents	90,464		
Total current financial assets	**563,225**	**0**	**472,761**
TOTAL FINANCIAL ASSETS	**579,292**	**7,130**	**481,698**
FINANCIAL INCOME (COSTS)	**8,554**	**5,227**	**3,327**

	31 December 2020	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	380,738		38,738
Financial liabilities for non-current derivatives	0		0
Other non-current liabilities	60		60
Total non-current financial liabilities	**380,798**	**0**	**380,798**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	412,849		412.849
Current tax payables	2,274		2.274
Other current liabilities	184,249		184.249
Bank borrowings and other financial liabilities	50,047		50,047
Total current financial liabilities	**649,419**	**0**	**649,419**
TOTAL FINANCIAL LIABILITIES	**1,030,217**	**0**	**1,030,217**
FINANCIAL INCOME (COSTS)	**(54,615)**	**0**	**(54,615)**

Liquidity risk

The Group's objective is to maintain a balance between funding and flexibility through the use of current account overdrafts, short-term bank loans (hot money and advances), leases and medium/long-term loans.

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

For this purpose the Group may make use of committed credit lines in the form of loans or of assignments without recourse of trade receivables in order to meet financial requirements (if any).

On 27 December 2018 the Parent Company Rekeep S.p.A. and its subsidiary Servizi Ospedalieri S.p.A. signed a 3-year maturity factoring agreement with Bancafarmafactoring S.p.A. concerning the assignment without recourse and on a revolving basis of receivables claimed by the same companies from entities in the National Health System and Public Authorities, in an amount of up to € 200 million. The new agreement replaces the previous one, which was also signed with Banca Farmafactoring S.p.A. in 2016 and which provided for an annual ceiling of up to € 100 million for the assignment of receivables claimed from the National Health System only.

Within the context of the abovementioned refinancing transaction*,* the Parent Company Rekeep S.p.A. also signed a Super Senior Revolving (RCF) loan agreement for a total amount of € 75 million, governed by English law. Specifically, the RCF loan agreement was entered into between, among others, Rekeep S.p.A., on the one hand, and Credit Suisse AG Milan Branch, Goldman Sachs Bank Europe SE, JP Morgan AG and Unicredit S.p.A. (as Mandated Lead Arrangers), Unicredit S.p.A. as Agent and Security Agent, and the Original Lenders, on the other hand. No amount arising from uses under the Super Senior Revolving Loan Agreement may be used, directly or indirectly, in order to, among other things, proceed with the repurchase or redemption of the Bond Issue or the purchase of shares in Rekeep S.p.A..

The Group's management believes that the structure of the financial debt maturity, as well as the availability of the abovementioned committed credit lines, allow the Group to meet its financial requirements in an adequate manner.

Price risk

Risks of this nature which the Group is exposed to could involve changes in the price:

- of oil products relating to heat management activities,
- of cotton, the raw material in the linen used for laundering activities.

However, concerning oil products, these changes are, for the most part, accommodated by the conditions of contracts in place with customers, given that price revision is provided for both by contract, and by art. 115 of Decree Law no. 163 of 12 April 2006. Therefore, it is deemed that the effect on the Group's profit for the year arising from changes in prices, even significant, would essentially have been insignificant, in terms of amount.

Credit risk

The Group's portfolio mix, which, in the past, was made up mainly of contracts with the Public Administration, a situation that did not present insolvency problems, but which required constant contact with customers in order to minimize delays caused by the Authority's red-tape and jointly resolve problems relating to their financial management. At present the portfolio mix also includes some large Italian industrial and banking groups, mainly organized as a network all over the country.

There are no significant credit concentration risks to report, which are carefully monitored by the Group. Furthermore, given the continuing economic downturn, the Group has equipped itself with specific procedures and structures aimed at a more efficient management of its working capital, as well as of debt collection.

Fair value

The carrying amount of the Group's financial instruments recorded in the Consolidated Financial Statements does not deviate from the fair value, including the value of those classified as assets held for sale. Market interest rates were applied to financial assets and liabilities as at the balance sheet date.

The comparison between the carrying amount and fair value of the main financial assets and liabilities is shown below:

	Carrying Amount		Fair value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
FINANCIAL ASSETS				
Cash and cash equivalents	99,512	90,464	99,512	90,464
Receivables and other current financial assets	14,799	5,994	14,799	5,994
Other minority interests	7,140	7,130	7,140	7,130
Non-current financial receivables	4,702	5,529	4,702	5,529
FINANCIAL LIABILITIES				
Loans:				
- Variable rate loans	21,387	9,724	21,387	9,724
- Fixed rate loans	411,919	359,785	411,919	359,785
Other current financial liabilities	61,654	61,276	61,654	61,276

Interest rate risk

With the refinancing transaction carried out by the Parent Company Rekeep S.p.A., the Group has requalified its own financial structure, extending the maturity of the medium/long-term debt and keeping a short-term debt portion balanced with respect to the financing requirements of its working capital.

The main source of financing of the Rekeep Group consists of the Senior Security Notes bond issue with a coupon at a fixed rate of 7.25%.

In addition to the bond issue the Group uses, as medium/long-term financing, bank loans subject to the application of fixed interest rates and "finance" lease agreements subject to the application of variable interest rates.

The forms of short-term financing used by the Group, which are mainly subject to the application of variable rates which can be identified as the EURIBOR rate, include current account overdrafts, short- and very short-term (hot money) bank loans and assignments of receivables.

The Group's indebtedness mix is then mainly linked to medium/long-term fixed interest rates.

The breakdown of financial instruments of the Group exposed to interest rate risks is listed in note 17, to which reference should be made as regards Loans, and in notes 9 and 12 to which reference should be made as regards *Non-current financial assets* and *Cash and cash equivalents*, *Receivables and other current financial assets*, respectively.

Interest rate sensitivity analysis

The structure of the consolidated debt is affected, to a marginal extent, by the changes in market rates, as it is mainly based on forms of financing subject to the payment of interest calculated on the basis of fixed rates, as described above. For the remaining amount, the Group makes recourse to variable rate loans, which are linked to the EURIBOR performance.

The table below shows the sensitivity of pre-tax profit for the year to reasonably possible variations in interest rates, all the other variables being kept constant.

	Increase / Decrease	Effect of the profit (loss) gross of taxes
Financial year ended 31 December 2021	+ 150 bps	(2,756)
	- 30 bps	551
Financial year ended 31 December 2020	+ 150 bps	(2,362)
	- 30 bps	472

The sensitivity analysis confirms the rigidity of the financial structure adopted by the Rekeep Group, which is mainly based on medium/long-term fixed-rate loans, as already detailed above.

Exchange rate risk

The Group companies have limited dealings with countries in different currencies; however, the Group operates through subsidiaries at a local level in countries that are not part of the Eurozone. In relation to exchange rate risk, it should be noted that the amount of accounting balances denominated in currencies other than the functional currency is to be regarded as not significant compared to the Group's total revenues.

Therefore, the Group remains exposed to exchange rate risk on the balances of assets and liabilities denominated in foreign currency at the end of the year.

The Group has neither entered into nor is planning to enter into hedging instruments against exchange rate fluctuations in the future.

Capital management

The key objective of the Group's capital management is to guarantee that a solid credit rating is maintained as well as adequate capital ratios to support operations and to maximize value for shareholders.

The Group manages the capital structure and amends it on the basis of changes in economic conditions. In order to maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay principal or issue new shares.

The Group checks its debt ratio, by assessing the ratio of net debt to the total of own equity and net debt: interest-bearing loans, trade payables, other payables and provisions for employee severance indemnity net of cash and cash equivalents.

	31 December 2021	31 December 2020
Employee termination indemnity	10,483	11,267
Interest-bearing loans	433,306	369,509
Trade payables and contract liabilities	413,374	412,849
Other current payables	167,457	184,249
Other current financial payables	61,654	61,276
Cash and cash equivalents	(99,512)	(90,464)
Other current financial assets	(14,799)	(5,994)
Total Net Debt	**971,963**	**942,692**
Group shareholders' equity	46,746	69,337
Undistributed net profit (loss)	22,588	83,154
Total Capital	**69,334**	**152,491**
EQUITY AND NET DEBT	**1,041,297**	**1,095,183**
INDEBTEDNESS RATIO	**93.3%**	**86.1%**

The debt ratio showed an increase compared to 31 December 2020 as a result of a decrease in the shareholders' equity of the Group against the loss carried forward at 31 December 2020, which was affected by the recognition of the fine imposed by the Competition Authority for € 82,200 thousand, as well as the continuing existence of a significant balance of current payables due to the recognition of liabilities relating to the notice of payment of the fine itself.

37. OTHER INFORMATION

In 2021 some Group companies received financial benefits from Public Authorities or entities treated as such as referred to in Law no. 124 of 4 August 2017 bearing "*Annual Act on market and competition*".

Specifically, during the 2021 financial year some Group companies achieved income from tax credits for sanitization and the purchase of protective equipment regulated by Article 125 of the Relaunch Decree (Decree Law no. 34 of 2020).

Furthermore, the Parent Company Rekeep S.p.A. and Medical Device S.r.l. entered into soft loans named “Artigiancassa Loan” and “Sabatini Loan”, respectively, as described in note 17 above.

Finally, additional financial benefits were obtained for a lower amount, for which reference should be made to the information provided in the “Register of State Aids” published on-line at the website www.rna.gov.it, section “TRANSPARENCY - PERSONAL AID".

38. SUBSEQUENT EVENTS

New agreement for the assignment without recourse of trade receivables

On 17 January 2022, the Parent Company Rekeep S.p.A. signed a new agreement for the assignment without recourse of its trade receivables with Banca Farmafactoring S.p.A. for an amount of up to € 300 million. The agreement has a term of three years and provides for the possibility of assigning, without recourse and on a revolving basis, receivables claimed by Rekeep S.p.A. and other subsidiaries from Entities in the National Health System and Public Authorities. The new agreement replaces the previous one, which was also signed with Banca Farmafactoring S.p.A. in 2018 and which provided for an annual ceiling of up to € 200 million for the assignment of receivables of the same type.

Heterogeneous transformation and change of name of the parent company

Manutencoop Società Cooperativa transformed its legal form from a cooperative company to a joint-stock company, and, in this context, changed its company name to MSC Società di Partecipazione tra Lavoratori S.p.A., with effect from 1 February 2022. The transaction was carried out following a resolution passed by the extraordinary shareholders' meeting held on 27 November 2021 and upon completion of the formalities required by the applicable provisions of law. The Rekeep Group's parent company retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal total value.

The adoption of the new legal form of joint-stock company originated and was motivated by the need to better support the national and international development of the Rekeep Group. The cooperative company form, due to its rules of governance and remuneration of invested capital, has in fact proved unsuitable over time to cope with this program, which requires both the contribution of capital from shareholders and the financial market and access to advanced financial instruments.

There were no significant impacts on the operations of the Rekeep Group following the transformation.

International geopolitical tensions

As at the date of presentation of the Consolidated Financial Statements, the conflict that broke out on 24 February 2022 following Russia's invasion of Ukraine was still ongoing, and its evolution is not foreseeable at present. The military conflict had immediate repercussions in economic terms: the main Western political forces reacted by imposing extremely harsh economic sanctions on Russia; on the other hand, the climate of uncertainty led to a general rise in inflation.

At present, it is not yet possible to reliably estimate the impact of the international scenario described above and the repercussions that it has on the country. The Management monitors the situation on an ongoing basis.

It should be pointed out that the Group has no business relationships, nor does it have secondary offices or companies in the countries involved in the conflict.

Zola Predosa, 18 March 2022

The Chairman and CEO

Giuliano Di Bernardo

ANNEX I

GROUP COMPANIES

PARENT COMPANY

	Currency	Registered Office	City
Rekeep S.p.A.	Euro	Via Ubaldo Poli no. 4	Zola Predosa (BO)

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name	Registered Office	City	% Held	Currency
Bologna Strade Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	54.37%	Euro
Catermed S.A.	ul. Traktorowa n. 126/201, 91-204	Lodz (Poland)	100%	PLN
Cefalù Energia S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
CO.GE.F. Soc. Cons. a r.l	Via Ubaldo Poli no. 4	Zola Predosa (BO)	80%	Euro
Consorzio Igiene Ospedaliera Soc. Cons. a r.l	Via Ubaldo Poli no. 4	Zola Predosa (BO)	66.66%	Euro
Consorzio Stabile CMF	Via Bolzano no. 59	Trento (TN)	97.449%	Euro
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, no. 4	Çankaya/ Ankara	51%	TRY
Ferraria Soc. cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	69%	Euro
H2H Facility Solutions S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
H2H Cleaning S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
ISOM Lavori Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.71%	Euro
ISOM Gestione Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52.97%	Euro
IZAN+ sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
JOL-MARK sp. z o.o.	ul. Portowa n. 16G, 44-100	Gliwice (Poland)	100%	PLN
KANARIND Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.43%	Euro
Kolumna Transportu Sanitarnego Triomed sp. z o.o.	ul. Północna n. 22, 20-064	Lublin (Poland)	100%	PLN
Infrastrutture Lombardia Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Logistica Sud Est Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Medical Device S.r.l.	Via della Tecnica no. 52	Montevarchi (AR)	60%	Euro
MSE Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	56%	Euro

Name	Registered Office	City	% Held	Currency
Naprzód Catering sp. z o.o.	ul. Stefana Banacha 1A, 02-097	Warsaw (Poland)	100%	PLN
Naprzód Cleaning sp. z o.o.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Hospital sp. z o.o.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Inwestycje sp. z o.o.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód IP sp. z o.o. in liquidation	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Marketing sp. z o.o.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Service sp. z o.o.	ul. Traktorowa no. 126/202, 91-204	Lodz (Poland)	100%	PLN
Palmanova Servizi Energetici Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Rekeep Digital S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Facility S.a.s.	Boulevard de Sebastopol no. 52	Paris	100%	Euro
Rekeep France S.a.s.	Boulevard de Sebastopol no. 52	Paris	70%	Euro
Rekeep Mobilites S.a.S.	Rue de Moscou, no. 11bis	Paris	100%	Euro
Rekeep Polska S.A.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	80%	PLN
Rekeep Rail S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Santè S.a.S.	Rue de Moscou, no. 11bis	Paris	100%	Euro
Rekeep Saudi Arabia Ltd	P.O Box 230888, K.S.A., 28th floor, Kingdom Tower	Riyadh (Saudi Arabia)	100%	SAR
Rekeep Transport S.a.S.	Place Louis Armand-Tour de l'Horloge no. 4	Paris	100%	Euro
Rekeep United Yönetim Hizmetleri A.Ş.	United Plaza Örnektepe Mh. İmrahor Cd. Sivaseli Sk.no. 4	Istanbul	50.98%	TRY
Rekeep World S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
S.AN.CO S.c.a.r.l.	Via Aurelio Saffi no. 51	Bologna	100%	Euro
S.AN.GE S.c.a.r.l.	Viale Sarca n. 336 – Strada Privata Breda – Edificio 12	Milan	89%	Euro
San Gerardo Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Servizi Brindisi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52%	Euro
Servizi Ospedalieri S.p.A.	Via Calvino no. 33	Ferrara	100%	Euro
Servizi Sanitari Sicilia Soc.Cons. a r.l.	Via Calvino no. 33	Ferrara	70%	Euro
Servizi Taranto Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60.08%	Euro
Telepost S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Treviso GS4 Soc. Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	50.1%	Euro
U.Jet S.r.l.	Via San Francescuccio odè Mietitori no. 32	Bastia Umbra (PG)	60%	Euro
U.Jet Romania Private Limited Company	str. Garii no. 10	Sighetu Marmatiei, (Romania)	100%	RON

Name	Registered Office	City	% Held	Currency
Vendi Service sp. z o.o. in liquidation	ul. Traktorowa n.126, 91-204	Lodz (Poland)	100%	PLN
Vendi Servis IP sp. z o.o.	ul. Traktorowa n.126, 91-204	Lodz (Poland)	100%	PLN

JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
AMG S.r.l.	SS Laghi di Avigliana no. 48/a	frazione Roata Raffo Busca (CN)	50%	Euro
CO. & MA. Soc. Cons. a r.l.	Via del Parco no. 16	Tremestieri Etneo (CT)	50%	Euro
DUC Gestione Sede Unica Soc.cons.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	49%	Euro
Legnago 2001 Soc.cons.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Servizi Sportivi Brindisi Soc.cons.r.l. in liquidation	Via Licio Giorgieri no. 93	Rome	50%	Euro

ASSOCIATES AND OTHER COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
2High S.r.l.	Via Farini no.6	Bologna	20.09%	Euro
Alisei S.r.l. in liquidation	Via Cesari n. 68/1	Modena	100%	Euro
Bologna Gestione Patrimonio Soc.Cons. r.l. in liquidation	Via della Cooperazione no. 9	Bologna	27.58%	Euro
BGP2 Soc.Cons. r.l.	Via Giovanni Papini no. 18	Bologna	41.17%	Euro
Bologna Global Strade Soc.Cons. r.l.	Via Pila no. 18	Sasso Marconi (BO)	59.65%	Euro
Bologna Più' Soc.Cons.r.l in liquidation	Via M.E. Lepido no. 182/2	Bologna	25.68%	Euro
Centro Europa Ricerche S.r.l.	Via G. Zanardelli no. 34	Rome	21.38%	Euro
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	Via Poiano no. 22	Imola (BO)	60%	Euro
Consorzio Polo Sterilizzazione Integrata a r.l. in liquidation	Via Facciolati no. 84	Padua	60%	Euro
Consorzio Sermagest Soc.Cons. a r.l. in liquidation	Via Filippo Corridoni no. 23	Rome	60%	Euro
Consorzio Servizi Toscana Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Gestione Servizi Taranto Soc.Cons.a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	47%	Euro

Name	Registered Office	City	% Held	Currency
Gestione Strade Soc.Cons.a r.l.	Strada Manara no. 64/B	Parma	25%	Euro
Global Oltremare Soc.Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	42.40%	Euro
Global Vicenza Soc.Cons. a r.l.	Via Grandi no. 39	Concordia Sulla Secchia (MO)	41.25%	Euro
Gymnasium Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa 76	Bologna	29.926%	Euro
Imola Verde e Sostenibile Soc. Cons. a r.l.	Via S. Allende no. 39	Bologna	30%	Euro
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi no. 18	Turin	24.75%	Euro
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa no. 23/I	Caltanissetta (CL)	45%	Euro
Manutencoop International Services LLC	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	QAR
MCF servizi Integrati Soc.Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Newco Duc Bologna S.p.A.	Via M.E. Lepido no. 182/2	Bologna	24.90%	Euro
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	P.O Box 230888, Riyadh, 11321, K.S.A., 28th floor, Kingdom tower.	Riyadh (Saudi Arabia)	100%	SAR
Roma Multiservizi S.p.A.	Via Tiburtina no. 1072	Rome	45.47%	Euro
San Martino 2000 Soc.Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Euro
S.E.I. Energia Soc. Cons. a r.l.	Via Emilia no. 65	Palermo (PA)	49%	Euro
Serena S.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Servizi Napoli 5 Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	45%	Euro
Simagest 2 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	90%	Euro
Simagest 3 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	89.99%	Euro
Società Consortile Adanti Manutencoop a r.l.in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Steril Piemonte Soc.Cons. r.l.	Corso Einaudi no. 18	Turin	25%	Euro
Yougenio S.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro

ANNEX II

EQUITY-ACCOUNTED INVESTMENTS

	%	Net assets 31 December 20	Changes for the financial year					Net assets 31 December 21	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
2HIGH S.r.l.	20.09%	90						90	90	0
Alisei S.r.l. in liquidation	100%	(110)				0		(110)	0	(110)
A.M.G. S.r.l.	50%	2,379		(95)	91			2,373	2,373	
BGP 2 Soc. Cons. a r.l.	41.47%	62			0			62	62	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidation	27.58%	0			0			0	0	
Bologna Global Strade Soc. Cons. a. r.l.	60%	59			1			60	60	
Bologna Più Soc. Cons. a r.l.	25.68%	5						5	5	
Centro Europa Ricerche S.r.l.	21.38%	66			0			66	66	
Co. & Ma. Soc. Cons. a r.l.	50%	5						5	5	
Como Energia Soc. Cons. a r.l. in liquidation	30%	7	(6)		(1)			0	0	
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	60%	6						6	6	
Consorzio Sermagest in liquidation	60%	0						0	0	
Consorzio Servizi Toscana ar.l.	60%	6						6	6	
DUC Gestioni Soc.Cons. a r.l.	49%	10						10	10	
F.lli Bernard S.r.l.	20%	1,503	(1,685)	(100)	282			0	0	
Gestione Servizi Taranto Soc.Cons.a r.l.	47%	9						9	9	
Gestione Strade Soc.Cons. a r.l.	25%	13						13	13	

	%	Net assets 31 December 20	Changes for the financial year					Net assets 31 December 21	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
GICO Systems S.r.l.	20%	203	(203)					0	0	
Global Oltremare Soc.Cons. r.l. in liquidation	60%	0	6					6	6	
Global Provincia di Rimini Soc.Cons. a r.l.	42.40%	4						4	4	
Global Riviera Soc.Cons. a r.l. in liquidation	30.66%	9	(9)					0	0	
Global Vicenza Soc.Cons. a r.l.	41.25%	4						4	4	
GR.A.AL. SOC.CONS A R.L.	29.93%	3						3	3	
Gymnasium soc. Cons. a r.l. in liquidation	68%	7						7	7	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	30%	6						6	6	
IPP S.r.l.	24.75%	382	25		(9)			399	399	
Legnago 2001 Soc. Cons. a r.l.	50%	5						5	5	
Logistica Ospedaliera Soc. Cons. a r.l	45.00%	5						5	5	
Manutencoop International Services LLC	49.00%	(55)					(41)	(96)	0	(96)
MCF Servizi integrati Soc. Cons. a r. l. in liquidation	60.00%	6			0			6	6	
Newco DUC Bologna S.p.A.	24.90%	1,788			41		359	2,189	2,189	
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	100%	0	21		(19)		(2)	(0)	(0)	
Rekeep Austria GmbH in liquidation	100%	0	17		(17)			0	0	0
ROMA Multiservizi S.p.A.	45.47%	1,350		0	1,384		(33)	2,701	2,701	
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
S.E.I. Energia Soc. Cons. a r.l.	49.00%	5						5	5	

	%	Net assets 31 December 20	Changes for the financial year					Net assets 31 December 21	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Società Consortile Adanti Manutencoop a r.l. in liquidation	50%	10						10	10	
Serena S.r.l.	50%	9						9	9	
Servizi Napoli 5 Soc. Cons. a r.l.	45%	5						5	5	
Servizi Sportivi Brindisi Soc. Cons. a r.l.	50%	5						5	5	
Simagest 2 Soc.Cons.a r.l. in liquidation	90%	45						45	45	
Simagest 3 Soc.Cons.a r.l. in liquidation	89.99%	45						45	45	
Steril Piemonte Soc. Cons. a r.l.	25%	1,000			(14)			986	986	
Tower Soc.Cons. a r.l. in liquidation	20.17%	20	(20)					0	0	
Yougenio S.r.l. in liquidation	100.00 %	(168)	473		(473)	(0)		(169)	0	(169)
NET BOOK VALUE		**8,807**	**(1,382)**	**(195)**	**1,267**	**(0)**	**283**	**8,778**	**9,153**	**(374)**

ANNEX III

RELATED PARTY TRANSACTIONS

PARENT COMPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
MSC S.p.A.	31-Dec-20	175	25,840			31-Dec-20	57	8,915	5,912	17,040
	31-Dec-21	197	29,531	37		31-Dec-21	77	15,159	4,702	14,924

ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
2HIGH S.r.l.	31-Dec-20		116			31-Dec-20			215	
	31-Dec-21		217			31-Dec-21			182	
Alisei s.r.l. in liquidation	31-Dec-20					31-Dec-20	3			1
	31-Dec-21					31-Dec-21	3			1
AMG S.r.l.	31-Dec-20		251			31-Dec-20	1		331	
	31-Dec-21		248			31-Dec-21			210	
Bologna Gestione Patrimonio Soc.Cons. a r.l.	31-Dec-20	(148)	244			31-Dec-20	165		501	
	31-Dec-21	60	242			31-Dec-21	110		520	
Bologna Più Soc.Cons.a r.l. in liquidation	31-Dec-20					31-Dec-20		3	3	2
	31-Dec-21					31-Dec-21		3	3	2
Bologna Global Strade Soc. Cons. a r.l	31-Dec-20	457	767			31-Dec-20	86	383	1	
	31-Dec-21	247				31-Dec-21	148	383	1	
Como Energia Soc.Cons.a r.l. in liquidation	31-Dec-20		7			31-Dec-20			111	
	31-Dec-21		3			31-Dec-21				
Consorzio Imolese Pulizie soc.Cons. in liquidation	31-Dec-20					31-Dec-20		36	12	
	31-Dec-21					31-Dec-21		36	12	
Consorzio	31-Dec-20					31-Dec-20				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Sermagest Soc.Cons.a r.l in liquidation	31-Dec-21					31-Dec-21				
Consorzio Servizi Toscana Soc.Cons.a r.l in liquidation	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				
Consorzio Servizi Toscana Soc.Cons.a r.l in liquidation	31-Dec-20					31-Dec-20	282		177	
	31-Dec-21					31-Dec-21	282		177	
CO.& MA. Soc. Cons. a r.l	31-Dec-20	360	1,203			31-Dec-20	60	20	568	
	31-Dec-21	270	1,166			31-Dec-21	90	20	1,163	
DUC Gestione Sede Unica Soc. Cons. a r.l.	31-Dec-20	7,141	3,218			31-Dec-20	3,140		1,037	
	31-Dec-21	7,356	3,444			31-Dec-21	4,303		1,843	
Fr.lli Bernard s.r.l.	31-Dec-20	60	23			31-Dec-20	76	50	32	
	31-Dec-21	24	29			31-Dec-21				
Gestione Servizi Taranto Soc.Cons.a r.l.	31-Dec-20	1,570	1,345			31-Dec-20	1,584	32	847	
	31-Dec-21	4,544	4,220			31-Dec-21	5,684	23	5,019	
Gestione Strade soc.cons.r.l.	31-Dec-20	223	1,278			31-Dec-20	78	63	433	
	31-Dec-21	64	1,187			31-Dec-21	44	63	398	
Gico Systems S.r.l.	31-Dec-20	6	1,717			31-Dec-20	2		984	
	31-Dec-21					31-Dec-21				
Global Oltremare Soc.Cons.a r.l in liquidation	31-Dec-20					31-Dec-20				
	31-Dec-21		7			31-Dec-21			92	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	31-Dec-20					31-Dec-20		70	13	
	31-Dec-21					31-Dec-21		70	13	
Global Riviera Soc.Cons.a r.l.	31-Dec-20		9			31-Dec-20			(14)	
	31-Dec-21		(6)			31-Dec-21			4	
Global Vicenza Soc.Cons. a r.l.	31-Dec-20		3			31-Dec-20		10	16	
	31-Dec-21					31-Dec-21		10	17	
GR.A.AL. Soc. Cons. a. r.l.	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				
Gymnasium Soc. cons. a r.l in liquidation	31-Dec-20					31-Dec-20	1	8	33	
	31-Dec-21					31-Dec-21	1	8	33	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	31-Dec-20	285	274			31-Dec-20	114		102	3
	31-Dec-21	211	203			31-Dec-21	50		45	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
IPP S.r.l.	31-Dec-20	15	158			31-Dec-20	27	59	149	
	31-Dec-21		233			31-Dec-21	12	35	148	
Legnago 2001 Soc. Cons. r.l.	31-Dec-20		5			31-Dec-20	158		59	
	31-Dec-21		8			31-Dec-21	158		67	
Logistica Ospedaliera Soc. Cons. a r.l.	31-Dec-20		4			31-Dec-20			19	
	31-Dec-21		8			31-Dec-21			18	
Newco DUC Bologna S.p.A	31-Dec-20					31-Dec-20			51	
	31-Dec-21		15			31-Dec-21			66	
Manutencoop International Services LLC	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				
MCF Servizi integarti Soc. cons. a r.l. in liquidation	31-Dec-20					31-Dec-20	689		322	
	31-Dec-21					31-Dec-21	689		322	
Roma Multiservizi S.p.A.	31-Dec-20	716	(569)			31-Dec-20	409		627	
	31-Dec-21	361	63			31-Dec-21	261		93	
San Martino 2000 Soc.Cons. r.l.	31-Dec-20	1,555	2,618			31-Dec-20	1,114		531	
	31-Dec-21	1,414	2,539			31-Dec-21	416		859	
Rekeep Austria G.m.b.H. in liquidation	31-Dec-20					31-Dec-20		8		
	31-Dec-21					31-Dec-21				
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	31-Dec-20					31-Dec-20				
	31-Dec-21		0			31-Dec-21				
Serena S.r.l. - in liquidation	31-Dec-20					31-Dec-20		3		
	31-Dec-21					31-Dec-21		3		
Servizi Napoli 5 Soc.Cons. a r.l.	31-Dec-20	1,357	1,290			31-Dec-20	3,853		2,612	
	31-Dec-21	1,375	1,284			31-Dec-21	4,310		2,896	
S.E.I. Energia Soc. Cons. a r.l.	31-Dec-20	49	3,944	22		31-Dec-20	44	757	2,347	
	31-Dec-21	49	3,553	22		31-Dec-21	103	780	2,799	
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	31-Dec-20					31-Dec-20		75	13	2
	31-Dec-21					31-Dec-21		75	13	2
S.I.MA.GEST3 Soc. Cons. r.l in liquidation	31-Dec-20		4			31-Dec-20		3	7	
	31-Dec-21					31-Dec-21		3	6	
Società Consortile Adanti in liquidation	31-Dec-20					31-Dec-20			53	
	31-Dec-21					31-Dec-21			53	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Steril Piemonte Soc. cons. a.r.l	31-Dec-20		394			31-Dec-20	7		189	
	31-Dec-21					31-Dec-21	7		104	
Tower Soc.Cons. a r.l. in liquidation	31-Dec-20					31-Dec-20	33	29		
	31-Dec-21					31-Dec-21				
Yougenio S.r.l. in liquidation	31-Dec-20	684	192	114		31-Dec-20	705		232	29
	31-Dec-21	45	3	88		31-Dec-21	42		4	43

SUBSIDIARIES OF MSC S.P.A.

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cerpac S.r.l. in liquidation	31-Dec-20					31-Dec-20	1			
	31-Dec-21					31-Dec-21	1			
Nugareto Società Agricola Vinicola S.r.l.	31-Dec-20				703	31-Dec-20		6		
	31-Dec-21	1	38		725	31-Dec-21		6	16	
Sacoa S.r.l.	31-Dec-20	41	24			31-Dec-20	12		2	
	31-Dec-21	41	6			31-Dec-21	12		1	
Sacoa Servizi Telematici S.r.l.	31-Dec-20					31-Dec-20				
	31-Dec-21		24			31-Dec-21			25	
Segesta servizi per l'Ambiente S.r.l.	31-Dec-20	5				31-Dec-20	6			
	31-Dec-21	5				31-Dec-21	2			

ASSOCIATES OF MSC S.P.A. OR OTHER RELATED PARTIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Società Cooperativa	31-Dec-20	72				31-Dec-20	19			
	31-Dec-21	73				31-Dec-21	19			
Consorzio Karabak 2 Società Cooperativa	31-Dec-20	4				31-Dec-20	1			
	31-Dec-21	5				31-Dec-21	1			
Consorzio Karabak 4 Società Cooperativa	31-Dec-20		1			31-Dec-20			1	
	31-Dec-21		1			31-Dec-21			1	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak 5 Società Cooperativa	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				
Consorzio Karabak 6 Società Cooperativa	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL	**31-Dec-20**	**14,627**	**45,545**	**136**	**703**	**31-Dec-20**	**12,727**	**10,530**	**18,528**	**17,077**
	31-Dec-21	**16,342**	**48,265**	**147**	**725**	**31-Dec-21**	**16,825**	**16,677**	**21,925**	**14,972**

ANNEX IV

STATEMENT OF RECONCILIATION OF THE RECLASSIFIED STATEMENT OF CASH FLOW AND THE STATUTORY SCHEDULE ITEMS

	For the year ended 31 December			
		2021		2020
Cash and cash equivalents at the beginning of the year		**90,464**		**97,143**
Cash flow from current operations:		**29,301**		**50,748**
Profit before tax	(3,242)		10,986	
Profit (loss) from discontinued operations	16		2,569	
Capital gains from disposal of discontinued operations	(16)		(13,589)	
Other unrealized write-downs on discontinued operations	0		405	
Amortization, depreciation, write-downs and (write-backs) of assets	41,477		40,666	
Accrual (reversal) of provisions for risks and charges	5,471		8,236	
Employee termination indemnity provision	739		585	
Share of net profit of associates, net of dividends collected	388		7,555	
Financial charges (income) for the year	68,202		47,130	
Net interests received (paid) in the year	(53,625)		(37,786)	
Income taxes paid in the year	(13,401)		(16,036)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*(16,724)*		*(9,587)*	
Cash flow from current operations of discontinued operations	*16*		*9,615*	
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR):		**(4,539)**		**(6,380)**
Payments of employee termination indemnity	(2,002)		(1,695)	

	For the year ended 31 December			
	2021		2020	
Use of provisions for risks and charges	(2,537)		(4,685)	
CHANGE IN NWOC:		**(11,595)**		**(16,892)**
Decrease (increase) in inventories	3,041		(5,629)	
Decrease (increase) in trade receivables	(14,964)		(24,522)	
Increase (decrease) in trade payables	329		13,259	
INDUSTRIAL AND FINANCIAL CAPEX:		**(36,447)**		**16,288**
(Purchase of intangible assets, net of sales)	(4,110)		(5,264)	
(Purchase of property, plant and equipment)	(30,813)		(28,921)	
Proceeds from sale of property, plant and equipment	1,080		629	
(Acquisition of investments)	2,633		(386)	
Decrease (increase) of financial assets	(6,336)		(4,360)	
Financial effects of business combinations	(3,764)		(6,173)	
Discontinuing operations	0		53,935	
Reclassifications:				
Change in current financial assets	*5,909*		*3,241*	
Financial effects of business combinations	*(1,046)*		*6,054*	
Financial effects of discontinued operations	*0*		*8,147*	
Cash flow from current operations of discontinued operations	*0*		*(10,615)*	
CHANGE IN NET FINANCIAL LIABILITIES:		**55,370**		**39,980**
Change in finance lease debt	565		573	
New (repayment of) operating lease debt	(8,098)		(8,125)	
Non-current borrowings	370,000		3,670	
Repayment of non-current borrowings	(334,203)		(24,963)	
Net opening (repayment) of short-term bank credit lines	(2,734)		3,504	
Other net changes in borrowings	12,674		(16,451)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*16,724*		*9,587*	
Net change in current financial assets	*(5,909)*		*(3,241)*	
Non-cash elements on acquisitions of rights of use	*4,443*		*4,953*	

	For the year ended 31 December			
	2021		2020	
Financial effects of business combinations	*1,046*		*(6,054)*	
Financial effects of discontinued operations	*16*		*(1,770)*	
Dividend distribution authorized in the previous year	*878*		*(13,000)*	
Non-monetary effects on equity investments	*0*		*12,338*	
Distribution of reserves and other changes in Equity	*0*		*0*	
OTHER CHANGES:		**(23,043)**		**(11,463)**
Decrease (increase) in other current assets	1,699		5,943	
Increase (decrease) in other current liabilities	(15,681)		4,293	
Dividend distribution authorized in previous years	(293)		(13,000)	
Acquisition/sale of minority interests in subsidiaries	(1,968)		324	
Differences from translation of financial statements in foreign currency	(1,479)		646	
Reclassifications:				
Non-cash elements on acquisitions of rights of use	*(4,443)*		*(4,953)*	
Financial effects of discontinued operations	*0*		*(5,377)*	
Dividend distribution authorized in the previous year	*0*		*13,000*	
Non-monetary effects on equity investments	*0*		*(12,338)*	
Distribution of reserves and other changes in Equity	*(878)*		*0*	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**99,512**		**90,464**

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Indipendent auditor's report

Rekeep S.p.A.

Consolidated financial statements as of December 31, 2021

Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

EY S.p.A.
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Sole Shareholder of
Rekeep S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rekeep Group (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.
We are independent of the Rekeep S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note *"15. Provisions for Risks and Charges"* and to Note *"19. Trade Payables, Contract Liabilities and Other Current Liabilities"* of the consolidated financial statements, which describes management evaluation regarding the sanction imposed on Rekeep S.p.A. by the *Autorità Garante della Concorrenza e del Mercato* (Antitrust Authority) on May 9, 2019 and the related effects on the consolidated financial statements. Our opinion is not modified in respect of this matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Rekeep S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Rekeep S.p.A. are responsible for the preparation of the Report on Operations of Rekeep Group as of December 31, 2021, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of Rekeep Group as of December 31, 2021 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Rekeep Group as of December 31, 2021 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Bologna, April 6, 2022

EY S.p.A.
Signed by: Alberto Rosa, Auditor

This report has been translated into the English language solely for the convenience of international readers.

rekeep

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Separate financial statements

at 31 december 2021

2021 SEPARATE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(in Euro)	NOTES	31 December 2021	31 December 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	8,198,741	7,549,801
Property, plant and equipment under lease	4	24,210,322	27,138,483
Goodwill	6	326,421,263	326,421,263
Other intangible assets	5	16,261,997	18,057,730
Investments in Subsidiaries, Joint-ventures, Associates	7	139,925,360	114,153,187
Other investments	7	7,108,964	7,009,964
Non-current financial assets	8	35,324,236	29,206,551
Other non-current assets	9	2,377,117	2,707,511
Deferred tax assets	33	9,866.752	11,160,134
TOTAL NON-CURRENT ASSETS		**569,694,752**	**543,404,626**
CURRENT ASSETS			
Inventories	10	350,795	517,045
Trade receivables and advances to suppliers	11	286,310,673	286,270,770
Current tax receivables		4,289,212	7,753,005
Other current assets	12	10,762,352	12,385,498
Current financial assets	13	58,543,179	46,130,812
Cash and cash equivalents	14	47,897,256	53,822,821
TOTAL CURRENT ASSETS		**408,153,467**	**406,879,951**
Assets held for sale	15	0	0
TOTAL NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**977,848,219**	**950,284,577**

(in Euro)	NOTES	31 December 2021	31 December 2020
SHAREHOLDERS' EQUITY			
Share capital		109,149,600	109,149,600
Share premium reserve		145,018,390	145,018,390
Reserves		(92,251,565)	(92,358,621)
Retained earnings		(62,589,869)	3,808,987
Profit/(loss) for the year		(12,789,251)	(66,398,856)
TOTAL SHAREHOLDERS' EQUITY	**16**	**86,537,306**	**99,219,501**
NON-CURRENT LIABILITIES			
Employee termination indemnity	17	4,297,670	5,615,832
Provisions for risks and charges, non-current	18	22,735,889	21,990,375
Long-term financial debt	19	385,787,851	354,927,809
Deferred tax liabilities	33	11,389,849	12,252,699
Other non-current liabilities		52,500	32,000
TOTAL NON-CURRENT LIABILITIES		**424,263,759**	**394,818,715**
CURRENT LIABILITIES			
Provisions for risks and charges, current	18	10,374,154	8,700,932
Trade payables and contract liabilities	21	274,744,021	274,681,436
Current tax payables		14,498	259,229
Other current liabilities	22	129,002,302	142,107,739
Bank borrowings, including current portion of long-term debt, and other financial liabilities	19	52,912,180	30,497,025
TOTAL CURRENT LIABILITIES		**467,047,155**	**456,246,361**
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		**977,848,219**	**950,284,577**

STATEMENT OF PROFIT OR LOSS

	NOTES	31 December 2021	31 December 2020
REVENUE			
Revenue from contracts with customers	23	684,099,168	676,027,108
Other revenue	24	1,344,224	1,035,452
TOTAL REVENUE		**685,443,392**	**677,062,560**
OPERATING COSTS			
Costs of raw materials and consumables	25	(144,221,977)	(117,145,019)
Costs for services and use of third-party assets	26	(213,073,827)	(234,136,507)
Personnel costs	27	(259,935,092)	(255,438,684)
Other operating costs	28	(5,490,643)	(86,618,166)
Amortization, depreciation, write-downs and write- backs of assets	29	(15,549,863)	(27,966,333)
Accrual (reversal) to provisions for risks and charges		(3,707,293)	(6,163,699)
TOTAL OPERATING COSTS		**(641,978,693)**	**(727,468,407)**
OPERATING INCOME		**43,464,698**	**(50,405,846)**
FINANCIAL INCOME AND EXPENSES			
Dividends and net income/(loss) from sale of investments	30	11,987,772	20,942,866
Financial income	31	4,309,953	5,493,433
Financial expenses	32	(63,817,957)	(44,049,473)
Gains / (losses) on exchange rate		(206)	254
Profit/(loss) before taxes		**(4,055,740)**	**(68,018,767)**
Income taxes, current , prepaid and deferred	33	(8,749,277)	(9,035,017)
Profit/(loss) from continuing operations		**(12,805,016)**	**(77,053,784)**
Profit (loss) from discontinued operations	15	15,765	10,654,928
NET PROFIT (LOSS)		**(12,789,251)**	**(66,398,856)**

STATEMENT OF OTHER COMPREHENSIVE INCOME

(in Euro)	NOTES	31 December 2021	31 December 2020
Profit/(Loss) for the year		**(12,789,251)**	**(66,398,856)**
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 be subsequently reclassified under profit/(loss) for the year:			
Actuarial gains/(losses) on defined benefit plans		107,056	(7,671)
Income taxes		0	42,159
Net effect of actuarial gains/(losses)	**17**	**107,056**	**34,488**
Other components of the comprehensive income forthe year, which will not be subsequently reclassified under profit/(loss) for the year		**107,056**	**34,488**
Total profit/(loss) in the statement of comprehensive income, net of taxes		**107,056**	**34,488**
Total comprehensive income/(loss), net of taxes		**(12,682,195)**	**(66,364,368)**

STATEMENT OF CASH FLOWS

(In thousands of Euro)	For the year ended	
	31 December 2021	**31 December 2020**
Net profit (loss) from continuing operations for the year	**(12,805)**	**(77,054)**
Income taxes for the year	8,749	9,035
Profit (loss) before taxes	**(4,056)**	**(68,019)**
Profit (loss) from discontinued operations	16	11,060
Other unrealized write-downs on discontinued operations	-	(404)
Amortization, depreciation, write-downs and (write-backs) of assets	15,550	27,996
Accrual (reversal) of provisions for risks and charges	3,707	6,164
Employee termination indemnity provision	27	62
Payments of employee termination indemnity	(1,345)	(1,175)
Utilization of provisions for risks and charges	(1,458)	(3,630)
Financial charges (income) for the year	59,508	38,556
Operating cash flows before movements in working capital	**71,949**	**10,581**
Decrease (increase) of inventories	166	301
Decrease (increase) of trade receivables	(3,114)	301
Decrease (increase) of other current assets	1,954	5,162
Increase (decrease) of trade payables	63	(6,723)
Increase (decrease) of other current liabilities	(13,340)	58,491
Change in Working Capital	**(14,272)**	**57,531**
Net interest received (paid) in the year	(44,695)	(36,101)
Income tax paid in the year	(7,962)	(12,848)
Net cash flow from operating activities	**5,019**	**19,163**
(Purchase of intangible assets, net of sales)	(3,503)	(3,923)
(Purchase of property, plant and equipment)	(2,084)	(1,631)
Sales of property, plant and equipment	28	139
(Acquisition) Disposal of investments	(26,370)	45,328
(Decrease) increase of financial assets	(17,261)	(17,648)
Net cash flow used in investing activities	**(49,190)**	**22,265**

(In thousands of Euro)	**For the year ended**	
	31 December 2021	**31 December 2020**
Proceeds from non-current borrowings	(16)	0
Repayment of non-current borrowings	36,100	(23,817)
Proceeds from / (Repayment of) short term bank debt	(4,748)	(3,575)
Proceeds from / (Repayment of) intercompany loans	2,354	(6,816)
Proceeds from / (Repayment of) operating leases	(1,827)	(2,460)
Proceeds from / (Repayment of) other loans	6,382	(2,591)
Net change in loans	**38,245**	**(39,259)**
Dividends paid	-	(13,000)
Net cash flow from / (used in) financing activities	**38,245**	**(52,259)**
Changes in cash and cash equivalents	**(5,926)**	**(10,831)**
Cash and cash equivalents at the beginning of the year	53,823	64,654
Changes in cash and cash equivalents	(5,926)	(10,831)
Cash and cash equivalents at the end of the year	**47,897**	**53,823**
Details of cash and cash equivalents:		
Cash and bank current accounts	47,897	53,823
TOTAL CASH AND CASH EQUIVALENTS	**47,897**	**53,823**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	**For the year ended**	
	31 December 2021	**31 December 2020**
Interest paid	(47,711)	(39,330)
Interest received	3,015	3,228
Dividends paid	-	(13,000)
Dividends received	11,164	21,389

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 2020	**109,150**	**145,018**	**(98,134)**	**3,809**	**5,741**	**165,584**
Allocation of profits			5,741		(5,741)	-
Comprehensive profit/(loss) for the year			34		(66,399)	(66,364)
31 December 2020	**109,150**	**145,018**	**(92,359)**	**3,809**	**(66,399)**	**99,220**
Allocation of profits				(66,399)	66,399	-
Comprehensive profit/(loss) for the year			107		(12,789)	(12,682)
31 December 2021	**109,150**	**145,018**	**(92,252)**	**(62,590)**	**(12,789)**	**86,538**

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 2021 were approved by resolutions of the Board of Directors' meeting held on 18 March 2022 and the Shareholders' Meeting held on 22 April 2022.

At 31 December 2021 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.

With effect from 1 February 2022 Manutencoop Società Cooperativa transformed its legal form from a cooperative company to a joint-stock company, and, in this context, changed its company name to MSC Società di Partecipazione tra Lavoratori S.p.A. (hereinafter referred to as the "Parent Company" or "MSC"). The transaction was carried out following a resolution passed by the Extraordinary Shareholders' Meeting held on 27 November 2021 and upon completion of the formalities required by the applicable provisions of law. The parent company retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal total value.

The 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 (also known as "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, pest control and 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 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 services rendered by the Company is the so-called Landscaping, i.e. a service 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 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 2021 comprise the Statement of financial position, the Statement of Profit or Loss, the Statement of other Comprehensive Income, Statement of cash flows, Statement of changes in Shareholders' equity, and the related Explanatory Notes.

The Separate Financial Statements were prepared on a historical cost basis, except for the financial instruments that have been measured at fair value.

After considering the possible areas of doubt regarding the continuation of business, including the financial risks described in note 36 and any other market risk associated with the pending proceedings described in explanatory notes 18 and 20, the Directors decided to prepare these financial statements on the going-concern basis.

The Statement of Financial Position sets forth assets and liabilities distinguishing between current and non-current. The Statement of Profit or Loss classifies costs by nature, while the Statement of the other comprehensive Income sets forth the result for the period added with income and expenses, that in accordance with IFRS, are directly recognized in the Shareholders' equity. The Statement of cash flows has been prepared on the basis of the indirect method and presented in accordance with IAS 7, distinguishing between cash flow from operating, investing and financing activities.

The Financial statements at 31 December 2021 have been presented in Euro. 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 standard (IFRS)

The Separate Financial Statements at 31 December 2021 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 the preparation 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 year, with the exception of the aspects detailed below for the standards and interpretations which are newly issued and applicable from 1 January 2021, in addition to the amendments to the 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 2021

The following IFRS accounting standards, amendments and interpretations were applied by the Company for the first time as from 1 January 2021:

- on 31 March 2021 the IASB published the following amendment "*Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)*" by which it extends by one year the period of application of the amendment issued in 2020, which allowed lessees to account for Covid-19-related rent concessions and provide them with an exemption from assessing, through contract analysis, whether the definition of lease modification is met under IFRS 16. Therefore, lessees applying this option in 2020 accounted for the effects of rent concessions directly through profit or loss on the effective date of the concession. The 2021 amendment, which is available only to entities that have already adopted the 2020

Amendment, applied from 1 April 2021, with early adoption permitted. The adoption of these amendments did not have any impact on the Company's financial statements.

- On 25 June 2020 the IASB published the following amendment: "*Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)*". The amendments allow the temporary exemption from applying IFRS 9 to be extended until 1 January 2023 for insurance companies. The adoption of this amendment did not have any impact on the Company's financial statements.
- On 27 August 2020 the IASB published, following the reform of interbank interest rates such as IBOR, the document on the "*Interest Rate Benchmark Reform - Phase 2*", which makes amendments to the following standards:
  - IFRS 9 Financial Instruments;
  - IAS 39 Financial Instruments: Recognition and Measurement;
  - IFRS 7 Financial Instruments: Disclosures;
  - IFRS 4 Insurance Contracts;
  - IFRS 16 *Leases*.

All amendments became effective from 1 January 2021. The adoption of this amendment did not have any significant impact on the Company's financial statements.

IFRS accounting standards, amendments and interpretations endorsed by the European Union, which are not yet mandatorily applicable and not early adopted by the Group at 31 December 2021

On 14 May 2020 the IASB published the following amendments:

- *Amendments to IFRS 3 Business Combinations*: these are aimed at updating the reference to the Conceptual Framework in the revised version under IFRS 3, without this entailing amendments to the provisions of the standard.
- *Amendments to IAS 16 Property, Plant and Equipment*: these are aimed at not allowing the amount received from the sale of goods produced in the test phase of the asset itself to be deducted from the cost of property, plant and equipment. These revenues from sales and related costs will be, therefore, recognized through profit or loss.
- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*: the amendment clarifies that, in estimating whether a contract is onerous, the entity must consider any and all costs that are directly attributable to the contract . Accordingly, the assessment of whether a contract is onerous includes incremental costs (such as, for example, the cost of direct materials used in the work), as well as all the costs an entity cannot avoid because it has entered into the contract (such as, for example, the depreciation of the machinery used in fulfilling the contract).
- *Annual Improvements* 2018-2020: (i) Amendments to IFRS 1 "*First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*"; this amendment allows a subsidiary to account for cumulative translation differences of foreign currency transactions by using the amounts reported in the consolidated financial statements of the parent company, considering the date of transition to IFRS on the part of the parent company. This amendment shall also apply to associates or joint ventures; (ii) A*mendment to IFRS 9 "Financial Instruments – Fees in the '10 per cent' Test for*

Derecognition of Financial Liabilities": the amendment clarifies that the fees an entity must consider for the purposes of the 10% test (to establish whether there is a substantial change in the conditions of a financial liability) are only fees paid or received between the borrower and the lender, including on behalf of others. An entity applies this amendment to financial liabilities that are modified or exchanged after the date of the first financial period in which the entity applies the amendment for the first time; (iii) *IAS 41 Agriculture*: the amendment removes the requirement that must be met for an entity to exclude cash flows for taxation when measuring the fair value of assets; (iv) IFRS 16 *Leases, Illustrative Example*.

All amendments will become effective from 1 January 2022. The directors do not expect any material effect on the Company's financial statements from the adoption of these amendments.

On 12 February 2021 the IASB published two amendments: "Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)" and "Definition of Accounting Estimates (Amendments to IAS 8)". The amendments are aimed at improving disclosures on accounting policies so as to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments shall apply from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Company's financial statements from the adoption of these amendments.

On 18 May 2017 the IASB published IFRS 17 – *Insurance Contracts*, which is intended to replace IFRS 4 – *Insurance Contracts*. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from insurance contracts issued. The IASB developed the standard to remove inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework in order to take account of any and all types of insurance contracts, including reinsurance contracts held by an insurer. The new standard also provides for presentation and disclosure requirements to improve comparability among the entities operating in this sector.

The new standard measures an insurance contract based on a General Model or a simplified version thereof, according to the Premium Allocation Approach ("PAA").

The main features of the General Model are:

- estimates and expectations of future cash flows are always current;
- the measurement reflects the time value of money;
- estimates involve extensive use of information observable on the market;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated in groups of insurance contracts upon initial recognition;
- the expected profit is recorded in the period of contractual coverage, taking account of any adjustment arising from changes in the assumptions regarding the cash flows relating to each group of contracts.

The PAA approach provides for the measurement of the liability for residual coverage for a group of insurance contracts provided that, upon initial recognition, the entity expects the liability to reasonably consist of an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications arising from the application of the PAA method do not apply to the measurement of liabilities for outstanding claims, which are measured by using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will arise within one year of the date the claim occurred.

An entity must apply the new standard to the insurance contracts that are issued, including reinsurance contracts that are issued and held, as well as investment contracts with a discretionary participation feature (DPF).

The standard shall apply from 1 January 2023, with early adoption permitted, only for entities that apply IFRS 9 - *Financial Instruments* and IFRS 15 - *Revenue from Contracts with Customers*. The directors do not expect any material effect on the Company's financial statements from the adoption of this standard.

IFRS accounting standards, 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 23 January 2020 the IASB published "*Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*". The document aims to clarify how to classify debts and other short- or long-term liabilities. The amendments will become effective from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Company's financial statements from the adoption of this amendment.
- On 7 May 2021 the IASB published "*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*". The document clarifies the method by which deferred taxes should be accounted for on certain transactions that can generate assets and liabilities for an equal amount, such as leases and decommissioning obligations. The amendments shall apply from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Company's financial statements from the adoption of this amendment.
- On 9 December 2021, the IASB published "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*". The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17, aimed at avoiding temporary accounting mismatches between financial assets and insurance contract liabilities, and thus improving the usefulness of comparative information for readers of financial statements. The amendments shall apply from 1 January 2023, together with the application of IFRS 17. 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. This standard is not applicable since the Company is not a first-time adopter.

2.3 Discretionary assessments and significant accounting assumptions

The preparation of the consolidated Financial Statements requires Directors to make discretionary assessments, estimates and assumptions that affect the amounts of revenues, costs, assets and liabilities, and the indication of contingent liabilities at the date of the financial statements. However, the uncertainty of these assumptions and estimates could lead to outcomes which may require a significant adjustment to the carrying amount of said assets and/or liabilities in the future.

Discretionary assessments

The main decisions taken by the Directors on the basis of discretionary assessments (excluding those relating to accounting estimates), in the application of the accounting standards, with a significant effect on the values recognized in the accounts relate to the adoption, starting from 2007, 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 are reported in the consolidated financial statements of the common parent company. 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 . Operations "Under Common Control" give rise to the recognition of goodwill among assets up to the full amount of that recognized in the Consolidated Financial Statements which include the companies involved in the merger, i.e. those of MSC Società di Partecipazione tra Lavoratori S.p.A.. The additional difference, which cannot be recognized, gives rise to a negative equity reserve.

Uncertainty of estimates

The key assumptions regarding the future and other significant sources of uncertainty relating to estimates as at the period ending date of the condensed consolidated interim Financial Statements are detailed below.

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 31 December 2021 the carrying amount of the goodwill stood at € 326,421 thousand (unchanged compared to 31 December 2020): for more details see note 6.

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 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 Financial Statements.

Recognition of revenues and costs relating to contract activities

The Company 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 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 assumption 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.

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
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
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 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.

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 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. 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 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: > legal duration of the right; > 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 value	Yearly or more frequently when thereis 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 be classified 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.

Finance lease contracts, which substantially transfer all risks and rewards of ownership of the leased asset, are capitalized at the date of the start of the lease at the fair value of the leased asset or, if lower, at the present value of rental fees. Rental fees are split between the portions of principal and interest so as to obtain the application of a constant interest rate on the residual debt balance. Financial costs are charged directly to the income statement. Capitalized leased assets are amortized over the estimated useful life of the asset and the lease term, whichever is the shorter, if there is no reasonable certainty that the ownership of the asset will be obtained at the end of the contract.

At the effective date, the lessee must measure the liability under an operating lease at the present value of lease payments outstanding at that date. Lease payments must be discounted back by using the interest rate implicit in the lease if it is determinable reliably. If it is not possible, the lessee must use its marginal borrowing rate. The underlying asset, which consists of the Right Of Use (ROU), must be recognized among assets must be recognized against an entry for this liability. After the effective date, the lessee must measure the asset consisting of the right of use by applying a cost model, unless the fair value model or the revaluation model is applied. The Company does not apply such alternative models.

Following the adoption of IFRS16 the accounting treatment of operating leases is then in line with the provisions laid down in IAS17 previously in force: the liability for lease payments and the asset in relation to which the entity has a right to use must be reported at the date of recognition of the lease, accounting for financial charges and the asset's amortization/depreciation separately. Finally, as regards the lessor, the accounting method is substantially unchanged with respect to the provisions laid down under the previously applicable IAS17. 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).

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 statement.

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. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment owned in the year ended 31 December 2021:

	Property	Plant and equipment	Total
At 1 January 2021, net of accumulated depreciation and impairment	**300**	**7,116**	**7,550**
Additions from acquisitions		2,084	**2,084**
Disposals		(28)	**(28)**

	Property	Plant and equipment	Total
Depreciation for the year	(24)	(1,382)	**(1,406)**
At 31 December 2021	**275**	**7,923**	**8,199**
At 1 January 2021			
Historical cost	2,166	57,157	**59,323**
Accumulated depreciation and impairment losses	(1,866)	(49,908)	**(51,774)**
NET BOOK VALUE	**300**	**7,250**	**7,550**
At 31 December 2021			
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**

The increases in the year, for a total amount of € 2,084 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.

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 2020:

	Property	Plant and equipment	Total
At 1 January 2020, net of accumulated depreciation and impairment	**325**	**7,116**	**7,440**
Additions from acquisitions		1,631	**1,631**
Disposals		(139)	**(139)**
Depreciation for the year	(25)	(1,358)	**(1,383)**
At 31 December 2020	**300**	**7,250**	**7,550**
At 1 January 2020			
Historical cost	2,166	55,526	**57,692**
Accumulated depreciation and impairment losses	(1,841)	(48,411)	**(50,252)**
NET BOOK VALUE	**325**	**7,116**	**7,440**
At 31 December 2020			
Historical cost	2,166	57,157	**59,323**
Accumulated depreciation and impairment losses	(1,866)	(49,908)	**(51,774)**
NET BOOK VALUE	**300**	**7,250**	**7,550**

4. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

The table below shows the changes in property, plant and equipment under lease in the year ended 31 December 2021:

	Plant and equipment under finance lease	Rights of use of properties	Rights of use of plant and equipment	Total
At 1 January 2021, net of accumulated depreciation	**428**	**21,211**	**5,499**	**27,138**
Additions for new contracts and rental adjustments	-	550	2,180	**2,730**
Early termination	-	(329)	(273)	**(602)**
Depreciation for the year	(95)	(2,863)	(2,099)	**(5,056)**
At 31 December 2021	**333**	**18,569**	**5,308**	**24,210**
At 1 January 2021				
Historical cost	476	37,793	19,380	**57,649**
Accumulated depreciation and impairment losses	(48)	(16,582)	(13,881)	**(30,511)**
NET BOOK VALUE	**428**	**21,211**	**5,499**	**27,138**
At 31 December 2021				
Historical cost	476	37,570	18,389	**56,435**
Accumulated depreciation and impairment losses	(143)	(19,001)	(13,080)	**(32,225)**
NET BOOK VALUE	**333**	**18,569**	**5,309**	**24,210**

Additions from acquisitions for the year mainly related to the execution of new long-term hire contracts for the corporate fleet vehicles for € 1,959 thousand, as well as of new property leases for the operating offices throughout Italy for € 370 thousand. Furthermore, rentals were increased for the leases already in place following ISTAT (Italian Statistics Institute) index adjustments for € 180 thousand.

Cases of early termination for the year gave rise to impairment losses for € 602 thousand, of which an amount of € 329 thousand relating to property leases.

The table below shows the changes in property, plant and equipment under lease in the period ended 31 December 2020:

	Plant and equipment under finance lease	Rights of use of properties	Rights of use of plant and equipment	Total
At 1 January 2020, net of accumulated depreciation	**0**	**24,871**	**4,851**	**29,723**
Additions for new contracts and rental adjustments	476	220	2,787	**3,483**
Early termination		(893)	(193)	**(1,086)**

	Plant and equipment under finance lease	Rights of use of properties	Rights of use of plant and equipment	Total
Depreciation for the year	(48)	(2,987)	(1,946)	**(4,981)**
At 31 December 2020	**428**	**21,211**	**5,499**	**27,138**
At 1 January 2020				
Historical cost		38,992	17,071	**56,063**
Accumulated depreciation and impairment losses		(14,121)	(12,220)	**(26,341)**
NET BOOK VALUE	**0**	**24,871**	**4,851**	**29,723**
At 31 December 2020				
Historical cost	476	37,793	19,380	**57,649**
Accumulated depreciation and impairment losses	(48)	(16,582)	(13,881)	**(30,510)**
NET BOOK VALUE	**428**	**21,211**	**5,499**	**27,138**

5. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the year ended 31 December 2021:

	Other intangible assets	Goodwill	Total
At 1 January 2021, net of accumulated amortization and impairment	**18,058**	**326,421**	**344,479**
Additions from acquisitions	3,503		**3,503**
Impairment losses	-		**-**
Amortization for the year	(5,298)		**(5,298)**
At 31 December 2021	**16,262**	**326,421**	**342,683**
At 1 January 2021			
Cost	95,668	326,421	**422,089**
Accumulated amortization and impairment losses	(77,610)	-	**(77,610)**
NET BOOK VALUE	**18,058**	**326,421**	**344,479**
At 31 December 2021			
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**

Other intangible assets, amounting to € 16,262 thousand at 31 December 2021 (€ 18,058 thousand in 2020), 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 € 3,503 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 revaluation nor impairment of intangible assets were recognized.

Amortization allowances for the year amounted to € 5,298 thousand compared to € 6,438 thousand in the previous year.

Backlog, stated among other intangible assets, amounted to € 2,155 thousand at 31 December 2021 (€ 2,395 thousand at 31 December 2020).

At 31 December 2021 goodwill amounted to € 326,421, without reporting any changes during 2021.

The table below shows the changes in intangible assets in the year ended 31 December 2020:

	Other intangible assets	Goodwill	Total
At 1 January 2020, net of accumulated amortization and impairment	**20,573**	**326,421**	**346,994**
Additions from acquisitions	3,938		**3,938**
Impairment losses	(15)		**(15)**
Amortization for the year	(6,438)		**(6,438)**
At 31 December 2020	**18,058**	**326,421**	**344,479**
At 1 January 2020			
Cost	91,730	326,421	**418,151**
Accumulated amortization and impairment losses	(71,158)		**(71,158)**
NET BOOK VALUE	**20,573**	**326,421**	**346,994**
At 31 December 2020			
Cost	95,668	326,421	**422,089**
Accumulated amortization and impairment losses	(77,610)		**(77,610)**
NET BOOK VALUE	**18,058**	**326,421**	**344,479**

6. 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.

The cash flows of the CGU Facility Management, used for the impairment test, were taken from the Business Plan approved by the Board of Directors' meeting of Rekeep S.p.A. held on 18 March 2022 for impairment test purposes only.

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 2021. 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 2021 is based on the following assumptions:

- the expected future cash flows, for the period from 2022 to 2026, extrapolated from the Business Plan, are derived from projected cash flows obtained through :

- determination of the value of the forecast gross margins according to the projection of the backlog of existing service contracts, augmented by the 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 2026 EBIT adjusted by the average expected depreciation and amortization and investments, net of a nominal tax rate. As regards long-term growth rates an assumption of 1% was considered.
- the expemcted future cash flows were discounted back at a discount rate (WACC) of 7.95% (2020: 6.73%). 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 CGUs 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 two percentage points those applied (and, then, equal to more than 9.95%) there would be no need to make write-downs in both CGUs/SBUs, as the recoverable value would exceed the related book value.

7. 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 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 2021:

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%
Co.Ge.F. Soc.Cons. a r.l.	Zola Predosa (BO)	80%
Consorzio Igiene Ospedaliera Soc.Cons. a r.l.	Zola Predosa (BO)	66,66%
Consorzio Imolese Pulizie Soc. Cons. r.l. in liquidation	Imola (BO)	60%
Consorzio Sermagest Soc.Cons. r.l. in liquidation	Rome (RM)	60%
Consorzio Servizi Toscana Soc.Cons. a r.l.	Zola Predosa (BO)	60%
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%
Logistica Sud Est Soc. Cons. a r.l.	Zola Predosa (BO)	60%
M.S.E. Soc. Cons. r.l. (*)	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.	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.CO. Soc. Cons. a r.l.	Bologna (BO)	100%
S.AN.GE Soc. Cons. a r.l.	Milan (MI)	89%
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	Zola Predosa (BO)	90%
S.I.MA.GEST3 Soc. Cons. r.l. in liquidation	Zola Predosa (BO)	89.99%
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%
Servizi Taranto Soc. Cons. a r.l. in liquidation (**)	Zola Predosa (BO)	60.08%
Telepost S.r.l.	Zola Predosa (BO)	100%
Treviso GS4 Soc. Cons. a r.l.	Zola Predosa (BO)	50.10%

DIRECTLY-CONTROLLED COMPANIES ***Name***	**Registered office**	**Ownership %**
Yougenio S.r.l. in liquidation	Zola Predosa (BO)	100%

(*) Indirect 11% quota held by Rekeep Digital S.r.l.

(**) in liquidation as from 01.01.2022

JOINT VENTURES ***Name***	**Registered office**	**Ownership %**
CO. & MA. Società Consortile a r.l.	Tremestieri Etneo (CT)	50%
DUC Gestione Sede Unica Soc.Cons. a r.l.	Zola Predosa (Bo)	49%
Legnago 2001 Soc.Cons. a r.l. in liquidation	Zola Predosa (BO)	50%
Servizi Sportivi Brindisi Soc. Cons. a r.l.	Rome	50%
SCAM S.r.l. - Soc.Cons. Adanti Manutencoop a r.l. in liquidation	Zola Predosa (Bo)	50%
Serena S.r.l. in liquidation	Zola Predosa (Bo)	50%

ASSOCIATES ***Name***	**Registered office**	**Ownership %**
2High S.r.l.	Sasso Marconi (BO)	20%
Bologna Gestione Patrimonio Soc. Cons. a r.l. in liquidation	Bologna (BO)	27.58%
Bologna Global Strade soc.cons. r.l.	Sasso Marconi (BO)	59.65%
Bologna Più Soc. Cons. a r.l. in liquidation	Bologna (BO)	25.68%
Centro Europa Ricerche s.r.l.	Rome	21.38%
Gestione Strade Soc. Cons. a r.l.	Parma	25.00%
Global Provincia di Rimini Soc.Cons. a r.l. in liquidation	Zola Predosa (Bo)	42.40%
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)	24.90%
Roma Multiservizi S.p.A.	Rome	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%

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

DIRECTLY-CONTROLLED COMPANIES	**1 January 2021**	**Increases**	**Assignments/ Liquidation**	**Write-downs**	**Other changes**	**31 December 2021**
Alisei S.r.l. in liquidation	-					-
Cefalù Energia S.r.l.	140	920				1,060
Co.Ge.F. Soc.Cons. a r.l.	8					8
Consorzio Sermagest Soc.Cons. r.l. in liquidation	-					-
Consorzio Igiene Ospedaliera Soc.Cons. a r.l.	7					7
Consorzio Imolese Pulizie s.cons.r.l. in liquidation	6					6
Consorzio Servizi Toscana s.cons.r.l.	6					6
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.	5					5
MCF Servizi Integrati Soc. Cons. a r.l. in liquidation	6					6

DIRECTLY-CONTROLLED COMPANIES	1 January 2021	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2021
Palmanova servizi energetici Soc.Cons a r.l.	6					6
Rekeep Digital S.r.l.	1,510					1,510
Rekeep Rail S.r.l.	1,166					1,166
Rekeep World S.r.l.	7,214	25,000				32,214
S.AN.CO. Soc. Cons. a r.l.	5					5
S.AN.GE Soc. Cons. a r.l.	9					9
S.I.MA.GEST2 Soc. Cons.r.l. in liquidation	45					45
S.I.MA.GEST3 Soc. Cons.r.l. in liquidation	45					45
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
Servizi Taranto Soc. Cons. a r.l. in liquidation (*)	6					6
Telepost S.r.l.	7,299					7,299
Yougenio s.r.l. in liquidation	-					-
Treviso GS4 Società Consortile a r.l.	-	10				10
TOTAL SUBSIDIARIES	**110,884**	**25,930**	**-**	**-**	**-**	**136,814**

(*) in liquidation as from 01.01.2022

JOINT VENTURES	1 January 2021	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2021
CO. & MA. Società Consortile a r.l.	5					5
Duc Dest Sede Unica Soc. Cons.a r.l.	10					10
Legnago 2001 Soc. Cons a r.l. in liquidation	5					5
SCAM S.r.l. - Soc.Cons. Adanti Manutencoop a r.l. in liquidation	10					10
Serena s.r.l. in liquidation	8					8
Servizi Sportivi Brindisi Soc. Cons. a r.l.	5					5
TOTAL JOINT-VENTURES	**43**	**-**	**-**	**-**	**-**	**43**

ASSOCIATES	1 January 2021	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2021
2High S.r.l.	90					90
BGP 2 Soc.Cons. a r.l.	24		(24)			-
Bologna Gestione Patrimonio Soc. Cons. a r.l. in liquidation	6					6
Bologna Global Strade Soc.Cons. r.l.	61					61
Bologna più Soc. Cons. a r.l. in liquidation	5					5
Centro Europa Ricerche s.r.l.	69					69
Como Energia Soc. Cons. a r.l.	78		(78)			-
Gestione Strade Soc. Cons. r.l.	13					13
Gico Systems S.r.l.	29		(29)			-
Global Provincia di Rimini Soc.Cons. a r.l. in liquidation	4					4
Global Riviera Soc. Cons. a r.l.	7		(7)			-
Global Vicenza Soc.Cons. a r.l.	4					4
GR.A.AL. Soc. Cons. r.l.	3					3
Imola Verde e Sostenibile Soc. Cons. a r.l.	6					6
Logistica Ospedaliera Soc. Cons a r.l.	5					5

ASSOCIATES	1 January 2021	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2021
Newco DUC Bologna S.p.A.	1,004					1,004
Roma Multiservizi S.p.A.	1,790					1,790
S.E.I. Energia Soc.Cons. a r.l.	5					5
Servizi Napoli 5 Soc. Cons. a r.l.	5					5
Tower soc. cons. r.l.	20		(20)			-
TOTAL ASSOCIATES	**3,227**	**-**	**(158)**	**-**	**-**	**3,069**

	1 January 2021	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2021
TOTAL SUBSIDIARIES, JOINT-VENTURES, ASSOCIATES	**114,153**	**25,930**	**(158)**	**-**	**-**	**139,926**

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 is "*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 with the aim of completing this process in the shortest possible time.

Rekeep World S.r.l.

During the year, the Board of Directors resolved on two payments for an increase of € 25,000 thousand in capital reserve, which allowed the coverage of the losses realized at 31 December 2021.

Cefalù Energia S.p.A.

The increase of € 920 thousand in the year was due to setting aside a capital reserve for € 860 thousand, as resolved by the Board of Directors on 16 April 2021 and to carrying out, for € 60 thousand, the purchase of the quotas previously held by C.I.P.A.E., which was completed by a deed of sale on 12 April 2021. As a result of this sale, the Company's share capital is now wholly owned by the sole shareholder Rekeep.

BGP2 Soc. Cons. a r.l.

The decrease of € 24 thousand was due to the sale of the investment which took place on 30 July 2021.

Como Energia Soc. Cons. a r.l.

The decrease of € 78 thousand was due to the liquidation distribution plan carried out on 28 December 2021, which generated tax receivables still to be paid that will be assigned to the quotaholders after the subsequent collection for € 3 thousand, other receivables for € 3 thousand and a loss from investment of € 72 thousand.

Global Riviera Soc. Cons. a r.l.

The decrease of € 7 thousand was due to the liquidation distribution plan carried out on 23 December 2021, which generated receivables still to be paid that will be assigned to the quotaholders after the subsequent collection for € 33 thousand and an income from investment equal to € 26 thousand.

Tower Soc. Cons. a r.l.

The decrease of € 20 thousand was due to the liquidation distribution plan carried out on 13 April 2021, which generated receivables still to be paid that will be assigned to the quotaholders after the subsequent collection for € 14 thousand and an income from investment equal to € 18 thousand.

Gico Systems S.r.l.

The decrease of € 29 thousand was due to the sale of the investment to Rentokil S.p.A., which was completed during the year and which entailed an income from investment equal to € 812 thousand.

Other investments

	31 December 2021	31 December 2020
Other investments	7,109	7,010
TOTAL	**7,109**	**7,010**

Investments in companies in which the Company has no significant or controlling interests were acquired for strategic/production purposes. There are also investments in National Cooperative Consortia, as well as investments in production sites, or in other minor activities, 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 freely transferred to third parties due to limitations and covenants preventing their free circulation. In any case, this valuation method provides an adequate measure of the security's fair value.

There were no significant changes compared to the previous year.

8. NON-CURRENT FINANCIAL ASSETS

The table below sets forth the breakdown of non-current financial assets at 31 December 2021 and at 31 December 2020:

	31 December 2021	31 December 2020
Loans to Group companies	32,360	26,390
Loans to third parties	172	232
Other financial assets	2,793	2,585
TOTAL NON-CURRENT FINANCIAL ASSETS	**35,324**	**29,207**

The balance is mainly composed of loans granted to associate and affiliate 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 of their expected residual term, applying as the reference interest rate the Eurirs plus a spread. The nominal value of non-interest bearing loans at year-end amounted to € 1,383 thousand (€ 1,460 thousand in 2020), while the discount fund amounted to € 26 thousand (€ 29 thousand in 2020).

In particular, the item includes the subordinated loan in favor of the subsidiary Servizi Ospedalieri S.p.A., equal to € 30 million at 31 December 2021 (€ 24 million in 2020), recording an increase of € 6 million compared to the previous year, as well as the long-term receivable, equal to € 2,357 thousand (the same value as that recorded in 2020), relating to the deferred price paid for the transfer 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 implementation of some project finance companies subject to transfer.

The main changes compared to the previous year included an increase of € 257 thousand on the disbursement of a loan to Logistica Ospedaliera Soc. Cons. a r.l., in order to provide it with necessary financial resources.

9. OTHER NON-CURRENT ASSETS

	31 December 2021	31 December 2020
Receivables for caution money	1,525	1,554
Other prepaid expenses	574	950
Other receivables	278	204
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**2,377**	**2,707**

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

10. INVENTORIES

	31 December 2021	31 December 2020
Raw materials (at cost)	351	517
TOTAL	**351**	**517**

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

11. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

Trade receivables net of discount and depreciation funds are broken down as follows:

	31 December 2021	of which from related parties	31 December 2020	of which from related parties
Trade receivables, gross	211,997	4,439	223,229	2,325
Allowance for doubtful accounts	(12,089)		(20,295)	
Advances to suppliers	3,988		3,582	
Trade receivables from third parties	**203,897**	**4,439**	**206,515**	**2,325**
Contract assets	30,191		29,111	
Contract assets	**30,191**		**29,111**	
Trade receivables from Parent Companies	1	1	35	35
Trade receivables from subsidiaries	42,928	42,928	42,922	42,922
Trade receivables from Joint Ventures	4,551	4,551	3,358	3,358
Trade receivables from associates	4,706	4,706	4,288	4,288
Trade receivables from affiliates	37	37	40	40
Trade receivables from the MSC Group	**52,223**	**52,223**	**50,644**	**50,644**
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**286,311**	**56,662**	**286,271**	**52,969**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 286,311 thousand at 31 December 2021, showing a decrease of € 40 thousand compared to the amount at 31 December 2020, equal to € 286,271 thousand.

In 2021, the Company continued to use assignment without recourse of trade receivables for the conversion into cash of receivables from third parties. In fact, on 27 December 2018 Rekeep S.p.A. and the subsidiary Servizi Ospedalieri S.p.A. signed a 3-year maturity factoring agreement with Bancafarmafactoring S.p.A., which was renewed on 14 January 2022 for further 3 years for an amount up to € 300 million) 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 € 200 million.

On 27 June 2018, the Company signed an additional uncommitted factoring agreement with Banca IFIS, intended for the assignment without recourse of trade receivables specifically accepted for the individual transactions carried out.

Moreover, on 18 December 2018, the Company obtained an additional credit line for assignments without recourse of up to € 20 million, which was increased up to € 40 million in 2021 on a revolving basis with Unicredit Factoring S.p.A., which was also aimed at the disinvestment from credit positions specifically negotiated with the factor.

The Company also signed an uncommitted factoring agreement with Carrefour Italia Finance S.r.l. concerning the assignment without recourse of trade receivables claimed from the Carrefour Group companies on 22 March 2019 and an additional uncommitted agreement with MB Facta S.p.A. was signed for the assignment without recourse of trade receivables claimed from the Telecom Group on 4 December 2019.

Finally, on 29 December 2021 the Company entered into a spot agreement with 2R Plus SPV S.r.l. and Polluce SPE S.r.l. for the assignment without recourse of certain trade receivables.

Finally, spot assignments were made to Banca Sistema S.p.A. and Prime Revenue Inc. during 2021.

The assignments without recourse made during the year are summarized below:

	Assignments made in 2021	**balance not yet collected by the Factor at 31 December 2021**	**Assignments made in 2020**	**balance not yet collected by the Factor at 31 December 2020**
Banca Farma Factoring S.p.a.	83,124	24,102	103,539	21,351
Banca IFIS	10,130	6,238	15,090	1,527
Unicredit Factoring	12,463	5,973	14,904	4,306
MB Facta	16,196	2,790	23,826	12,179
Carrefour Finance	18,090	3,767	6,923	4,211
2R Plus SPV S.r.l.	1,550	-	-	-
Polluce SPE S.r.l.	1,147	-	-	-
Banca Sistema	27,180	4,272	15,791	4,203
Prime Revenue	12,730	3,152	8,476	4,229
Total assignments of receivables without recourse	**182,609**	**50,295**	**188,549**	**52,006**

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 € 3,936 thousand and credit discount costs of € 199 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 fully recover, a provision for bad debts was set aside, amounting to € 12,089 thousand at 31 December 2021 (€ 20,295 thousand at 31 December 2020), which is regarded as fair with respect to the disputes known at the reporting date.

	31 December 2020	Increases	Uses	Releases	Others	31 December 2021
Provision for bad debts	20,295	3,665	(11,114)	(421)	(336)	12,089

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

The table below shows the analysis of trade receivables due from third parties net of the write-down provision in place as at 31 December 2021:

	Total	Trade receivables reaching maturity	Overdue trade receivables				
			< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	beyond 120 days
31 December 2021	199,908	164,979	5,844	4,628	2,168	2,133	20,156
31 December 2020	201,348	158,496	8,669	6,242	2,235	2,292	23,415

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 due from Public Authorities.

12. OTHER CURRENT ASSETS

	31 December 2021	31 December 2020
Receivables from employees	29	31
Advances to suppliers	1,368	1,500
Due from social security institutions	364	620
Due from parent company	7	4
Due from subsidiaries	2,485	508

	31 December 2021	31 December 2020
Due from associates	124	135
Due from INPDAP	2,171	2,172
Due from INAIL	994	1,239
Due for VAT	633	2,076
Sundry receivables from others	1,532	2,949
Due from tax authorities	331	331
Tax credit to be offset	725	823
OTHER CURRENT ASSETS	**10,762**	**12,385**

The amount of € 2,171 thousand reported for amounts "due from INPDAP" (the same value as that recorded in 2020) refers to the balance of current accounts held at Unicredit, managed in the name and on behalf of INPDAP (Social Security Institution for employees in public administration), as provided for in a property contract stipulated with the aforementioned authority by the company B.S.M. S.r.l., merged 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* at 31 December 2021. Therefore, for the purposes of an accurate presentation, it was deemed appropriate to classify said item under Other current receivables rather than among cash and cash equivalents.

It should be noted that miscellaneous receivables are recognized net of the provision for doubtful accounts of € 1,033 thousand (€ 1,909 thousand at 31 December 2020), set aside following a specific analysis of these accounts receivable, which was affected by an overall decrease of € 875 thousand during the year, of which an amount of € 800 thousand following a completed transaction.

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

- receivables from subsidiaries: up by € 2,172 thousand for receivables from the Subsidiary Treviso GS4 Soc.Cons. a r.l.;
- VAT receivables: there was a decrease of € 1,443 thousand; during 2021 VAT credit refunds were requested for 2020 for € 6,916 thousand, which arose under the annual 2021 VAT return filed on 23 March 2021, as were VAT credits accrued on a quarterly basis for a total of € 10,531 thousand. Assignments were also made without recourse on VAT receivables for a total of € 17,291 thousand.

13. CURRENT FINANCIAL ASSETS

	31 December 2021	31 December 2020
Global Provincia Rimini Soc. Cons. a r.l.	70	70
Consorzio Imolese Pulizie Soc. cons. a r.l.	36	36
Gymnasium Soc.cons. a r.l.	8	8
Gestlotto6 Soc.cons. a r.l.	5	5
Bologna Più Soc. Cons. a r.l.	3	3
Intercompany receivables from companies in liquidation	**121**	**122**
Servizi Ospedalieri S.p.A.	14,263	845
S.AN.GE Soc. Cons. a r.l.	5,014	4,845
Rekeep World s.r.l.	22,916	32,399
Rekeep Digital s.r.l.	2,106	2,420
H2H Facility Solutions S.p.A.	1,474	2,367
Other minor items	-	33
Receivables from intercompany financial current accounts	**45,772**	**42,908**
Karabak Soc. Cons. a r.l.	4	4
Progetto ISOM Soc. Cons. a r.l.	90	90
MFM Capital S.r.l.	46	-
Dividends to be collected	**139**	**94**
Interest-bearing loan - Parent Company MSC	**10,037**	**-**
Intercompany interest-bearing loans	**129**	**-**
Receivables from the transfer of equity investments	**-**	**1,408**
Receivables from factoring agencies	**2,334**	**1,600**
Receivables from others	**11**	**-**
TOTAL CURRENT FINANCIAL ASSETS	**58,543**	**46,131**

Current accounts held with Group companies are mainly classified in this item, according to which the financial relations are settled. The balance in these 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.

The item “current financial assets” came to € 58,543 thousand. The change during the year was mainly due to:

- an increase of € 13,418 thousand in the balance of the interest-bearing loan held with subsidiary Servizi Ospedalieri S.p.A.;
- an increase of € 10,037 thousand following a short-term interest-bearing upstream loan disbursed to the Parent Company MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), on the basis of the

agreement signed on 5 November 2021; this loan, used in order to meet peaks in temporary cash requirements linked to the routine work of the parent company, has a term of one year and accrues interest at 3-month Euribor plus spread;

- a decrease of € 9,483 thousand in the balance of the current financial account held with subsidiary Rekeep World S.r.l.;
- a decrease of € 314 thousand in the balance of the current financial account held with subsidiary Rekeep Digital S.r.l.;
- an increase of € 734 thousand in "Receivables from factoring agencies", consisting of the balance of pledged accounts used to manage the collection service.

14. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Bank deposits on demand and cash on hand	46,615	41,946
Consortia - financial current accounts	1,282	11,877
TOTAL CASH AND CASH EQUIVALENTS	**47,897**	**53,823**

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 Cooperativo Finanziario Per Lo Sviluppo (C.C.F.S.), Consorzio Nazionale Servizi (C.N.S.) and Consorzio Integra, having the nature of available current accounts on which interest accrues. The fair value of cash and cash equivalents is € 47,897 thousand (€ 53,823 thousand at 31 December 2020).

15. ASSETS HELD FOR SALE AND PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

On 28 February 2020 Rekeep S.p.A. sold its full investment in Sicura S.p.A., the Group's sub-holding company which operates in the facility management sector as a provider of specialist services in the fields of safety and fire prevention. The transfer to Argos Wityu, a pan-European Private Equity fund, entailed the recognition of a consideration of € 55,041 thousand in the financial statements at 31 December 2020, which was paid by the Italian Company AED S.r.l.. In accordance with IFRS5, the value of the interest held in Sicura S.p.A. (equal to € 40,142 thousand) was reclassified to "Assets held for sale" at the reporting date of the Separate Financial Statements at 31 December 2019. Given a market value that is recognized as higher than the carrying amount of the investment itself, no impairment had been reported for fair value adjustments.

No Liabilities directly associated with non-current assets held for sale had been reported at 31 December 2019.

Profit/(loss) from discontinued operations

	31 December 2021
Gross capital gains on sale of Sicura S.p.A.	16
Capital loss on sale of Energyproject S.r.l. (2013)	-
Capital loss on sale of MIA S.p.A. (2014)	-
Profit (loss) before tax from discontinued operations	**16**
Income taxes from discontinued operations:	
- related to capital gains on sale	-
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**16**
Basic earnings per share from discontinued operations	*0.0001*
Diluted earnings per share from discontinued operations	*0.0001*

As at 31 December 2021 the result from discontinued operations consisted of a profit equal to € 16 thousand, which was determined by the capital gain generated from the disposal of Sicura S.p.A. due to the price adjustment upon closing settled with the counterparty.

Financial flows generated from/used in discontinued operations

No financial flows were generated from discontinued operations in 2021.

	31 December 2021	31 December 2020
Collection of deferred consideration for the sale of Energy Project S.r.l. (2014)	-	205
Collection of consideration for the sale of Sicura S.p.A. (2020)	-	53,732
CASH FLOW FROM DISCONTINUED OPERATIONS	**-**	**53,936**

16. SHARE CAPITAL AND RESERVES

	31 December 2021	31 December 2020
Share Capital – Ordinary shares	109,150	109,150

Ordinary shares have a nominal value of Euro 1 each.

Ordinary shares issued and fully paid up at 31 December 2021 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 2020	**145,018**	**21,830**	**(119,964)**	**46,884**	**3,809**
Allocation of profits of previous years			5,741	**5,741**	
Economic effects accounted on equity			34	**34**	
At 31 December 2020	**145,018**	**21,830**	**(114,188)**	**52,660**	**3,809**
Allocation of profits of previous years				**-**	(66,399)
Economic effects accounted on equity			107	**107**	
At 31 December 2021	**145,018**	**21,830**	**(114,081)**	**52,767**	**(62,590)**

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).

Nature and purpose of reserves

				Summary of uses in 3 previous years	
NATURE/DESCRPTION	Amount	Possibility of use	Amount available	For covering losses	For other reasons
Share Capital	**109,150**				
Share 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		**13,000**
- Other reserves	(158,049)				
- Profits/(Losses) carried forward	(62,590)	**A,B,C**	-		
- Profits/(Losses) for the year	(12,789)				
TOTAL	**86,537**				
Non-distributable portion	86,537				
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 art. 2120 of the Civil Code, from the point of view of recognition in the financial statements falls under the defined benefit plans category.

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

	31 December 2021	31 December 2020
Interest expenses on benefit obligation	(1)	24
Net cost of the benefit recognized through profit or loss	**(1)**	**24**
Net actuarial (gains)/ losses recognized in equity	(107)	8
TOTAL NET BENEFIT COST	**(108)**	**32**

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 2021	31 December 2020
Opening balance of the present value of the defined benefit obligation	**5,616**	**6,728**
Increases/ (decreases) for transfer	-	9
Benefits paid	(1,210)	(1,152)
Interest expenses on benefit obligation	(1)	24
Net actuarial gains (losses) recognized in the year	(107)	8
CLOSING BALANCE OF THE PRESENT VALUEOF THE DEFINED BENEFIT OBLIGATION	**4,298**	**5,616**

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

	2021	2020
Discount rate	0.44%	-0.20%
Inflation rate	1.20%	1.00%
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.

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 assumption
Financial year ended 31 December 2021	+ 0.25 ppt	+ 0.25 ppt	+ 2.00 ppt
	4,227	4,339	4,256
	- 0.25 ppt	- 0.25 ppt	- 2.00 ppt
	4,371	4,257	4,345
Financial year ended 31 December 2020	+ 0.25 bps	+ 0.25 ppt	+ 2.00 ppt
	5,518	5,673	5,544
	- 0.25 bps	- 0.25 ppt	- 2.00 ppt
	5,717	5,560	5,705

Below are reported the data relating to the average number of the Group's employees and of the workers provided to the Company by Manutencoop Società Cooperativa:

	2021	2020
Executives	32	31
Office workers	548	596
Manual workers	11,343	11,663
Average number of Employees	**11,923**	**12,290**

In 2021 the average number of leased personnel employed, including those shown in the table below, was equal to no. 278 (no. 305 in 2020).

18. PROVISIONS FOR RISKS AND CHARGES

Below is the breakdown of changes in provisions for risks and charges in 2021:

	Risks on job orders	Pending disputes	Risks on investments	Tax disputes	Employee legal disputes	Other provisions for risks and charges	Total
At 1 January 2021	**7,062**	**17,948**	**592**	**447**	**3,994**	**648**	**30,691**
Accruals	2,497	2	-	-	1,607	776	4,882
Uses	(168)	-	-	-	(1,264)	(27)	(1,459)
Reversals	(1,013)	(8)	-	-	-	(153)	(1,175)
Others	-	-	-	-	-	170	170
At 31 December 2021	**8,378**	**17,942**	**592**	**447**	**4,337**	**1,413**	**33,110**
Current 2021	*8,378*	*-*	*592*	*447*	*-*	*957*	*10,374*
Non-current 2021	*-*	*17,942*	*-*	*-*	*4,337*	*457*	*22,736*
At 31 December *2021*	***8,378***	***17,942***	***592***	***447***	***4,337***	***1,414***	***33,110***
Current 2020	*7,062*	*-*	*592*	*447*	*-*	*600*	*8,701*
Non-current 2020	*-*	*17,948*	*-*	*-*	*3,994*	*49*	*21,990*
At 31 December *2020*	***7,062***	***17,948***	***592***	***447***	***3,994***	***648***	***30,691***

Provision for risks on job orders

The provision of € 2,497 thousand is to cover risks relating to certain job orders in progress for charges that are likely to be incurred, against customer disputes. Specifically, provisions for € 1,464 thousand were recognized in relation to probable non-recurring future additional costs.

Finally, reversals of € 1,013 thousand were recognized against the successful conclusion of various positions with sundry customers.

The provisions made represent the best estimate on the basis of knowledge possessed at the reporting date.

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 2021, there were no significant changes in the provision, totaling € 17,942 thousand.

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 as early as in 2019.

On 7 January 2017 the Company served a writ of summons on the entity, asking the Ordinary Court of Rome to establish the unlawfulness of the notice of termination of the agreements and order Consip S.p.A. to compensate for any damage suffered by the Company. The hearing, which was held on 13 January 2021, was then adjourned 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 the 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). At present, the Regional Administrative Court and the Council of State have confirmed the measure of exclusion and a judicial appeal is pending before the Supreme Court. In the meantime, Consip S.p.A. asked the guarantors to enforce the guarantees (bid bonds) provided in the interest of Rekeep for the Consip Sanità tender (equal to € 10.4 million) and Consip Caserme (equal to € 3.4 million). Rekeep S.p.A., with independent appeals and additional grounds, challenged these measures before the Lazio Regional Administrative Court, which rejected the appeals. By an order dated 22 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the judgment appealed against; at the hearing on the merits held on 7 October 2021 the Council of State suspended the proceedings pending a decision on the part of the Constitutional Court as to a dispute regarding Consip's enforcement of provisional deposits against a competitor that had not been awarded the contract, during which objections were raised regarding constitutional legitimacy. However, a single-member board's Presidential decree suspending the challenged judgments was obtained in the meantime. Finally, on 28 July 2020, one of the guarantors (Atradius) served on Rekeep an appeal before the Civil Court of Rome under Article 702-*bis* in order to obtain the payment of the sums relating to the sureties issued for the participation in the Consip Sanità tender, pending the enforcement on the part of Consip. At the first appearance hearing scheduled on 24 March 2021, the Court ordered for the summary procedure to be converted into ordinary procedure and for the parties' to appear at the hearing scheduled on 16 December 2021, which was rescheduled on 21 September 2022.

Finally, on 6 March 2020 Consip S.p.A. informed the Company of the exclusion from the tender for the cleaning of museum premises ("Consip Musei"), with the intention of sending the document to ANAC, which may proceed with the entry in the electronic criminal records of "Useful information". On 13 March 2020 a request was also sent for the enforcement of the bid bond relating to this tender (equal to € 2.8 million The Company challenged these measures before the Regional Administrative Court, which rejected the appeal. However, by an order dated 11 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the challenged judgment, postponing the discussion on the merits to the hearing scheduled on 7 June 2022.

The Consip Sanità, Consip Caserme and Consip Musei tenders did not generate consolidated Revenues until 31 December 2021 and were not included in the Group's backlog at 31 December 2021.

In the Financial Statements at 31 December 2021 the Directors already decided to maintain the provisions for future charges (equal to € 17.5 million), also taking account of the risk of enforcement of the abovementioned performance bond and bid bonds and despite the fact that Rekeep S.p.A. could submit sound arguments against the enforcement of the bonds in court.

The dispute concerning the fine imposed in relation to the FM4 Tender still continued in 2021.

On 23 March 2017, the Competition Authority notified Rekeep S.p.A. (at the time Manutencoop Facility Management S.p.A.) of the start of an investigation procedure against the Company itself, as well as against CNS – Consorzio Nazionale Servizi Società Cooperativa, Dussmann Service, S.r.l., Engie Servizi S.p.A. (formerly Cofely Italia S.p.A.), ManitalIdea S.p.A., Romeo Gestioni S.p.A. and 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 Scarl 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 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 based on which the Competition Authority subsequently 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 measure redetermining the fine before the Regional Administrative Court. Finally, on 22 December 2020, the Competition Authority served on the Company its own appeal against the Lazio Regional Administrative Court’s order, while asking for the confirmation of the order on the FM4 tender, including the original fine imposed for € 91.6 million. During the hearing held on 27 October 2021 the Council of State issued a preliminary order, whereby it asked some parties to produce additional documentation, postponing any decision to the hearing scheduled on 20 January 2022 for discussion on the merits, which is currently adjourned for decision.

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified and declares that it is sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender. The various orders issued over time have however had an impact on the financial statements. As at 31 December 2019, waiting for the developments of the proceedings on the merits, the Company took steps to recognize the liability arising from the notice of payment issued by the Revenue Agency – Collection department among “Other current liabilities” and “Other non-current assets” in the Statement of Financial Position for the corresponding amount (€ 94,611 thousand). The entry of this debt in the taxpayers’ list was made enforceable by the Revenue Agency following the issue of a notice of payment on 18 December 2019, for which a request was submitted for payment in installments, which was obtained on 10 January 2020. This order provides for the payment of 72 monthly installments, at an interest rate of 4.5% as from 24 January 2020. The Company started to pay these installments on a regular basis, but it then suspended payments as a result of the application of Decree Law no. 18 of 17 March 2020, governing “Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID-19 epidemic emergency" ("Cure Italy Decree"). Following the issue of the Competition Authority’s new order of € 79,800 thousand, while continuing to have confidence in the reasonableness of the defense arguments, the Directors, given the enforceability of the fine, recognized the debt, and the related cost, relating to expected financial outlay in the financial statements at 31 December 2020 (for an amount equal to what is stated in the order), even in consideration of the uncertainty surrounding the actual outcome of the appeal against the Regional Administrative Court's judgment and the appeal on the merits concerning the Competition Authority's new order of 29 October 2020. On 22 December 2020, in fact, the Revenue Agency sent the related updated installment plan, deducting three installments already paid as deposit for € 3,010 thousand. Furthermore, the amount of the debt stated in the accounts at 31 December 2020 also includes, in addition to the amount of the fine, surcharges and collection costs (equal to 3% of the amount of the debt entered in the taxpayers' list) for € 2,612 thousand. Finally, it should be noted that the Company resumed the payment of monthly installments on 24 January 2021, paying part of the installments suspended during the Covid-19 emergency period, even in view of the expiry of the final deadline for the suspension of payment of the amounts due as provided for by the legislative measures issued during the emergency phase (31 August 2021) and which entailed in 2021 the recognition of a higher collection costs on certain installments for € 606 thousand (of which € 255 thousand recognized as an increase in the debt and € 351 thousand recognized among provisions for risks and charges, due to the different probability of application of the additional charge) in addition to default interest.

Furthermore, on 28 June 2019 Consip S.p.A. served on Rekeep S.p.A. the order providing for its exclusion from the FM4 Tender due 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 setting the hearing in chambers for the decision on the preliminary request at 11 September 2019. On that occasion the Lazio Regional Administrative Court partially granted the preliminary request against the order issued by Consip S.p.A., providing on 10 July 2019 for the suspension of only the enforcement of the temporary guarantees until the hearing on the merits scheduled on 15 July 2020 and subsequently postponed on several occasions until 9 March 2022. By an order filed on 22 March 2022 the Regional Administrative Court suspended the proceedings pending the settlement of the appeal concerning the Competition Authority's order on Consip FM4.

On 4 November 2019 the Company submitted an appeal to the Lazio Regional Administrative Court against the proceedings initiated by ANAC, which, at present, have been removed from the docket in consideration of the fact that on 24 January 2020 ANAC ordered to suspend the proceedings while waiting for the settlement of the disputes brought in first instance before the Regional Administrative Court for the Competition Authority's Consip FM4 orders and the exclusion from the Consip FM4 tender. To date, since the tender has not yet been awarded on a final basis, potential revenues relating to the FM4 Tender have never been included in the Rekeep Group's backlog.

The Company continues to hold that it considers the Competition Authority's order unjustified and disproportionate and will continue to take any necessary action against it to protect its rights and interests. While having full confidence in the arguments discussed with their lawyers and after specifically verifying the consolidated financial planning and the actual conditions to be able to meet non-recurring cash outflows (if any), the Directors do not see any uncertainties for the purposes of assessing the going-concern assumption.

The Company believes that a general delay may actually arise in awarding some tenders attributable to situations of further worsening of the disputes connected with the participation in or the awarding of said tenders. As things stand as regards the abovementioned proceedings, there are no impediments for the Rekeep S.p.A. group companies to the participation and awarding of new call for tenders by the Public Administration authorities, and, moreover, any other awarding procedure of contracts with private customers still remains valid.

Provision for investment risks

The provision for investments risks, amounting to € 592 thousand, remained unchanged compared to the previous year. It should be noted that it refers to: the allocation made in 2019 to cover any future losses of Alisei S.r.l. in liquidation in an amount of € 87 thousand, the allocation made in 2019 for S.AN.CO Soc. cons. r.l. in an amount of € 314 thousand, the allocations made in 2020 relating to Yougenio S.r.l. in an amount of € 168 thousand and Alisei S.r.l. in an amount of € 23 thousand.

Provision for employee legal proceedings

The provision for risks related to employee legal proceedings, amounting to € 4,337 thousand (€ 3,994 thousand at 31 December 2020), refers to the best estimation of liabilities as at 31 December 2021, 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 € 1,413 thousand (€ 648 thousand at 31 December 2020), include the best estimate of future charges on some contracts. During the year there were increases of € 776 thousand: in particular, an amount of € 238 thousand related to the risk of uncollectibility of bank receivables from INPDAP for which there are some legal obligations following the litigation arisen with INPDAP itself, while an amount of €351 thousand related to the recognition of higher collection charges referred to the Competition Authority’s fine and due for some installments that have not been paid in accordance with the rules brought in by Legislative Decree no. 146 of 2021.

Furthermore, there were reversals for € 153 thousand, mainly as a result of settlement agreements reached with a customer in the railway sector.

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 2021	Within 1 year	From 1 year to 5 years	Beyond 5 years
Senior Secured Notes	363,025	-	363,025	
Artigiancassa loan	1,077	239	838	
Debt for the acquisition of investments/business units	6	6	-	
Financial current accounts – Subsidiaries	5,063	5,063	-	
Financial current account – MSC	75	75	-	
Share capital to be paid into investee companies	150	150	-	
Prepaid financial expenses	(1,253)	(531)	(722)	
Accrued financial expenses	11,726	11,726	-	
Obligations on assignments of receivables with recourse	17,022	17,022	-	
Due to factoring agencies	3,966	3,966	-	
Other financial liabilities	423	423	-	
Liabilities for reverse factoring	9,963	9,963	-	
Financial liabilities for finance leases	334	93	241	
Financial liabilities for operating leases	27,122	4,716	16,004	6,402
FINANCIAL LIABILITIES	**438,700**	**52,912**	**379,386**	**6,402**

Below is the breakdown of financial liabilities at 31 December 2020:

	31 December 2020	Within 1 year	From 1 year to 5 years	Beyond 5 years
Senior Secured Notes	328,082		328,082	
Artigiancassa loan	1,317	239	1,077	
Debt for the acquisition of investments/business units	6	6		
Financial current accounts – Subsidiaries	2,647	2,647		
Financial current account - Manutencoop Società Cooperativa	174	174		
Share capital to be paid into investee companies	113	113		
Prepaid financial expenses	(553)	(551)	(2)	
Accrued financial expenses	1,336	1,336		
Obligations on assignments of receivables with recourse	11,786	11,786		
Due to factoring agencies	4,455	4,455		
Other financial liabilities	1,000	1,000		
Liabilities for reverse factoring	4,570	4,570		
Financial liabilities for finance leases	424	90	334	
Financial liabilities for operating leases	30,067	4,630	9,028	16,409
FINANCIAL LIABILITIES	**385,425**	**30,497**	**338,519**	**16,409**

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 Rekeep 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 € 27,514 thousand during 2021 (€ 30,537 thousand in 2020), of which € 2,254 thousand related to the Senior Secured Notes issued in 2017 and paid off at the same date of the new issue. 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 € 7,176 thousand for the year, of which an amount of € 5,818 thousand relating to the write-off of the remaining amount still to be amortized on the Notes paid off.

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 activated during 2021 in order to meet temporary cash requirements (if any): on 6 August 2021 it was drawn down for an amount of € 12 million and repaid on 3 September 2021; it was then renewed on 15 September 2021 for an amount of € 15 million and repaid on 29 September 2021; it was renewed once again on 13 October 2021 for an amount of € 20 million and repaid on 29 December 2021 and, finally, it was renewed on 12 November 2021 for an amount of € 5 million and repaid on 13 December 2021. The impact in terms of financial costs accrued in the meantime amounted to € 223 thousand. The RCF facility had not been used at 31 December 2021.

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. Installments for € 239 thousand were paid during 2021; the balance amounted to € 1,077 thousand at 31 December 2021 (€ 1,317 thousand at 31 December 2020).

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 2021.

Intergroup financial current accounts

This item is made up of the balances of intergroup financial current accounts held with subsidiaries Rekeep Rail S.r.l. (€ 4,092 thousand), Telepost S.r.l. (€ 673 thousand) and Cefalù Energia S.r.l. (€ 179 thousand), as well as of interest accrued on these financial accounts and not yet invoiced at the reporting date (€ 110 thousand). Furthermore, the financial debt in current account to the parent company MSC (€ 75 thousand).

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 € 150 thousand relates to the payable for the share capital to be paid into the subsidiary Cefalù Energia S.p.A., up by € 45 thousand compared to the previous year following the purchase of interests held by C.I.P.A.E., which was completed with a deed of sale on 12 April 2021, as already commented in the previous sections of these financial statements.

Obligations from assignments of receivables with recourse

During 2020 the Company entered into a 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 2021 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 43,978 thousand. As at the reporting date of the Financial Statements at 31 December 2021 the exposure was equal to € 17,022 thousand (€ 10,438 thousand at 31 December 2020).

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 € 3,966 thousand at 31 December 2021 (€ 4,455 thousand at 31 December 2020) were transferred to the factor in the first days of the subsequent financial year.

Prepaid financial expenses

At 31 December 2021 the Company recognized prepaid interest expenses of € 1,253 thousand. The arrangement fees initially paid in 2017 for entering into the Super Senior Revolving (RCF) facility agreement were fully expensed in 2021 following its redemption, for an amount of € 229 thousand equal to the residual amount at 31 December 2020.

The costs incurred during the year for entering into the new Super Senior Revolving (RCF) facility agreement, equal to € 1,260 thousand, were amortized on a straight-line basis throughout the term of the credit facility and showed a remaining balance of € 1,002 thousand at 31 December 2021.

Accrued financial expenses

At 31 December 2021 the Company recognized accrued interest expenses for € 11,726 thousand relating to the coupon of the Senior Secured Notes due 27 January 2022.

Obligations arising from reverse factoring transactions

As at 31 December 2021 Rekeep S.p.A. 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 € 9,963 thousand at 31 December 2021 (€ 4,570 thousand at 31 December 2020).

Other financial liabilities

As at 31 December 2021 the balance amounted to € 423 thousand (€ 1,000 thousand in 2020) and related for € 200 thousand to the claim submitted by the assignee on disposals of subsidiaries in previous years and for € 223 thousand to the balance of the financial current account with Consorzio Integra.

Finance lease obligations

Finance lease agreements (according to the classification under the previously-applicable IAS 17) entered into are not secured and were signed by Rekeep S.p.A. during the year on plant and machinery used in some contracts. New loans were raised for € 476 thousand, with a 3-year maturity and monthly payments. The remaining debt amounted to € 334 thousand at 31 December 2021 (€ 424 thousand at 31 December 2020).

Financial liabilities for operating leases

As at 31 December 2021 the financial liability for operating leases (according to the classification under the previously-applicable IAS 17) amounted to € 27,122 thousand (€ 30,067 thousand at 31 December 2020). Specifically, during the 2021 financial year there were early termination transactions for € 562 thousand and increases for the execution of new agreements concerning property leases and the long-term hire of vehicles and equipment, equal to € 2,731 thousand, in addition to the payment of lease and hire rentals.

20. CONTINGENT LIABILITIES

As at the date of approval of the financial statements, 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 December2021.

Disqualification from ANAC - Santobono Pausilipon

With reference to the *ANAC's disqualification order - Santobono Pausilipon*, it should be noted that, at the hearing on the merits held on 25 November 2021, the Council of State, by a judgment no. 491/2022 filed on 25 January 2022, granted the appeal filed by the Company against the Lazio Regional Administrative Court's ruling no.3754/2021, annulling any effect of the order adopted by ANAC, previously suspended as a precautionary measure, by which it imposed an administrative fine of €

10,000 and the disqualification of the Company was ordered only from taking part in public tenders and from awarding public contracts under sub-contract agreements for a period of 6 months.

On 10 November 2017 ANAC, after the completion of proceedings initiated in November 2016 following a report made by A.O.R.N. Santobono Pausilipon in Naples, imposed a sanction ("ANAC's Order") on Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at that time), raising objections concerning the failure to provide a declaration relating to the absence of criminal proceedings against one of the Company's proxy holders in the documentation submitted for the same tender in 2013. On the other hand, this proxy holder met the legal requirements in full. In addition to a fine of € 10 thousand, the ANAC's Order provided for the Company to be excluded from all public tenders for a period of 6 months as from the date of entry in the computerized records of economic operators in public contracts. The Company, which considers that the order is unfounded and based on erroneous legal grounds, in addition to being disproportionate with respect to the alleged infringement, filed an appeal with the Lazio Regional Administrative Court, while asking the President of the competent division to order the immediate suspension of the measure before any discussion on the merits of the case ("request for precautionary measure from a single- member court"). On 15 November 2017 this request was granted and all the effects of the ANAC's Order were suspended. On 21 December 2017 the Lazio Regional Administrative Court granted the appeal, as regards the merits, submitted by the Company and annulled the ANAC's Order. Subsequently, the latter challenged the administrative court's ruling before the Council of State, while submitting a request for precautionary measures for the suspension of the effects of the trial judgment. At the hearing held on 8 March 2018 the Council of State rejected this request, ordering ANAC to pay expenses.

However, by a judgment published on 27 December 2018, the Council of State granted the appeal filed by ANAC against the Lazio Regional Administrative Court's ruling of 21 December 2017, which had annulled the ANAC's Order.

The Company successfully challenged the order before the Regional Administrative Court, but, within appellate proceedings brought by ANAC, the disqualification order was confirmed by the Council of State; at the end of the procedure for application of extraordinary means of appeal (appeal for review and judicial appeal to the Supreme Court), it became final on 4 December 2020 with the filing of the Supreme Court's judgment no. 27770/2020. As a result of this judgment, any suspension effect of ANAC Resolution no. 1106/2017 was therefore removed, which entails, in addition to a fine of € 10,000, the exclusion of Rekeep S.p.A. from public tender procedures and subcontracting of public contracts for a financial period of 6 months in accordance with Legislative Decree 50 of 2016 (the "Public Contracts Code"). The entry, which had been previously blacked out by ANAC, was therefore re-inserted in the computerized records of economic operators in public contracts relating to works, services and supplies as from 25 December 2020 and until 17 June 2021. Rekeep S.p.A. had formally asked ANAC to postpone the immediate new reinstatement of the entry in the records until the conclusion of the proceedings initiated by ANAC on the Application for Re-examination submitted on 20 October 2020 and, subordinately, to specify that the disqualifying effects of these records, as provided for by Article 38, paragraph 4, of the "Rules for the management of the Computerized Records of public contracts for works, services and supplies, in accordance with Article 213, paragraph 10, of Legislative Decree no. 50 of 18 April 2016", are only limited to exclusion "from tender procedures or from access to qualification if the expiry of the time limit set for submitting bids or the application for qualification falls within the effective period of the entry". ANAC replied to this notice with an additional memo sent on 5 January 2021, whereby it also notified that it rejected the Company's request and intended to reinstate the entry in question, as any other wording would not be in line with the principle according to which tendering requirements must necessarily be met on an ongoing basis". The Company has lodged an appeal against this order before the

Lazio Regional Administrative Court which declared the appeal as inadmissible by a judgment dated 29 March 2021. The Company filed an appeal against this judgment together with an application for preliminary request, which was accepted by the Council of State by an order dated 23 April 2021. In light of this, any effect of the ANAC order must be regarded as suspended at present. Moreover, following the summary examination of the precautionary proceedings phase, the Council of State held that "the principle of strictly legal typicality of the sanctions (....) has been breached, given that (...) the failure to make a statement with which the Company has been charged under the order does not coincide with a false statement». Finally, the hearing for the trial proceedings which took place on 25 November 2021 before the Council of State had a favorable outcome for the Company. The Company had also filed an appeal with the European Court of Human Rights in order to protect its interests, having it entered on the docket, due to meeting the preliminary requirement of non-manifest inadmissibility.

21. TRADE PAYABLES AND CONTRACT LIABILITIES

The table below sets forth the breakdown of the item at 31 December 2021 and 31 December 2020:

	31 December 2021	of which with related parties	31 December 2020	of which with related parties
Trade payables	209,474	(173)	210,351	1,085
Trade payables to Associates and Joint-Ventures	9,644	9,644	9,689	9,689
Trade payables to Subsidiaries	34,566	34,566	29,704	29,704
Trade payables to Parent companies	3,501	3,501	4,685	4,685
Trade payables to Affiliates	16	16	-	
Contract liabilities for work to be performed	17,544		20,253	
TRADE PAYABLES AND CONTRACT LIABILITIES	**274,744**	**47,553**	**274,681**	**45,163**

At 31 December 2021 trade payables and contract liabilities amounted to € 274,744 thousand compared to a balance of € 274,681 thousand at 31 December 2020; therefore, there were no significant changes in this item.

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 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Payables to employees	33,678	34,671
Payables to social security institutions	5,507	5,122
Tax payables	4,258	4,483
Collections on behalf of ATI ("*Associazione temporanea di Imprese*")	5,556	10,807
Other payables to Subsidiaries	992	891
Other payables to Parent Company	22	15
Other payables to Associates	2	2
Property collection on behalf of customers	2,176	2,176
Payable for notices of payment to be paid in installments (AGCM FM4)	72,194	79,402
Other payables	4,617	4,539
OTHER CURRENT LIABILITIES	**129,002**	**142,108**

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 2021 the item included the residual payable recognized by the Company relating to the fine imposed by the Competition Authority in relation to the Consip FM4 Tender. While continuing to have confidence in the reasonableness of the defense arguments, the Directors, given the enforceability of the fine, recognized, in fact, the debt relating to expected financial outlay in the financial statements at 31 December 2020 for an amount equal to what is stated in the Competition Authority's order and in the updated installment payment plan sent by the Revenue Agency on 22 December 2020 (€ 82,200 thousand, including surcharges and collection costs). In 2021 the Company resumed operations to pay monthly installments, paying part of the installments suspended during the Covid-19 emergency period, even in view of the expiry of the final deadline for the suspension of payment of the amounts due as provided for by the legislative measures issued during the emergency phase (31 August 2021) and which entailed in 2021 the recognition of a higher collection costs on certain installments for € 606 thousand (of which € 255 thousand recognized as an increase in the debt and € 351 thousand recognized among provisions for risks and charges, due to the different probability of application of the additional charge) in addition to default interest. The residual debt stated in the Financial Statements amounted to € 72,194 thousand at 31 December 2021.

23. REVENUE FROM CONTRACTS WITH CUSTOMERS

The table below sets forth the breakdown of the item for the years ended 31 December 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Integrated services - system and building maintenance	137,538	141,608
Cleaning and sanitation services	233,033	240,339
Heat management	91,330	84,223
Construction work, building restructuring	58,096	64,875
Plant construction work	28,375	36,469
Landscaping services	2,882	3,126
Porterage services	30,817	20,639
Asset management	118	128
Other services	101,910	84,620
REVENUE FROM CONTRACTS WITH CUSTOMERS	**684,099**	**676,027**

In 2021 revenues, equal to € 684,099 thousand, showed an increase of € 8,072 compared to 2020, with no significant changes in percentage terms (+1.2%) compared to the value posted in 2020.

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 in the large-scale retail trade sector large and telecommunications accounts for more than 50% of the business conducted by the Company.

The performance in terms of revenues recorded by the Company was still affected, in the comparative financial year and until the first half of 2021, by the health emergency due to the COVID-19 pandemic, with the consequent downsizing (and in the first part of 2020 the blocking) of all non-essential services on the one hand, and, on the other, the requests for extra services and supplies (extraordinary sanitization and cleaning, fitting out hospital wards, non-routine maintenance work above all in the healthcare sector). On the other hand, during the second half of 2021, there was the start at full working capacity of the contracts acquired in 2020 (for example the extension of the agreements in the large-scale retail trade) and the price effect on heat management contracts, for which there was an increase in the price charged to the customer as a result of the higher cost of energy.

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 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Reimbursement of damages	622	130
Gains on sales of property, plant and machinery	26	48
Grants	427	493
Other revenues	269	365
OTHER REVENUES	**1,344**	**1,035**

As at 31 December 2021, the balance of "Other Revenues" was € 1,344 thousand, compared to € 1,035 thousand in the previous year.

"Other Revenue" is mainly made up of the recovery of costs for personnel for an amount of € 176 thousand (€ 173 thousand in the previous year). An amount of € 427 thousand was also recognized as operating grants, mainly relating to employee training projects (€ 493 thousand at 31 December 2020).

25. COSTS OF RAW MATERIALS AND CONSUMABLES

The table below sets forth the breakdown of the item for the years ended 31 December 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Change in inventories of raw materials	(166)	(301)
Fuel consumption	(49,198)	(35,214)
Consumption of raw materials	(88,881)	(70,564)
Purchase of auxiliary materials and consumables	(3,880)	(4,876)
Other purchases	(2,097)	(6,190)
COSTS OF RAW MATERIALS AND CONSUMABLES	**(144,222)**	**(117,145)**

"Costs of raw materials and consumables" amounted to € 144,222 thousand at 31 December 2021, up by € 27,077 thousand compared to 31 December 2020. The item included the costs for fuel (diesel and methane), as well as utilities and fuels (mainly used as part of the Company's maintenance work and heat management operations). The increase in this item was due to greater energy requirements (quantity effect), as well as to the higher prices that characterized the raw material market as from the second half of the year (price effect).

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 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Third-party services	(120,106)	(132,583)
Professional services	(29,236)	(27,944)
Consortia services	(44,019)	(49,469)
Utilities	(1,758)	(2,054)
Other personnel services	(5,029)	(4,997)
Transport	(81)	(111)
Equipment maintenance and repair	(4,409)	(4,621)
Insurance and sureties	(4,634)	(4,336)
Travel expenses and reimbursement of expenses	(1,509)	(1,207)
Advertising and marketing	(362)	(323)
Statutory Auditors and Committees' fees	(86)	(88)
Bank services	(110)	(95)
Bonuses and commissions	(1)	0
Other services	3,591	(902)
COSTS FOR SERVICES	**(207,748)**	**(228,730)**
Rent expense	(1,354)	(1,712)
Hires and others	(3,971)	(3,695)
COSTS FOR USE OF THIRD-PARTY ASSETS	**(5,326)**	**(5,407)**
COSTS FOR SERVICES AND USE OF THIRD-PARTY ASSETS	**(213,074)**	**(234,137)**

For the year ended 31 December 2021 the item amounted to € 213,074 thousand, against € 234,137 thousand in 2020. The decrease, equal to € 21,063 thousand, was mainly linked to the combined effect of a reduction in services provided by investee consortium companies (for € 5,450 thousand) and a rise in third-party services (€ 12,477 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 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Wages and salaries	(173,108)	(170,921)
Social security charges	(53,367)	(53,902)
Temporary and leased personnel	(20,604)	(19,346)
Other current benefits	(555)	(604)
CURRENT BENEFITS	**(247,634)**	**(244,744)**
Employee termination indemnity	(27)	(62)
DEFINED BENEFITS	**(27)**	**(62)**
Payments to employee pension funds	(9,853)	(10,118)
DEFINED CONTRIBUTION BENEFITS	**(9,853)**	**(10,118)**
EMPLOYMENT TERMINATION BENEFITS	**(2,421)**	**(484)**
PERSONNEL COSTS	**(259,935)**	**(255,439)**

The financial year ended 31 December 2021 showed an increase of € 4,496 thousand against the balance in 2020. It was due to the combined effect of a lower average number of employees in service in 2021, from 12,290 in 2020 to 11,923 in 2021, offset by the provisions of the new national collective agreement for cleaning and multi-services (which came into force in the second half of 2021), which saw an increase in the average salary of employees. 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 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Other operating costs	(2,692)	(2,212)
Fines and penalties	(835)	(671)
Competition Authority's fine for the FM4 Tender	(255)	(82,200)
Taxes other than income taxes	(1,484)	(1,350)
Capital losses on disposals of assets	(11)	(2)
Credit losses	(14)	-
Securitization credit discount	(199)	(184)
OTHER OPERATING COSTS	**(5,491)**	**(86,618)**

For the financial year ended 31 December 2021 the item amounted to € 5,491 thousand against € 86,618 thousand in 2020. The decrease of € 81 million compared to 2020 was mainly recognized in the item *Competition Authority's Fine,* which, in the previous year, had included the cost for the fine imposed by the Competition Authority relating to an alleged anti-competitive agreement for the Consip FM4 Tender; the Company is paying in accordance with the installment plan issued by the Revenue Agency (for more details reference should be made in theother section of these explanatory notes).

The year saw the recognition of credit discount costs equal to € 199 thousand (€ 184 thousand at 31 December 2020) 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 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Amortization of intangible assets	(5,298)	(6,438)
Depreciation of property, plant and equipment	(1,406)	(1,377)
Depreciation of property, plant and equipment under lease	(5,056)	(4,981)
Write-down of equity investments in Group companies	(544)	(11,999)
Write-downs of trade receivables	(3,665)	(2,885)

	31 December 2021	31 December 2020
Transfer of bad debt provision	421	264
Write-downs of other assets	-	(550)
AMORTIZATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACKS OF ASSETS	**(15,550)**	**(27,966)**

The item Amortization/depreciation, write-downs and write-backs of assets decreased from € 27,966 thousand for the year ended 31 December 2020 to € 15,550 thousand in 2021.

The item 'Write-down of the Group's Companies equity investments" of € 544 thousand, compared to € 11,999 thousand in the previous year, decreased by € 11,455 thousand. As at 31 December 2021 it included the value adjustment recognized on the investment in Yougenio S.r.l. as a result of losses regarded as not recoverable for € 473 thousand and the loss for the sale of investment in Como Energia Soc. Cons. a r.l. for € 72 thousand.

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

The item is made up of :

Dividends from group companies for € 11,132 thousand (€ 20,489 thousand at 31 December 2020)

Income from disposal of equity investments for € 856 thousand (€ 900 thousand at 31 December 2020, net of charges from disposal of equity investments for € 446 thousand).

The breakdown of dividends collected as at 31 December 2021 is shown below compared to 2020:

	31 December 2021	31 December 2020
H2H Facility Solutions S.p.A.	-	2,000
Servizi Ospedalieri S.p.A.	8,840	18,000
Telepost S.r.l.	2,000	-
Sesamo S.p.A.	9	67
Progetto Nuovo Sant'Anna S.r.l.	29	14
Genesi Uno S.p.A.	32	33
MFM Capital S.r.l.	69	225
Progetto ISOM S.p.A.	100	90

	31 December 2021	31 December 2020
Gico System S.r.l.	40	60
Other minor items	13	-
TOTAL DIVIDENDS FROM GROUP COMPANIES	**11,132**	**20,489**

The breakdown of income and costs from investments as at 31 December 2021 are shown below compared to 2020:

	31 December 2021	31 December 2020
Sale of Energy Saving Valsamoggia S.r.l.	-	(446)
Premium for yiel cessione MFM Capital S.r.l.	-	900
Sale of Gico Systems S.r.l.	812	-
Other minor items	44	-
TOTAL INCOME AND CHARGES FROM DISPOSAL OF EQUITY INVESTMENTS	**856**	**454**

Capital gains for € 812 thousand on disposal of equity investments in Gico Systems S.r.l. to Rentokil S.p.A. were accounted in 2021.

31. FINANCIAL INCOME

Below is the breakdown of this item for the financial years ended 31 December 2021 and 2020:

	31 December 2021	31 December 2020
Interest on trade receivables	253	617
Interest on loans and intercompany current accounts	3,931	3,639
Interest from discounting of non-interest bearing loans	3	10
Interest on bank current accounts	-	1
Capital gains on securities	-	1,160
Other financial income	121	65
FINANCIAL INCOME	**4,310**	**5,493**

Financial income for the year showed a decrease of € 1,183 thousand compared to 2020, which was mainly due to the recognition, during 2020, of a capital gain on securities following the purchase of portions of the bond issue on the open market.

32. FINANCIAL CHARGES

	31 December 2021	31 December 2020
Interest on Loans	(27,681)	(32,557)
Financial charges on Group financial accounts	(176)	(229)
Financial costs from securitization	(3,936)	(3,067)
Other financial charges	(30,657)	(6,702)
Financial charges on leases	(1,368)	(1,494)
FINANCIAL CHARGES	**(63,818)**	**(44,049)**

The impact of *financial charges* for the 2021 financial year was equal to € 63,818 thousand, up by € 19,768 thousand compared to 2020, when it was equal to € 44,049 m thousand. The financial charges accrued on the Senior Secured Notes amounted to € 27,514 thousand in 2021 against € 30,537 thousand in 2020.

The refinancing transaction, which was completed in 2021, entailed an early redemption of the Senior Secured Notes issued in 2017 with a coupon at an annual fixed rate of 9%, as well as the issue of new Senior Secured Notes due 2026 and a coupon of 7.25%. This transaction will allow in the next financial years a reduction in the weight of financial charges on results of operations (payable with a coupon on a six-monthly basis on 1 February and 1 August, as from 1 August 2021), entailed the payment of non-recurring financial charges for € 23.7 million in 2021. Specifically, the Company incurred costs related to the early redemption for € 15 million, on the basis of the redemption premium set in the rules of the Senior Secured Noted paid off in full; furthermore, the repayment of the Notes also entailed the reversal through profit or loss for the period of the residual additional costs to the issue in 2017, accounted for according to the amortized cost method, equal to € 5.8 million. Finally, non-recurring financial charges included bank fees for the new issue of € 3.6 million.

In addition , the newly-issued Senior Secured Notes were affected by the financial charges for the period due to: (i) the financial charges for the period accrued on the coupons, equal to € 25.2 million; (ii) the accrued portion of the upfront fees relating to the issue, accounted for according to the amortized cost method, which entailed financial amortization charges of € 1.4 million.

Finally, interest discount costs were recognized for € 3,936 thousand during 2021 in relation to the assignments of trade and VAT receivables without recourse (€ 3,067 thousand at 31 December 2020).

33. CURRENT AND DEFERRED TAXES

The breakdown of the income taxes is shown below for the years ended 31 December 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Current IRES tax	6,496	7,995
Current IRAP tax	3,625	3,218
(Income) charges from tax consolidation	(2,025)	(2,252)
Adjustments to current taxes of previous years	222	819
Current taxes	**8,319**	**9,780**
Prepaid/deferred IRES tax	498	(840)
Prepaid/deferred IRAP tax	(67)	95
Prepaid/deferred taxes relating to previous years	-	0
Prepaid/(deferred) taxes	**431**	**(745)**
CURRENT, PREPAID AND DEFERRED TAXES	**8,749**	**9,035**

Current taxes

The reconciliation between IRES tax and IRAP tax recorded and theoretical tax resulting from application of the tax rates in force for the years ended 31 December 2021 and 31 December 2020 to pre-tax profit is as follows:

Reconciliation between theoretical and actual IRES tax rate	**31 December 2021**	**%**	**31 December 2020**	**%**
Pre-tax profit (continuing and discontinuedoperations)	**(4,040)**		**(57,364)**	
Ordinary rate applicable		24%		24%
Effect of increases (decreases):				
- Temporary differences	(527)		7,689	
- Permanent differences	23,018		74,164	
IRES taxable income	18,452		24,489	
ACTUAL RATE/TAX	**4,428**	**N.A.**	**5,877**	**N.A.**

Reconciliation between theoretical and actual IRAP tax rate	**31 December 2021**	**%**	**31 December 2020**	**%**
Pre-tax profit (continuing and discontinued operations)	**(4,040)**		**(57,364)**	
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	259,935		255,439	
- Balance from financial management	47,546		17,613	
- Other difference between taxable base and pre-tax result	(216,259)		(143,780)	
IRAP taxable income	**87,182**		**71,907**	
- of which at 2.68%	2,241		1,789	
- of which at 2.93%	19		100	
- of which at 3.10%	56		47	
- of which at 3.90%	57,704		48,020	
- of which at 4.73%	727		1,023	
- of which at 4.82%	23,723		23,154	
- of which at 4.97%	2,712		2,590	
ACTUAL RATE/TAX	**3,625**	**4.16%**	**3,218**	**4.48%**

in 2021 the Company recognized a profit from discontinued operations equal to € 16 thousand, including the aforementioned adjustment to the capital gain from the sale of the investment in Sicura S.p.A..

Prepaid and deferred taxes

The breakdown of the prepaid and deferred taxes as at 31 December 2021 and at the end of the previous year is shown below :

Breakdown of Prepaid and deferred taxes	Equity tax effect		Economic tax effect	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Prepaid taxes:				
Presumed losses on receivables	1,867	3,614	1,747	(848)
Provisions for risks and charges	3,713	3,149	(563)	679
Fees of Directors, Statutory Auditors and Independent Auditors	37	60	23	(10)
Amortization	1	1	-	
Interest expense	3,068		-	
Cash cost deduction	1	24	23	2
Effects of IFRS16 recognized in Equity	633	633	-	
Other temporary differences	547	610	63	12
TOTAL PREPAID TAXES	**9,867**	**11,160**	**1,293**	**166**
Deferred taxes:				
Goodwill amortization	(9,898)	(9,875)	24	234
Purchase Price Allocation (PPA)	(1,472)	(1,539)	(67)	(67)
Other temporary differences	(20)	(26)	(6)	(1)
Amortized cost	-	(814)	(814)	(1,078)
TOTAL DEFERRED TAXES	**(11,390)**	**(12,253)**	**(863)**	**(911)**
NET PREPAID/(DEFERRED) TAXES	**(1,523)**	**(1,093)**	**431**	**(745)**

34. COMMITMENTS AND GUARANTEES

The Company has commitments in place which arise from the execution of lease agreements.

Furthermore, the Company holds commitments to the execution of property lease agreements for the its offices in Italy, as well as long-term hire agreements for the corporate fleet, accounted for as operating leases 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 2021 and 31 December 2020:

	31 December 2021			
	Finance Lease		Operating Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	101	93	5,880	4,716
From one year to five years	250	241	18,655	16,004
After 5 years	-	-	6,895	6,402
TOTAL LEASE PAYMENTS	**351**	**334**	**31,430**	**27,122**
Financial charges	(17)		(4,308)	
PRESENT VALUE OF LEASE	**334**	**334**	**27,122**	**27,122**

	31 December 2020			
	Finance Lease		Operating Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	101	90	5,927	4,630
From one year to five years	351	334	18,951	16,409
After 5 years	0	0	9,900	9,021
TOTAL LEASE PAYMENTS	**452**	**424**	**34,778**	**30,067**
Financial charges	(28)		(4,711)	
PRESENT VALUE OF LEASE PAYMENTS	**424**	**424**	**30,069**	**30,069**

Guarantees given

The Company had the following guarantees as at 31 December 2021:

- guarantees for financial obligations of € 7,112 thousand (unchanged compared to 31 December 2020), wholly issued in the interests of subsidiaries and associates for bank overdrafts andother financial obligations;
- sureties granted to third parties as security for the correct performance of commercial contracts in place with customers, equal to € 292,480 thousand (€ 274,375 thousand at 31 December 2020), of which an amount of € 41,170 thousand issued in the interests of subsidiaries and associates (€ 26,672 thousand at 31 December 2020);

- other guarantees issued by third parties in favor of associates, joint ventures and other equity investments for € 7,057 thousand (€ 10,307 thousand at 31 December 2020);
- 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 € 74,241 thousand (€ 47,569 thousand at 31 December 2020), of which an amount of € 11,697 thousand issued in the interests of subsidiaries and associates (€ 2,559 thousand at 31 December 2020).

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, 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;
- 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 2021 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. These loans, if long-term, 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 administrative and lease service contracts are in place with its parent company MSC.

There are no guarantees in relation to receivables and payables with 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-21	117	23,031	37	725	1	14,584	3,501	12,747
	31-Dec-20	125	20,119		703	35	7,277	4,685	14,272
TOTAL PARENT COMPANY	**31-Dec-21**	**117**	**23,031**	**37**	**725**	**1**	**14,584**	**3,501**	**12,747**
	31-Dec-20	**125**	**20,119**		**703**	**35**	**7,277**	**4,685**	**14,272**

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-21	-	-	-	-	3	-	-	1
	31-Dec-20	-	-	-	-	3	-	-	1
Bologna Strade soc.cons.a r.l.	31-Dec-21	71	-	-	-	22	-	-	-
	31-Dec-20	68	-	-	-	21	0	0	-
Cefalù Energia S.r.l.	31-Dec-21	1,559	-	-	5	1,358	0	-	334
	31-Dec-20	5	-	-	-	5	0	-	105
Co.Ge.F. Soc.Cons.a r.l.	31-Dec-21	841	765	-	-	1,426	-	914	-
	31-Dec-20	973	846	-	-	2,306	0	1,305	-
Cons. Igiene Ospedaliera Soc.Cons.a r.l.	31-Dec-21	63	165	-	-	345	-	471	-
	31-Dec-20	63	156	-	-	268	0	398	-
Cons. Imolese Pulizie Soc.Cons.a r.l.	31-Dec-21	-	-	-	-	-	36	12	-
	31-Dec-20	-	-	-	-	-	36	12	-

DIRECTLY AND INDIRECTLY-CONTROLLED COMPANIES *in liquidation*		**Revenues**	**Costs**	**Financial income**	**Financial charges**	**Trade receivables**	**Financial receivables and others**	**Trade payables**	**Financial payables and others**
Consorzio Stabile CMF	31-Dec-21	326	1,351	16	-	4,420	165	(177)	-
	31-Dec-20	1,656	2,173	1	-	2,306	88	1,084	-
Cons. Servizi Toscana Soc.Cons.a.r.l.	31-Dec-21	-	-	-	-	282	-	177	-
	31-Dec-20	-	-	-	-	282	-	177	-
Gestlotto 6 Soc.Cons.a r.l.	31-Dec-21	-	-	-	-	-	5	-	-
	31-Dec-20	-	-	-	-	-	5	-	-
Global Oltremare Soc.Cons.a.r.l in liquidation	31-Dec-21	-	7	-	-	-	-	92	-
	31-Dec-20	-	15	-	-	-	-	85	-
Ferraria Soc.Cons.a r.l.	31-Dec-21	3,661	4,216	-	-	5,257	0	3,876	-
	31-Dec-20	4,300	5,143	-	-	3,421	0	2,277	-
Gymnasium Soc.Cons.a r.l. in liquidation	31-Dec-21	-	-	-	-	1	8	33	-
	31-Dec-20	-	-	-	-	1	8	33	-
Isom Gestione Soc.Cons.a.r.l.	31-Dec-21	12,863	7,898	-	-	11,496	0	5,063	-
	31-Dec-20	14,987	9,438	-	-	15,859	0	5,880	-
Isom Lavori Soc.Cons.a.r.l.	31-Dec-21	20	-	-	-	559	-	418	-
	31-Dec-20	20	1	-	-	535	0	308	-
Infrastrutture Lombardia Servizi Soc. Cons. a r.l.	31-Dec-21	987	1,370	-	-	996	-	1,180	-
	31-Dec-20	1,234	894	-	-	1,235	0	894	5
H2H Facility Solutions S.p.a.	31-Dec-21	2,889	-	72	-	1,142	1,525	2	94
	31-Dec-20	2,871	1	-	29	1,642	2,421	3	104
H2H Cleaning S.r.l.	31-Dec-21	64	19	-	-	93	1	44	27
	31-Dec-20	130	13	-	-	233	1	26	271
Medical Device S.r.l.	31-Dec-21	-	6	-	-	3	-	52	-
	31-Dec-20	-	39	-	-	3	-	46	-
M.S.E. Soc. Cons. a r.l.	31-Dec-21	1	5	-	-	-	-	4	-
	31-Dec-20	-	4	-	-	78	135	119	-
Palmanova servizi energetici soc.cons. a r.l.	31-Dec-21	-	(150)	-	-	810	-	446	-
	31-Dec-20	-	8	-	-	810	-	596	-
S.AN.CO. Soc. Conso a r.l.	31-Dec-21	37	(9)	-	-	56	861	(278)	618
	31-Dec-20	37	(9)	-	-	11	861	(269)	618
S.AN.GE Soc.	31-Dec-21	25,161		167	-	10,062	5,014	10,819	-

DIRECTLY AND INDIRECTLY-CONTROLLED COMPANIES		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cons. a r.l.			14,530						
	31-Dec-20	22,619	13,318	168	-	5,600	4,845	7,365	-
Servizi Brindisi soc.cons.a r.l.	31-Dec-21	-	7	-	-	264	6	(50)	-
	31-Dec-20	-	7	-	-	264	6	(58)	-
Servizi Ospedalieri S.p.A.	31-Dec-21	1,701	57	2,693	-	693	44,329	8	4
	31-Dec-20	1,190	1,569	2,422	-	452	24,916	503	4
Servizi Taranto Soc. Cons. a r.l. in liquidation (*)	31-Dec-21	21	10	-	-	395	-	287	-
	31-Dec-20	1,068	3,093	-	-	592	0	1,628	56
Simagest 2 Soc.Cons.a r.l. in liquidation	31-Dec-21	-	-	-	-	-	75	13	2
	31-Dec-20	-	-	-	-	-	75	13	2
Simagest 3 Soc.Cons.a r.l. in liquidation	31-Dec-21	-	-	-	-	-	3	6	-
	31-Dec-20	-	4	-	-	-	3	7	-
Telepost S.r.l.	31-Dec-21	634	656	-	62	156	-	138	742
	31-Dec-20	700	713	-	26	253	-	147	1,591
Logistica Sud-Est Soc. Cons. a r.l.	31-Dec-21	731	1,992	-	-	139	-	597	-
	31-Dec-20	799	2,141	-	-	355	0	802	-
Rekeep Digital S.r.l.	31-Dec-21	258	2,596	54	-	82	2,147	1,966	96
	31-Dec-20	324	2,760	83	-	118	2,461	1,471	96
San Gerardo Servizi Soc. Cons. a r.l.	31-Dec-21	3,376	3,336	-	-	1,786	-	2,493	-
	31-Dec-20	3,748	3,739	-	-	1,820	0	2,696	-
Rekeep World S.r.l.	31-Dec-21	346	-	809	-	10	22,957	4	160
	31-Dec-20	392	-	652	-	36	32,417	14	15
Rekeep Saudi Co.Ltd.	31-Dec-21	-	-	34	(303)	432	-	-	-
	31-Dec-20	-	-	-	(95)	95	-	-	-
Rekeep France S.a.s.	31-Dec-21	-	-	-	-	-	1	-	-
	31-Dec-20	-	-	-	-	-	-	-	-
Rekeep Transport S.a.s.	31-Dec-21	20	-	-	-	-	-	-	-
	31-Dec-20	-	-	-	-	-	-	-	-
Protec S.r.l.	31-Dec-21	-	-	-	-	-	-	-	-
	31-Dec-20	3	-	-	-	-	-	-	-
MCF Servizi Integrati Soc. Cons. a r.l. in liquidation	31-Dec-21	-	-	-	-	689	-	322	-
	31-Dec-20	33	-	-	-	689	-	322	-

DIRECTLY AND INDIRECTLY-CONTROLLED COMPANIES		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
KANARIND Soc. Cons.a rl	31-Dec-21	10,365	7,443	-	-	4,177	-	3,144	-
	31-Dec-20	9,919	6,893	-	-	5,590	0	2,687	-
YOUGENIO S.r.l. in liquidation	31-Dec-21	44	2	88	-	42	3,637	2	3
	31-Dec-20	106	187	114	-	94	3,164	219	3
Rekeep Rail S.r.l.	31-Dec-21	249	4	-	43	134	20	4	4,139
	31-Dec-20	359	-	33	-	274	69	-	1,028
Treviso GS4 Soc. Cons. a r.l.	31-Dec-21	235	2,.786	-	-	41	2,172	2,305	-
	31-Dec-20	-	-	-	-	-	-	-	-
TOTAL DIRECTLY AND INDIRECTLY-CONTROLLED COMPANIES	**31-Dec-21**	**66,523**	**49,062**	**3,933**	**(194)**	**47,369**	**82,961**	**34,388**	**6,220**
	31-Dec-20	**67,605**	**53,147**	**3,474**	**(40)**	**45,249**	**71,512**	**30,789**	**3,899**

(*) in liquidation as from 01.01.2022

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-21	7,356	3,444	-	-	4,303	-	1,843	-
	31-Dec-20	7,141	3,218	-	-	3,140	0	1,037	-
Legnago 2001 Soc.Cons.a r.l. in liquidation	31-Dec-21	-	8	-	-	158	-	67	-
	31-Dec-20	-	5	-	-	158	-	59	-
SCAM Soc.Cons. a r.l.	31-Dec-21	-	-	-	-	-	-	53	-
	31-Dec-20	-	-	-	-	-	-	53	-
Serena s.r.l. in liquidation	31-Dec-21	-	-	-	-	-	3	-	-
	31-Dec-20	-	-	-	-	-	3	-	-
CO. & MA.Soc. Cons. a r.l	31-Dec-21	270	1,166	-	-	90	20	1,163	-
	31-Dec-20	360	1,203	-	-	60	20	568	-
TOTAL JOINT VENTURES	**31-Dec-21**	**7,626**	**4,618**	**-**	**-**	**4,551**	**23**	**3,126**	**-**
	31-Dec-20	**7,501**	**4,426**	**-**	**-**	**3,358**	**24**	**1,717**	**-**

ASSOCIATES		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Bologna Più Soc.Cons. a r.l. in liquidation	31-Dec-21	-	-	-	-	-	3	3	2
	31-Dec-20	-	-	-	-	-	3	3	2
Como Energia Soc.Cons.a r.l. in liquidation (*)	31-Dec-21	-	-	-	-	-	-	-	-
	31-Dec-20	-	7	-	-	-	-	111	-
Gico Systems S.r.l. (*)	31-Dec-21	-	-	-	-	-	-	-	-
	31-Dec-20	6	1,679	-	-	2	-	935	-
Global Provincia di Rimini Soc.Cons.a r.l. in liquidation	31-Dec-21	-	-	-	-	-	70	13	-
	31-Dec-20	-	-	-	-	-	70	13	-
Global Riviera Soc.Cons.a r.l. in liquidation (*)	31-Dec-21	-	-	-	-	-	-	-	-
	31-Dec-20	-	9	-	-	-	-	(14)	-
Global Vicenza soc.cons. a r.l.	31-Dec-21	-	0	-	-	-	10	17	-
	31-Dec-20	-	3	-	-	-	10	16	-
Logistica Ospedaliera Soc.Cons.a r.l.	31-Dec-21	-	8	-	-	-	-	18	-
	31-Dec-20	-	4	-	-	-	-	19	-
Newco DUC Bologna S.p.A.	31-Dec-21	-	15	-	-	-	-	66	-
	31-Dec-20	-	-	-	-	-	-	51	-
Roma Multiservizi S.p.A.	31-Dec-21	52	63	-	-	50	-	93	-
	31-Dec-20	93	961	-	-	79	-	627	-
Servizi Napoli 5 soc.cons. r.l.	31-Dec-21	1,375	1,284	-	-	4,310	-	2,896	-
	31-Dec-20	1,357	1,290	-	-	3,853	-	2,612	-
TOWER Soc. Cons. a r.l. in liquidation (*)	31-Dec-21	-	-	-	-	-	-	-	-
	31-Dec-20	-	-	-	-	33	29	-	-
Bologna Global Strade Soc. Cons a r.l.	31-Dec-21	247	-	-	-	148	383	1	-
	31-Dec-20	457	767	-	-	86	383	1	-
BGP2 Soc.Cons. a r.l. (*)	31-Dec-21	-	-	-	-	-	-	-	-
	31-Dec-20	(208)	244	-	-	-	-	501	-
Gestione Strade Soc. Cons. a r.l.	31-Dec-21	64	1,187	-	-	44	63	398	-
	31-Dec-20	223	1,278	-	-	78	63	433	-
S.E.I. Energia Soc. Cons. a r.l.	31-Dec-21	49	3,553	22	-	103	780	2,799	-
	31-Dec-20	49	3,944	22	-	44	757	2,347	-
2High S.r.l.	31-Dec-21	-	200	-	-	-	-	171	-
	31-Dec-20	-	116	-	-	-	-	215	-
Imola Verde e Sostenibile Soc. Cons. a r.l.	31-Dec-21	211	203	-	-	50	-	45	-
	31-Dec-20	285	274	-	-	114	-	102	3

ASSOCIATES		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL ASSOCIATES	**31-Dec-21**	**1,997**	**6,513**	**22**	**-**	**4,705**	**1,308**	**6,518**	**2**
	31-Dec-20	**2,262**	**10,576**	**22**	**-**	**4,288**	**1,314**	**7,971**	**5**

(*) Investment transferred/sold in 2021

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-21	-	-	-	-	1	-	-	-
	31-Dec-20	-	-	-	-	1	-	-	-
Nugareto Società Agricola Vinicola S.r.l.	31-Dec-21	1	38	-	-	0	-	16	-
	31-Dec-20	-	-	-	-	-	-	-	-
Segesta S.r.l.	31-Dec-21	5	-	-	-	2	-	-	-
	31-Dec-20	5	-	-	-	6	-	-	-
Sacoa s.r.l.	31-Dec-21	41	2	-	-	12	-	-	-
	31-Dec-20	41	19	-	-	12	-	-	-
TOTAL SUBSIDIARIES OF MSC	**31-Dec-21**	**47**	**40**	**-**	**-**	**15**	**-**	**16**	**-**
	31-Dec-20	**46**	**19**	**-**	**-**	**19**	**-**	**-**	**-**
Consorzio Karabak Società Cooperativa	31-Dec-21	73	0	-	-	19	-	0	-
	31-Dec-20	72	-	-	-	19	-	-	-
Consorzio Karabak Due soc.coop	31-Dec-21	5	-	-	-	1	-	-	-
	31-Dec-20	4	-	-	-	1	-	-	-
Consorzio Karabak Quattro coop	31-Dec-21	-	1	-	-	-	-	1	-
	31-Dec-20	-	-	-	-	-	-	1	-
SACOA Servizi Telematici S.r.l.	31-Dec-21	-	2	-	-	-	-	3	-
	31-Dec-20	-	-	-	-	-	-	-	-
TOTAL ASSOCIATES OF MSC	**31-Dec-21**	**78**	**3**	**-**	**-**	**19**	**-**	**4**	**-**
	31-Dec-20	**76**	**0**	**-**	**-**	**19**	**-**	**1**	**-**

		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL RELATED PARTIES	**31-Dec-21**	76,389	83,267	3,993	531	56,661	98,876	47,552	18,969
	31-Dec-20	77,614	88,287	3,496	663	52,969	80,127	45,163	18,176

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. Advances of € 188 thousand collected against these services were recognized at 31 December 2021.

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

- MSC Società di Partecipazione tra Lavoratori S.p.A. has sub-leased to the Company the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The duration of the lease has a 5-year term and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is expected to be € 1,320 thousand, to be paid in 12 monthly installments;
- 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. Annual rent is expected to be € 325 thousand, to be paid in 12 monthly installments.
- On 6 July 2007, Rekeep S.p.A. signed a framework agreement with its parent company, MSC Società di Partecipazione tra Lavoratori S.p.A., in order to regulate the essential contents of subsequent personnel leases from MSC to the Subsidiary pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term, and is tacitly renewed, unless terminated by one of the parties. As a result of said agreement, which has the legal nature of a legislative contract that does not provide rights to third parties, Rekeep S.p.A. and the parent company set out the conditions that regulate any future contracts for the leasing of shareholder personnel of MSC Società di Partecipazione tra Lavoratori S.p.A., and the operating rules for establishing and resolving said contracts;
- MSC Società di Partecipazione tra Lavoratori S.p.A. is committed to providing, on the basis of contracts stipulated with the individual companies of the Rekeep Group, the payroll service relating to the Company's employees;
- 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;
- Starting from 2004, the Company applied the tax consolidation of the Parent Company MSC, pursuant to art. 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. The option was confirmed for the period from 2019 to 2021. 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 art. 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 2020	31 December 2019
STATEMENT OF FINANCIAL POSITION		
ASSETS		
A) Subscribed capital, unpaid	27	52
B) Fixed assets	127,428	316,234
C) Working capital	10,409	30,166
D) Accrued income and prepaid expenses	733	993
TOTAL ASSETS	**138,596**	**347,445**
LIABILITIES		
A) Shareholders' equity:		
Share capital	4,564	5,034
Reserves	285,866	277,737
Profit/(Loss) for the year	(186,960)	8,381
B) Provisions for risks and charges	315	684
C) Employee Severance Indemnity	878	984
D) Payables	33,343	53,995
E) Accrued expenses and deferred income	590	630
TOTAL LIABILITIES	**138,596**	**347,445**
INCOME STATEMENT		
A) Value of production	30,447	34,282
B) Costs of production	(28,917)	(33,230)
C) Financial income and costs	1,331	9,033
D) Value adjustments to financial assets	(189,046)	(2,855)
Income taxes for the year	(776)	1,151
Profit/(Loss) for the year	**(186,960)**	**8,381**

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 2021, as well as those paid to the Executives with Strategic Responsibilities:

	2021	2020
BOARD OF DIRECTORS		
Short-term benefits	460	468
TOTAL BOARD OF DIRECTORS	**460**	**468**
BOARD OF STATUTORY AUDITORS		
Short-term benefits	73	77
TOTAL BOARD OF STATUTORY AUDITORS	**73**	**77**
OTHER STRATEGIC EXECUTIVES		
Short-term benefits	3,843	2,787
Subsequent benefits	125	133
TOTAL OTHER STRATEGIC EXECUTIVES	**3,968**	**2,920**

The table below reports the fees accrued in 2021 for the audit and non-audit services rendered by the EY S.p.A and by entities in their network:

	31 December 2021	31 December 2020
Audit services	460	456
Other services	788	334
Other certifications	-	27
TOTAL FEES DUE TO THE EY S.p.A. NETWORK	**1,247**	**816**

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. The main 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 issued 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 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 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 2021 and 31 December 2020:

			Hierarchy Levels				Hierarchy Levels	
	31 December 2021	Level 1	Level 2	Level 3	31 December 2020	Level 1	Level 2	Level 3
Financial assets at fair value through profit orloss								
Financial receivables, securities and other non-current financial assets	101	101			101	101		
of which securities	101	101			101	101		
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	**101**	**101**			**101**	**101**		

During 2021 the Company did not make recourse to hedging derivatives. In 2021 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.

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 2021:

	31 December 2021	Financial Assets at Fair value through OCI	Loans and receivables
Non-current financial assets			
Other investments	7,109	7,109	
Non-current financial assets	35,324		35,324
Other non-current assets	2,377		2,377
Total non-current financial assets	**44,810**	**7,109**	**37,701**
Current financial assets			
Trade receivables and advances to suppliers	286,311		286,311
Current tax receivables	4,289		4,289
Other current assets	10,762		10,762
Current financial assets	58,543		58,543
Cash and cash equivalents	47,897		47,897
Total current financial assets	**407,803**	**-**	**407,803**
Total financial assets	**452,613**	**7,109**	**445,504**
Financial income	**4,310**	**-**	**4,310**

	31 December 2021	Financial Liabilities at Fair Value in Equity/Income Statement	Financial Liabilities measured at amortized cost
Non-current financial liabilities			
Non-current loans	385,788		385,788
Total non-current financial liabilities	**385,788**	**-**	**385,788**
Current financial liabilities			
Trade payables and contract liabilities	274,744		274,744
Short-term loans	52,912		52,912
Total current financial liabilities	**327,656**	**-**	**327,656**
Total financial liabilities	**713,444**	**-**	**713,444**
Financial (charges)	**(63,818)**	**-**	**(63,818)**

The same information is reported below for the financial year ended 31 December 2020:

	31 December 2020	Financial Assets at Fair value through OCI	Loans and receivables
Non-current financial assets			
Other investments	7,010	7,010	
Non-current financial assets	29,207		29,207
Other non-current assets	2,708		2,708
Total non-current financial assets	**38,924**	**7,010**	**31,914**
Current financial assets			
Trade receivables and advances to suppliers	286,271		286,271
Current tax receivables	7,753		7,753
Other current assets	12,385		12,385
Current financial assets	46,131		46,131
Cash and cash equivalents	53,823		53,823
Total current financial assets	**406,363**	**0**	**406,363**
Total financial assets	**445,287**	**7,010**	**438,277**
Financial income	**5,493**	**0**	**5,493**

	31 December 2020	Financial Liabilities at Fair Value in Equity/Income Statement	Financial Liabilities measured at amortized cost
Non-current financial liabilities			
Non-current loans	354,928		354,928
Total non-current financial liabilities	**354,928**	**0**	**354,928**
Current financial liabilities			
Trade payables and contract liabilities	274,681		274,681
Short-term loans	30,497		30,497
Total current financial liabilities	**305,178**	**0**	**305,178**
Total financial liabilities	**660,106**	**0**	**660,106**
Financial (charges)	**(44,049)**		**(44,049)**

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 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., which was renewed on 14 January for three more years, concerning the assignment on a revolving basis of receivables claimed by the same companies from Entities in the National Health System and Public Administration, in an amount of up to € 300 million.

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 by 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 activated during 2021 in order to meet temporary cash requirements: on 6 August 2021 for an amount of € 12 million and repaid on 3 September 2021; it was then renewed on 15 September 2021 for an amount of € 15 million and repaid on 29 September 2021; it was renewed once again on 13 October 2021 for an amount of € 20 million and repaid on 29 December 2021 and, finally, it was renewed on 12 November 2021 for an amount of € 5 million and repaid on 13 December 2021.

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

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 art. 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 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.

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 all are at a variable interest rate, short/medium-term 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 2021	31 December 2020	31 December 2021	31 December 2020
Financial assets				
Cash and cash equivalents	47,897	58,823	47,897	58,823
Receivables and other current financial assets	58,543	46,131	58,543	46,131
Other minority interests	7,109	7,010	7,109	7,010
Non-current financial receivables	35,324	29,207	35,324	29,207
Financial liabilities				
Loans:				
- Variable rate loans	22,161	14,608	22,161	14,608
- Fixed rate loans	390,481	358,573	390,481	358,573
Other current financial liabilities	26,058	12,244	26,058	12,244

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%) following the merger by incorporation of CMF S.p.A. on 1 July 2018, first, and then with the bond issue mentioned on more than one occasion, which was launched in 2021.

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.

The 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 in the balance sheet items Cash and cash equivalents in Note 14, Receivables and other current financial assets in Note 13 and Non-current financial assets in Note 8.

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 before taxes (in thousands of Euro)
Financial year ended 31 December 2021	+150 bps	(97)
	-30 bps	19
Financial year ended 31 December 2020	+150 bps	(256)
	-30 bps	51

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 2021	31 December 2020
Employee termination indemnity	4,298	5,616
Interest-bearing loans	438,700	385,425
Trade payables and other payables	403,746	416,789
Cash and current financial assets	(106,440)	(99,954)
Net debt	**740,304**	**707,876**
Capital	109,150	109,150
Reserves and retained earnings	(22,612)	(9,930)
Total capital	**86,537**	**99,920**
EQUITY AND NET DEBT	**826,841**	**807,096**
INDEBTEDNESS RATIO	**90%**	**88%**

There was an increase in the debt ratio compared to 31 December 2020, mainly due to a decrease in Net worth against the recognition of the loss carried forward at 31 December 2020, despite higher interest-bearing loans for € 53,275 thousand.

37. OTHER INFORMATION

In 2021 the Company received financial benefits from Public Authorities or entities treated as such as referred to in Law no. 124 of 4 August 2017 bearing "*Annual Act on market and competition*".

Specifically, during the 2021 financial year Rekeep S.p.A. achieved income from tax credits of € 17 thousand for the sanitization and the purchase of personal protective equipment regulated by Article 32 of Decree Law no. 73 of 25 May 2021 ("Sostegni-bis" Compensation Decree).

Furthermore, the Company has a soft loan ("Artigiancassa" Loan) in place, which is 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

Heterogeneous transformation and change of name of the parent company

Manutencoop Società Cooperativa transformed its legal form from a cooperative company to a joint-stock company, and, in this context, changed its company name to MSC Società di Partecipazione tra Lavoratori S.p.A., with effect from 1 February 2022.

The transaction was carried out following a resolution passed by the extraordinary shareholders' meeting held on 27 November 2021 and upon completion of the formalities required by the applicable provisions of law. The Rekeep Group's parent company retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal total value.

The adoption of the new legal form of joint-stock company originated and was motivated by the need to better support the national and international development of the Rekeep Group. The cooperative company form, due to its rules of governance and remuneration of invested capital, has in fact proved unsuitable over time to cope with this program, which requires both the contribution of capital from shareholders and the financial market and access to advanced financial instruments.

There were no significant impacts on the operations of the Rekeep Group following the transformation.

New agreement for the assignment without recourse of trade receivables

On 17 January 2022 Rekeep S.p.A. signed a new agreement for the assignment without recourse (*pro-soluto*) of trade receivables with Banca Farmafactoring S.p.A. for an amount of up to € 300 million. The agreement has a term of three years and provides for the possibility of assigning, without recourse and on a revolving basis, receivables claimed by Rekeep S.p.A., and other its subsidiaries, from entities in the National Health System and Public Authorities. The new agreement replaces the previous one, which was also signed with Banca Farmafactoring S.p.A. in 2018 and which provided for an annual ceiling of up to € 200 million for the assignment of receivables of the same type.

International geopolitical tensions

As at the date of presentation of the Consolidated Financial Statements, the conflict that broke out on 24 February 2022 following Russia's invasion of Ukraine was still ongoing, and its evolution is not foreseeable at present. The military conflict had immediate repercussions in economic terms: the main Western political forces reacted by imposing extremely harsh economic sanctions on Russia; on the other hand, the climate of uncertainty led to a general rise in inflation.

At present, it is not yet possible to reliably estimate the impact of the international scenario described above and the repercussions that it has on the country. The Management monitors the situation on an ongoing basis.

It should be pointed out that the Group has no business relationships, nor does it have secondary offices or companies in the countries involved in the conflict.

39. ALLOCATION OF THE PROFIT FOR THE YEAR

In completing the report for the 2021 financial year, the Directors invite the shareholders to approve the Financial Statements of Rekeep S.p.A. at 31 December 2021 and to carry forward the loss for the year, equal to € 12,789,250.97.

Zola Predosa, 22 April 2022

The Chairman and CEO

Giuliano Di Bernardo

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Indipendent auditor's report

Rekeep S.p.A.

Financial statements as at December 31, 2021

Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

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

Tel: +39 051 278311
Fax: +39 051 236666
ey.com

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 at December 31, 2021, and the statement of profit or loss, the statement of other comprehensive income, the statement of cash flows and the statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 "18. Provisions for Risks and Charges" and Note "22. Other Current Liabilities" of the financial statements, which describe management evaluation regarding the sanction imposed on Rekeep S.p.A. by the *Autorità Garante della Concorrenza e del Mercato* (Antitrust Authority) on May 9, 2019 and the related effects on the financial statements. Our opinion is not modified in respect of this matter.

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.

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
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Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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The Directors are responsible for assessing the 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 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 the International Standards on Auditing (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 Operation of Rekeep S.p.A. as at December 31, 2021, 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 at December 31, 2021 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operation is consistent with the financial statements of Rekeep S.p.A. as at December 31, 2021 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Bologna, April 6, 2022

EY S.p.A.
Signed by: Alberto Rosa, Auditor

This report has been translated into the English language solely for the convenience of international readers.

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Minutes of the shareholder's meeting

REKEEP 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 22, 2022

Today, Friday April 22, 2022 at 9:00 a.m. at the registered office in Zola Predosa (BO), Via Poli n. 4, regularly called in accordance with the By-Laws, by e-mail on March 21, 2022, the Ordinary Shareholders' Meeting of Rekeep S.p.A. convened.

Pursuant to art. 16 of the By-Laws, the Vice Chairman of the Board of Directors, Mr Giuliano Di Bernardo, chaired the Meeting, noting that:

- there is the Sole Shareholder, MSC Società di Partecipazione tra Lavoratori S.p.A., carrying 109,149,600 shares, representing 100% of the share capital, in the person of its Chairman Mr Claudio Levorato;
- there is the Board of Directors, in the persons of the Chairman himself and, by conference call, of the Vice-Chairman, Mr Riccardo Bombardini and of Directors, Messrs. Laura Duò, Gabriele Stanzani, Matteo Tamburini and Paolo Leonardelli;
- there is the Board of Statutory Auditors, by conference call, in the persons of Messrs. Germano Camellini (Chairman of the Board of Statutory Auditors), Marco Benni and Giacomo Ramenghi (Standing auditors).

The Chairman of the Meeting, noting that the By-Laws do not require the advance deposit of the shares' certificate, established the identity of all parties and that everyone is in the condition to participate at the meeting, follow the discussion and intervene in real time to the same, verified the regularity of the convocation and the legitimacy of the participation of the above mentioned members, then declares the meeting properly established and able to deliberate on the following agenda:

1. **Financial statements as at December 31, 2021, Directors' Report on Operations, Report of the Board of Statutory Auditors and Report of the Independent Auditors: related and consequent resolutions.**
2. **Appointment of the audit firm for the termination of engagement.**

The Chairman proposes to the Meeting, which approves, the appointment as Secretary to Mr Claudio Bazzocchi, attending by conference call, who accepts.

In this regard, the Chairman acknowledges that all participants take part in the Shareholders', Meeting by means of conference call; the procedures are those provided for in Article 106, paragraph 2), of Legislative Decree no. 18 of March 17, 2020, *Measures for strengthening the National Health Service and financial support for families, workers and businesses related to the epidemic COVID-19 emergency*, which, among other things, allow the Chairman and the Secretary to be present in different places.

***

Financial statements as at December 31, 2021, Directors' Report on Operations, Report of the Board of Statutory Auditors and Report of the Independent Auditors: related and consequent resolutions.

The Chairman notes that the Draft Financial Statements approved by the Board of Directors' meeting held on March 18, 2022 have been made available to the Shareholders, to the Statutory Auditors and to the Independent Auditors on the same date.

The Chairman briefly illustrates the main voices of the Separate Financial Statements as at December 31, 2021, prepared in accordance with the International Financial Reporting Standards (IFRS), and the Report on Operations - omitted to read it with the unanimous consent of all participants, as these documents, are already available to all participants.

The Chairman continues and then presents the Independent Auditor's Report issued by EY S.p.A. in accordance with article 14 of Legislative Decree n. 39, dated January 27, 2010.

At the end of the report, the Chairman of the Board of Statutory Auditors, Mr Germano Camellini takes the floor and, after having omitted the integral reading always with the unanimous consent of all participants, reads to the Meeting only the final sections of the Statutory Auditor's Report to the Financial Statements at December 31, 2021, issued in accordance with art. 2429 of the Italian Civil Code.

The Chairman of the meeting then shows the proposal concerning the result for the year made by the Board of Directors and contained in the documents above.

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The Chairman of the Meeting, omitted also in this case the reading with the unanimous consent of all participants, briefly illustrates the Consolidated financial statements at December 31, 2021, also prepared in accordance with the International Financial Reporting Standards (IFRS), and the Report on Operations prepared in a unitary form with Report on Operations of the Separate Financial Statement.

The Chairman then provides the Independent Auditor's Report on the Consolidated Financial Statements at December 31, 2021 issued by the Independent auditors EY S.p.A. in accordance with article 14 of Legislative Decree n. 39, dated January 27, 2010.

***

The Chairman therefore invites all the presents to intervene on the documents submitted.

The Chairman invites the Meeting to approve the draft of the Separate Financial Statements at December 31, 2021, together with the Report on Operations, the Statutory Auditor's Report and the Independent Auditor's Report.

The Meeting, with clear and unanimous vote, took note:

- of the Separate Financial Statements at December 31, 2021, together with the Report on Operations, the Opinion of the Statutory Auditors and the Opinion of the Independent Auditors, as well as the Consolidated Financial Statements accompanied by the Report on Operations and the Opinion of the Independent Auditors;

APPROVES

- the Separate Financial Statements at December 31, 2021, together with the Report on Operations;
- the proposal to carry forward the loss for the year equal to Euro 12,789,250.97.

***

Appointment of the audit firm for the termination of engagement.

As regards the 2nd item on the agenda, the Chairman of the Shareholders' Meeting, Mr Di Bernardo, reminds the Shareholders' Meeting that, due to the expiry of the mandate conferred on 8 April 2019 for the three-year period from 2019 to 2021, it is necessary to appoint the audit firm pursuant to Article 59 of the By-Laws for the new three-year period from 2022 to 2024.

In accordance with the current By-Laws, the Board of Statutory Auditors submits a reasoned proposal regarding the engagement of the audit firm.

The Chairman of the Board of Statutory Auditors, Mr Germano Camellini, then reads out the reasoned proposal pursuant to the current By-Laws - sent in advance to the Shareholder – to appoint the Audit Firm "E&Y S.p.A." for the engagement concerning the statutory audit of accounts for the three-year period from 2022 to 2024 according to the offer it submitted on 5 April 2022.

After concluding the intervention, the Chairman then invites the Shareholders' Meeting, as competent body pursuant to Article 13 of Legislative Decree no. 39 of 27 January 2010, to resolve on the engagement.

After having acknowledged the explanations provided by the Chairman of the Shareholders' Meeting and having heard the reasoned proposal submitted by the Board of Statutory Auditors, the Shareholders' Meeting resolves, by clear and unanimous vote, to appoint the Audit Firm

"E&Y S.p.A." to carry out the statutory audit of accounts for the three-year period from 2022 to 2024 according to the offer it submitted on 5 April 2022.

At 9:20 a.m. the Shareholders' meeting is formally dissolved following the approval of this minutes.

The Secretary

Claudio Bazzocchi

The Chairman

Giuliano Di Bernardo

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