annual report

at 31 december 2022

rekeep

minds that work

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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*

Report on operation

at 31 december 2022

rekeep

minds that work

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 Saudi Arabia (through Rekeep Saudi Arabia Ltd). Finally, the acquisition of the Polish company Rekeep Polska S.A., the parent company controlling the group with the same name and leading market in Poland, strengthened the Group's market position in the field of facility management in the healthcare sector, as well as expanded the Group's range of services, including first of all catering operations.

Shareholding structure

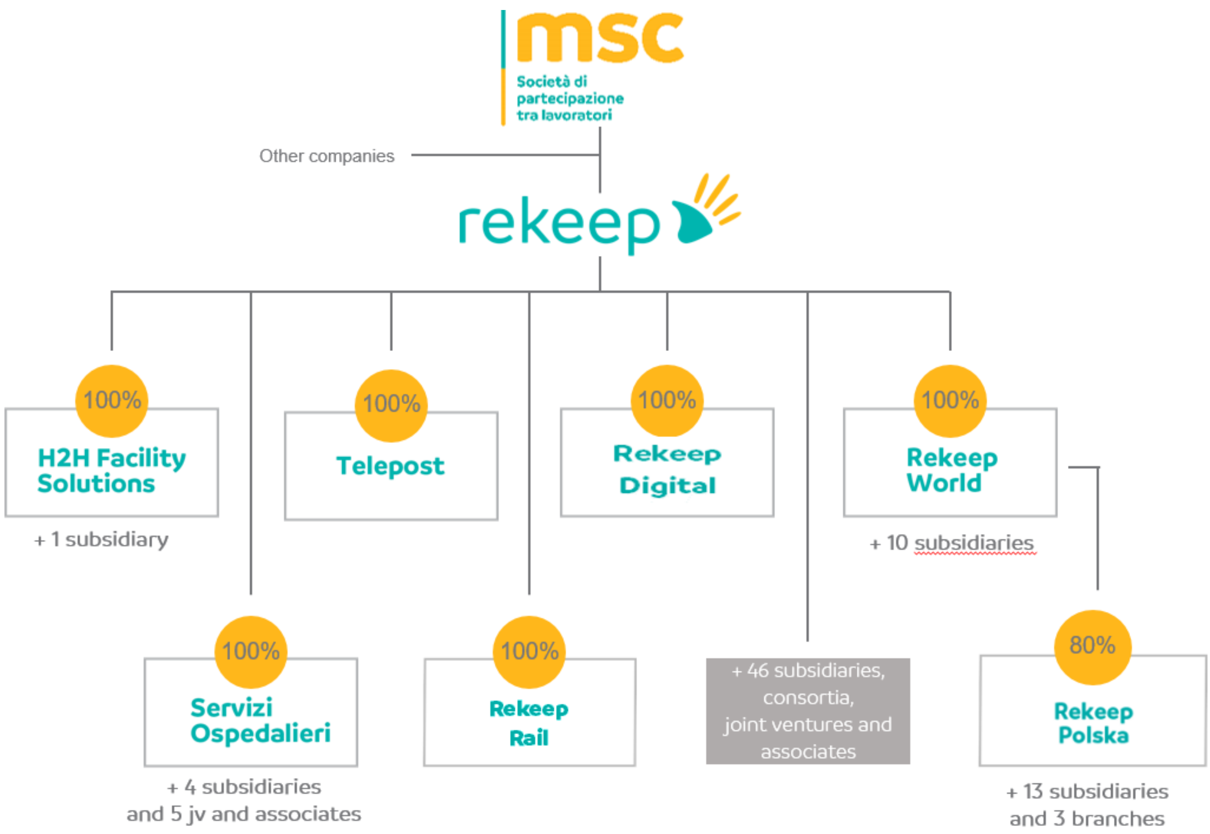
Ordinary shares issued by Rekeep S.p.A and fully paid up at 31 December 2022 amounted to 109,149,600 with a par value of Euro 1 each.

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

It is recalled 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. ("MSC S.p.A."), with effect from 1 February 2022. The parent company retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal par value.

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

The structure of the Group controlled by MSC Società di Partecipazione tra Lavoratori S.p.A. at 31 December 2022 was the following:


msc
Società di partecipazione tra lavoratori
Other companies
rekeep
100%
H2H Facility Solutions
+ 1 subsidiary
100%
Telepost
100%
Rekeep Digital
100%
Rekeep World
+ 10 subsidiaries
100%
Servizi Ospedalieri
+ 4 subsidiaries and 5 jv and associates
100%
Rekeep Rail
+ 46 subsidiaries, consortia, joint ventures and associates
80%
Rekeep Polska
+ 13 subsidiaries and 3 branches

MACROECONOMIC AND MARKET SCENARIO

After a 2021 marked by strong dynamism, global economy's momentum showed a widespread deceleration during 2022. The global economic cycle was in fact affected by exceptionally high inflation, very unfavorable financial conditions, the uncertainty surrounding the conflict in Ukraine, and difficulties in procurement along value chains.

In particular, a major focus of attention on the global macroeconomic scenario has been rising inflation, which has never been so high in advanced countries for decades. It suffices to consider that the average inflation in OECD countries estimated for 2022 is 9.4%, almost six times the average of 1.6% in the period from 2013 to 2019.

While inflationary pressures have not been limited solely to rising energy prices, the main challenge for the global economy has been found in the tensions in the energy market, mainly due to the countermeasures put in place by Russia as a response to the Western countries' economic sanctions following the invasion of Ukraine: from the beginning of the year to the end of December 2022, oil and gas prices increased by 54% and 392%, respectively. However, particularly in Europe, there was a downturn in the subsequent months, which was linked on the one hand to lower demand and mild weather in the winter months that allowed each state to replenish their energy reserves, and on the other hand to interventions in the energy market through the implementation of a price cap on Russian gas and oil.

In addition to the rise in energy carrier prices, the increase in the general price level has been driven by the problems experienced along supply chains in various sectors, which have characterized the global economy since the acute phase of the pandemic in 2020. In fact, the Russian-Ukrainian crisis has added to an already very complex situation, in which a globally uneven economic recovery in the aftermath of the pandemic crisis has created bottlenecks in the supply of components and inputs that are critical to economic activity.

Finally, it should be pointed out that inflation - which has inevitably impacted on both Italian and international economic growth prospects - has led to higher production costs for businesses and a reduction in real household income. In this context, Central Banks have adopted restrictive monetary policies in order to pursue price stability (i.e., an inflation rate of around 2% over the medium term), changing pace from the more accommodative plans adopted in previous years. On the contrary, during 2022 the main countries adopted expansionary budget policies, which were mainly aimed at containing the impact of rising energy costs on households and businesses. With specific regard to the European countries, the main measures adopted included subsidies to the most vulnerable groups, a reduction in energy taxes and the capping of final selling prices, as well as the provision for one-off grants in the form of tax credits for energy-intensive companies. The largest contribution to annual GDP was given by France and Italy (0.8%). Spain, while the Netherlands and the United Kingdom stopped at 0.4% of GDP, while Germany is at slightly lower levels (0.3%).

According to the latest observations from the International Monetary Fund, economic growth has been surprisingly resilient, with strong labor markets, robust data on household consumption and business investment, and a better-than-expected adjustment to the energy crisis in Europe. Inflation has also shown improvements, with data that are currently falling in most countries.

In Italy, GDP grew by 3.9% in 2022 compared to the previous year according to ISTAT (Italian Statistics Institute) data: growth was strengthened, thanks to the fact that all the main aggregates of domestic demand were expanding, with growth rates of 1.8%

in final household consumption expenditure and 0.8% in investment, while net foreign demand contributed negatively to GDP growth. From a sectoral point of view, there was growth in the value added of services for the sixth quarter in a row, mainly due to the contribution from trade, transport, accommodation and catering sectors, while there was a decline in agriculture, industry in the narrow sense and the construction sector.

On the labor front, employment and hours worked stabilized at the high levels of the previous year. Growth in permanent jobs also continued, which was supported by the numerous cases of transformation of temporary employment contracts activated during 2021, while the trend in pay increases remained moderate, partly due to continuing negotiations in some service industries, where the share of employees waiting for the renewal of their collective agreement is still substantial.

Inflation trends continued to accelerate sharply during 2022 compared to the previous year, recording - again in December 2022 - increases of 0.3% on a monthly basis and 11.6% on an annual basis (from 11.8% in the previous month). On average, consumer prices rose by 8.1% in 2022 (+1.9% in 2021). Net of energy goods and fresh food ("core inflation"), consumer prices increased by 3.8% (+0.8% in the previous year) and net of energy only by 4.1% (+0.8% in 2021). The trend-based slowdown in inflation - albeit slight – recorded in the last months of 2022, was mainly attributable to the prices of unregulated energy goods, which, while maintaining sustained growth, rose from +69.9% to +63.3%, unprocessed food (from +11.4% to +9.5%) and transport-related services (from +6.8% to +6.0%).

According to the Bank of Italy's macroeconomic estimates, which assume that tensions associated with the war would still remain high in the first half of 2023 and gradually decline along the forecast horizon - GDP would slow to 0.6% in 2023 after rising by nearly 4 percentage points in 2022. Growth would return to be strengthened in the following two years, thanks to the acceleration of both exports and domestic demand. Inflation, which rose above 8% in 2022, would fall to 6.5% in 2023 and more sharply thereafter, down to 2% in 2025.

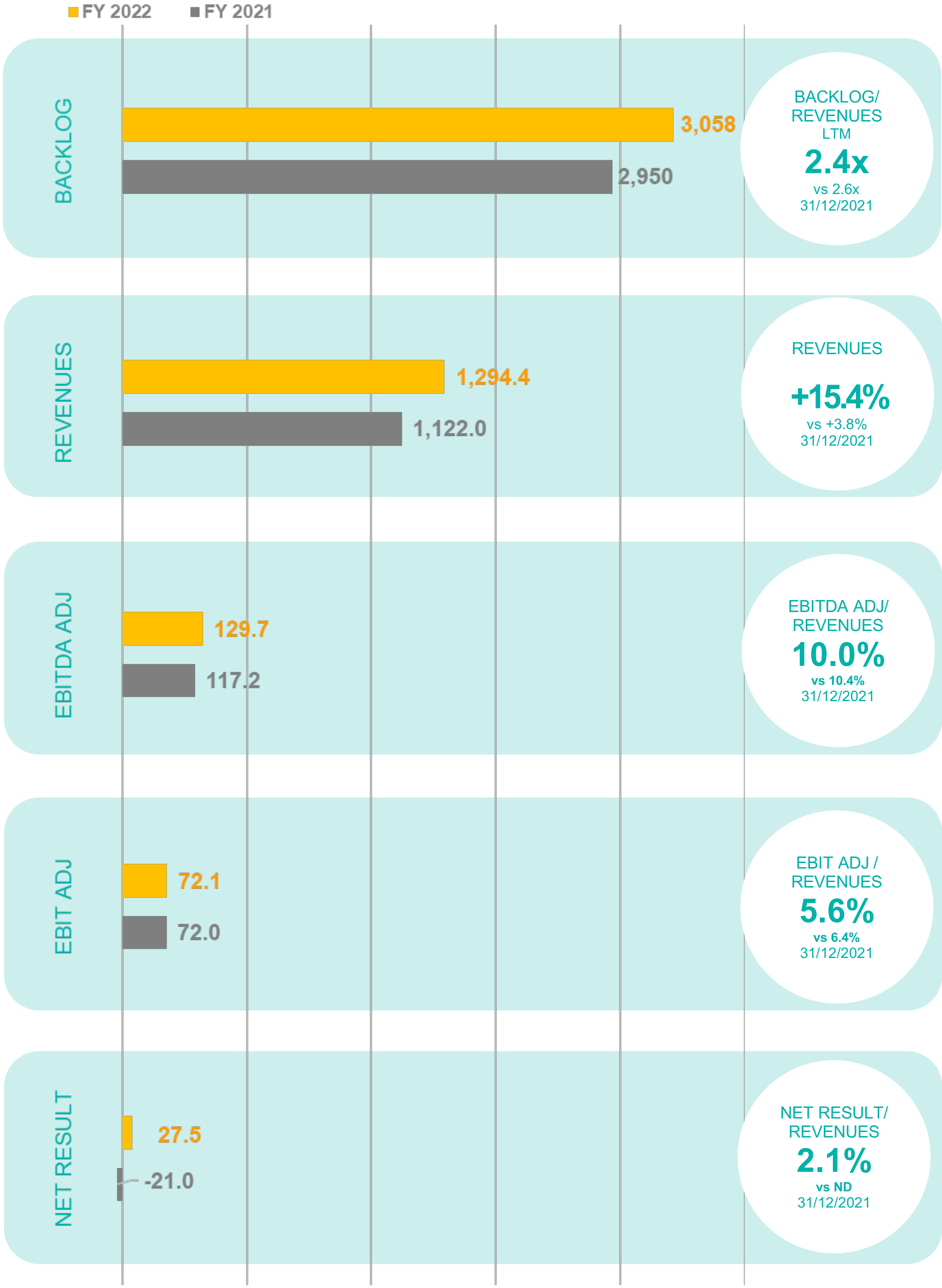
According to the latest data from the International Monetary Fund on the next few years, growth is therefore expected to be weak in 2023 based on historical standards, due to the battle against inflation and the Russian war in Ukraine, before rebounding during the following year.

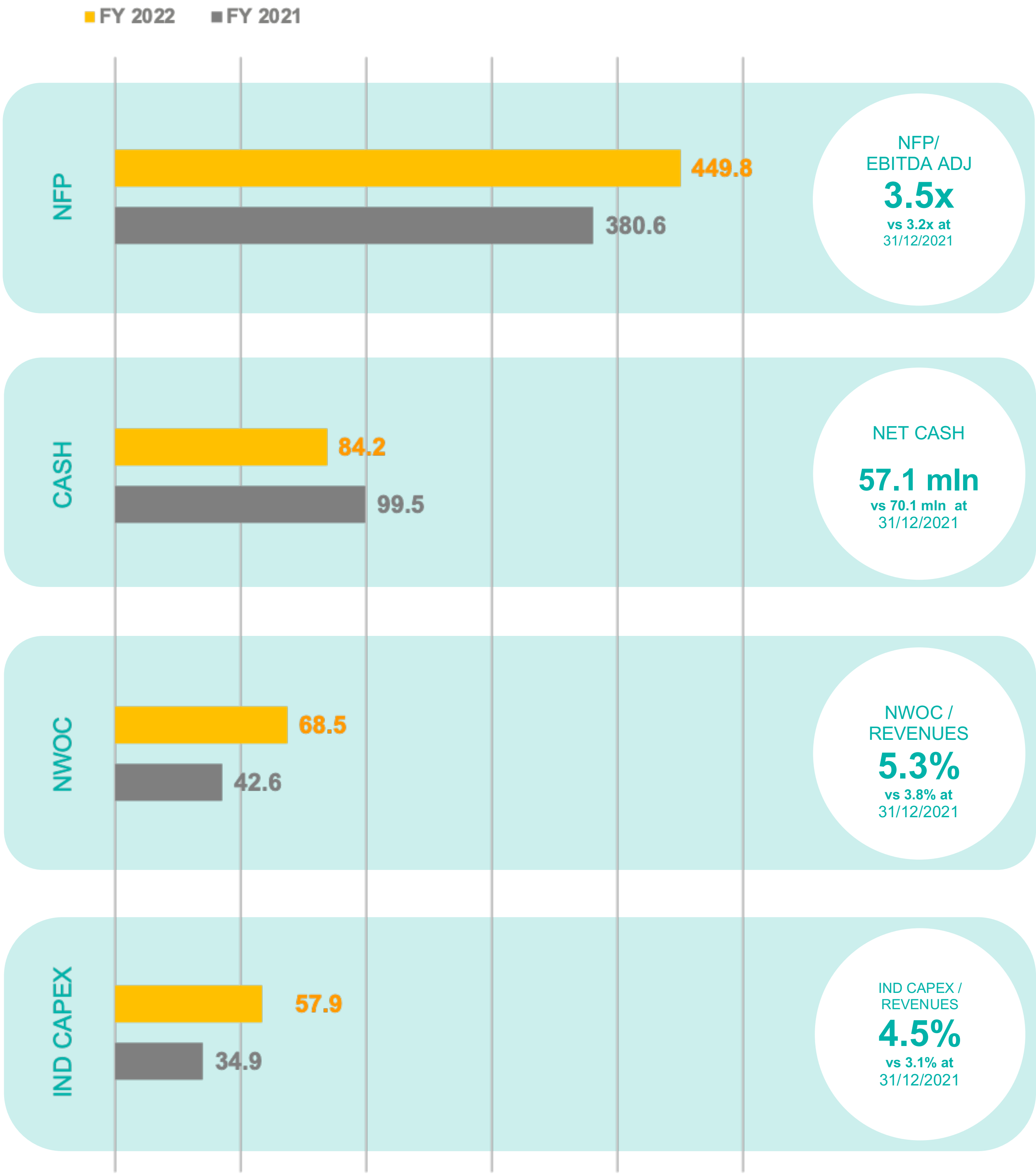
ALTERNATIVE PERFORMANCE MEASURES (NON-GAAP FINANCIAL MEASURES)

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

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

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


FY 2022
FY 2021
BACKLOG
3,058
2,950
BACKLOG/ REVENUES LTM
2.4x
vs 2.6x 31/12/2021
REVENUES
1,294.4
1,122.0
REVENUES
+15.4%
vs +3.8% 31/12/2021
EBITDA ADJ
129.7
117.2
EBITDA ADJ/ REVENUES
10.0%
vs 10.4% 31/12/2021
EBIT ADJ
72.1
72.0
EBIT ADJ / REVENUES
5.6%
vs 6.4% 31/12/2021
NET RESULT
27.5
-21.0
NET RESULT/ REVENUES
2.1%
vs ND 31/12/2021


FY 2022
FY 2021
NFP
449.8
380.6
NFP/ EBITDA ADJ
3.5x
vs 3.2x at 31/12/2021
CASH
84.2
99.5
NET CASH
57.1 mln
vs 70.1 mln at 31/12/2021
NWOC
68.5
42.6
NWOC / REVENUES
5.3%
vs 3.8% at 31/12/2021
IND CAPEX
57.9
34.9
IND CAPEX / REVENUES
4.5%
vs 3.1% at 31/12/2021

REPORT ON OPERATIONS

2022 SIGNIFICANT EVENTS

The 2022 financial year was affected by the consequences of exogenous factors linked to the international geopolitical and social scene that emerged following the start of the conflict between Russia and Ukraine in Eastern Europe, which is still ongoing at present.

The conflict, which broke out on 24 February 2022 following Russia's invasion of Ukraine, has brought direct consequences, as well as a climate of uncertainty, in the economic and market environment, including a generalized rise in inflation. The Russian invasion of Ukraine has put further upward pressure on energy, raw materials and food commodity prices, thus fueling global inflationary pressures. At present, estimates of the future evolution of the economic and other scenarios are still unstable, although in the early months of 2023 positive signs came from the slowdown in inflation.

The Management is monitoring the situation on an ongoing basis and analyzes the relevant impact on the Group in order to promptly take the most appropriate measures to limit and counteract the resulting adverse effects on the Group companies. However, it should be noted that neither the Parent Company Rekeep S.p.A., nor any other company in the Group, maintains business relationships or has any direct or indirect interest in any companies or has any branch office in the countries involved in the conflict.

In terms of results of operations, the fourth quarter of 2022 confirmed the growth trend in revenues. In 2022 revenues amounted in fact to € 1,294.4 million, up by € 172.4 million compared to the same period of the previous year (+ 15.4%). The positive change compared to 2021 was achieved in any and all markets, i.e. Public, Healthcare and Private sectors, and confirmed a resumption of work, after the restrictions imposed as a result of the Covid-19 pandemic; revenues were also affected by an increase in turnover under energy contracts and a good performance in International Markets.

In terms of profit margins, Adjusted EBITDA came to € 129.7 million at 31 December 2022 (€ 117.2 million at 31 December 2021) and relative profit margins equal to 10.0%: the indicator thus showed an increase of € 12.5 million, although being affected by a general increase in the prices of energy raw materials and transport.

In terms of financial performance, the last quarter confirmed an increase in Net debt compared to the previous year, from € 380.6 million at 31 December 2021 to €449.8 million at 31 December 2022, as was in Net working operating capital from € 42.6 million at 31 December 2021 to € 68.5 million at 31 December 2022, due to higher volumes recorded in the period as result of a rise in energy prices. However, both values at the end of the financial year just ended showed a decline compared to the performance in previous quarters, thanks to the results achieved by actions implemented by Management and the slowdown in inflation in the latter part of the year.

New agreement for the assignment without recourse of trade receivables

On 17 January 2022, the Parent Company Rekeep S.p.A. and other subsidiaries signed a new agreement for the assignment without recourse of trade receivables with BFF Bank 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 claimed from Entities in the National Health System and Public Authorities. The new agreement replaces the previous one, which was also signed with BFF Bank S.p.A. in 2018 and which provided for an annual ceiling of up to € 200 million for the assignment of receivables of the same type.

Council of State's decision on ANAC's disqualification order proceedings – Santobono Pausilipon

The proceedings brought under the order (the "ANAC Order") whereby ANAC (Italian Anti-corruption Authority) imposed a fine on Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at that time), raising objections concerning the failure to provide a declaration relating to the absence of criminal proceedings against one of the Company's proxy holders in the documentation submitted for the tender that took place in 2013, have been concluded with a favorable outcome for the Parent Company Rekeep S.p.A..

By judgment no. 491/2022, filed on 25 January 2022, the Council of State granted the appeal submitted by the Company against the Lazio Regional Administrative Court's judgment no. 3754/2021, thus annulling any effect of the order adopted by ANAC, which had already been previously suspended on a precautionary basis.

Heterogeneous transformation and change of name of the parent company MSC S.p.A.

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 par 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.

Acquisition of the "Personnel Activities" business unit

On 30 June 2022 the Parent Company Rekeep S.p.A. signed the deed of acquisition from its parent company MSC Società di Partecipazione tra Lavoratori S.p.A. of a "Personnel Activities" business unit concerning a unitarily organized set of legal relationships, assets, persons and activities for the provision of specialist consulting services on personnel management, administration, recruitment and selection, personnel placement consulting and intermediation in payroll processing, in addition to the organized group of people including Rekeep's top management and heads of functions.

The transfer of the business unit became effective from 1 July 2022 and took place at the price of € 13.8 million agreed between the parties, in line with the business unit's economic value that emerges from the expert's report prepared on the relevant accounting position as at 31 March 2022, in addition to an adjustment calculated on the final book value of the business unit at the date of transfer (for any information on the value of the business unit as at the date of transfer and for more details reference should be made to the note 3 of the Explanatory Notes to the Consolidated and Separate Financial Statements). Within this transaction, Rekeep will proceed with the insourcing of the know-how and skills belonging to its executives, as well as the activities and competencies pertaining to the area of Human Resources (HR), which until now MSC had put at the service of Rekeep, thus also achieving savings linked to the amount paid to MSC for the work it has performed.

Sale of Rekeep United Yönetim Hizmetleri A.Ş.

On 9 November 2022 the agreement to sell the investment (corresponding to 50.98% of the share capital) in Rekeep United Yönetim Hizmetleri A.Ş. became effective. The sale follows the agreement signed on 13 September 2022 between the subsidiary Rekeep World S.r.l. and UFS Kurumsal Hizmetleri A.Ş., a company under the control of the minority shareholder.

The transaction is in line with the strategic repositioning in international markets decided by the Group, which includes stopping the development of new projects in Turkey, since the country is no longer considered to be strategic for the Group.

Business development

In 2022 the Group brought orders for an overall multi-year amount of € 762.3 million, of which € 447.2 million relating to extensions and renewals of contracts already included in its sales portfolio and € 315.0 million relating to the development of a new portfolio. The value of contracts acquired in International Markets was equal to about 18.7% of total orders gained during the period.

New contracts in the Healthcare sector amounted to € 536.7 million at 31 December 2022 (about 70.4% of total orders gained), against orders gained for the Public sector for € 125.5 million (16.5% of the total) and in the Private sector for € 100.1 million (13.1% of the total). In terms of Strategic Business Unit ("SBU"), Facility Management (which also includes International Markets) obtained contracts of € 634.4 million while Laundering&Sterilization obtained contracts of € 127.9 million.

In particular, the Group was awarded a tender in the Healthcare market, among other things, within a centralized bidding process launched by the Veneto Regional Government for the management of maintenance and energy services relating to properties used by healthcare facilities, and signed an integrated services contract at a Local Health Unit (ASL) in Brindisi and at Mater-Domini Hospital Trust in Catanzaro. On the International Markets front, for the Rekeep Polska Group we must note major orders that were gained for the renewal of portfolio contracts due to expire and new contracts for hygiene, catering and medical transportation in the hospital sector, which is the key target market of the sub-group. Furthermore, the Group also continued its growth in the healthcare sector in France following the award of a contract for cleaning and bio-cleaning services and associated services at the new facilities of the Versailles Hospital Centre and a contract for cleaning services at Institut Imagine, part of the Necker-Enfants Malades Hospital.

Moreover, the subsidiary Servizi Ospedalieri S.p.A. gained a new sterilization contract at a Local Health Unit (ASL) in the Tuscany Region and at some Local and Social Health Units (ULSS) in the Veneto Region and contracts were renewed mainly for linen rental and industrial laundering services, which were already included in the portfolio at various local hospital trusts.

As regards the Public Market, additional contracts for hygiene services were signed under the Intercenter 5 Emilia Romagna agreement, as were contracts for energy services at some municipality facilities in Sicily.

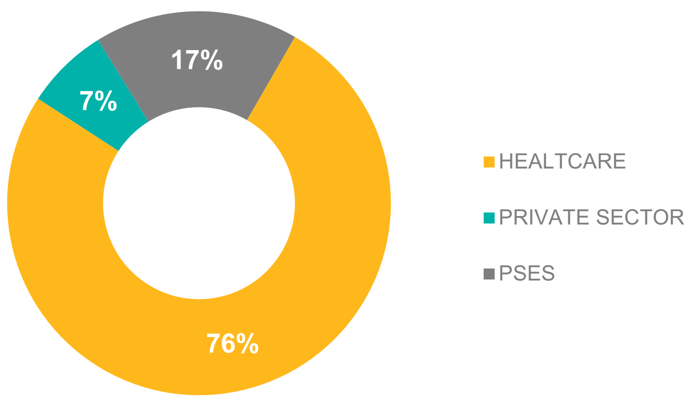
Finally, an agreement was signed for the extension of the offer for integrated services at a major network customer, in addition to noting renewals of portfolio contracts due to expire, mainly for hygiene services at shopping centers and retail customers and for hygiene and catering services in Poland in the Private sector. Among others, the subsidiary H2H Facility Solutions S.p.A. signed an integrated and cleaning services agreement at the offices of Yoox Net-A-Porter.

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

	31 December 2022	30 September 2022	31 December 2021
Backlog	3,058	3,223	2,950

At 31 December 2022, **Backlog** came to € 3,058 million, remaining stable compared to the value posted at the end of the previous year (€ 2,950 million), while showing a slight decline compared to 30 September 2022 (€ 3,223 million). However, the Backlog/Revenues ratio was equal to 2.4x (2.6x at 31 December 2021).

BACKLOG BY MARKET



1. SUMMARY OF RESULTS OF THE FOURTH QUARTER OF 2022

	For the Quarter ended 31 December		
	2022	2021	%
Revenues	347,953	309,562	+12.4%
of which Revenues - International Markets	*48,219*	*44,582*	
Adjusted EBITDA (*)	46,920	32,265	+45.4%
Adjusted EBITDA % on Revenues	13.5%	10.4%	
Adjusted EBIT (*)	20,905	19,907	+5.0%
Adjusted EBIT % on Revenues	6.0%	6.4%	
Consolidated net result	7,776	(6,701)	
Consolidated net result % on Revenues	2.2%	NA	

In the fourth quarter of 2022 the Group recorded ***Revenues*** of € 348.0 million compared to € 309.6 million in the same period of the previous year, with a positive change of € 38.4 million. The International Markets contributed revenues of € 48.2 million to the quarter (an amount of € 37.6 million of which was contributed by the Polish sub-group controlled by Rekeep Polska), showing an increase of € 3.6 million compared to the same quarter of the previous year.

Revenues for the quarter continued to be affected by the increase in the turnover from energy contracts. On the International Markets front, the Polish group benefited from the renewal and adjustments of contracts during the fourth quarter too, as well as from the development of a new portfolio, while cleaning services became fully operational in the healthcare sector in France. On the other hand, there were a slowdown due to delays in the start-up of some contracts, especially in the Healthcare sector, and delays in business development for some companies in the area of specialist services.

The breakdown by market showed an increase of € 36.7 million in volumes of Healthcare sector compared to the fourth quarter of 2021 (€ 213.6 million in the fourth quarter of 2022 and € 177.0 million in the same period of the previous year, respectively), thus accounting for 61.4% of total consolidated Revenues in the quarter. The increase in revenues by market was driven by the Facility Management business segment, which also includes the contribution given by International Markets and in particular by the sub-group controlled by Rekeep Polska, which mainly operates in the Healthcare sector. The performance of the Laundering&Sterilization sector was on the upswing, although continuing to be affected by the deferred start of operations under some contracts of subsidiary Servizi Ospedalieri and a delay in the business development of the other companies of the sector.

On the other hand, the Private market showed a volume drop in absolute value (- € 0.8 million, € 64.7 million in the fourth quarter of 2022 against € 65.5 million in the fourth quarter of 2021), which was mainly reported in the Facility Management sector, following the exit from some contracts and the simultaneous delay in the business development of some subsidiaries. On the other hand, the Laundering&Sterilization sector brought a profit in revenues from the market (+€ 0.2 thousand), despite the comparative quarter was still affected by the non-recurring revenues posted during the pandemic.

(*) Adjusted income statement figures are detailed in the paragraph on “Non-recurring events and transactions” below.

Finally, the Public market posted Revenues of € 69.6 million in the quarter, showing an increase of € 2.6 million (+3.9% compared to the same quarter of 2021). The Public market too was affected by an increase in the prices charged to customers under energy contracts as a result of an increase in the costs of raw materials.

While analyzing the overall performance by sector, it is noted that the turnover achieved by the Facility Management SBU during the quarter showed an increase compared to the fourth quarter of 2021 (€ 313.6 million in the quarter ended 31 December 2022 against € 274.5 million in the quarter ended 31 December 2021: +€ 39.1 million), with a positive contribution especially in the Healthcare sector, thus confirming the positive trend observed in the financial year. The Laundering&Sterilization SBU too recorded an increase of € 1.9 million compared to the fourth quarter of 2021, thus confirming a recovery in volumes compared to the previous quarters.

Adjusted EBITDA for the fourth quarter of 2022 came to € 46.9 million, showing an increase of € 14.7 million compared to the same quarter of the previous year (when it was equal to € 32.3 million). While analyzing the performance by sector, the Facility Management SBU recorded an increase of € 16.5 million, which was also contributed to by the positive performance achieved on revenues and was supported, among others, by the recognition of the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022) as supplemented, as partial compensation for higher costs incurred for the purchase of electricity and natural gas during the quarter, which allows the mitigation of the impact of the increase in prices on these raw materials (€ 22.7 million). On the other hand, the Laundering&Sterilization SBU recorded a decline in terms of Adjusted EBITDA, equal to € 1.8 million compared to the fourth quarter of 2021, in line with the trend in revenues; this sector too benefited from the recognition of the aforesaid tax credit for € 0.3 million during the quarter in question. Finally, the overall average profit margins (**Adjusted EBITDA/Revenues**) came to 13.5% for the quarter ended 31 December 2022 against 10.4% for the same period of the previous year.

Adjusted EBIT for the quarter ended 31 December 2022 amounted to € 20.9 million (6.0% of related Revenues) against € 19.9 million for the same period of the previous year (6.4% of related Revenues). The trend was affected, in absolute terms, by the performance already reported for Adjusted EBITDA (+€ 14.7 million), from which higher amortization and depreciation for € 0.7 million, higher write-downs of receivables (net of releases) for € 1.2 million, higher impairment losses on other assets for € 0.1 million and, finally, higher accruals and net releases to provisions for future risks and charges (excluding the non-recurring portion) for € 11.7 million must be deducted.

Finally, the **Consolidated net result** for the quarter was equal to € 7.8 million against a loss of € 6.7 million for the quarter ended 31 December 2021. In addition to the performance in terms of consolidated adjusted EBIT described above, higher net financial charges were recognized for €2.2 million and an improvement in the profit (loss) for investments valued at equity for € 1.2 million in the fourth quarter of 2022. Furthermore, lower charges for taxes were recognized for € 12.1 million during the quarter compared to the same quarter of 2021, due to the substantial invariance of some tax components with respect to the changes in the Profit (loss) before tax, as well as to the recognition of proceeds of € 2.0 million in the quarter following the submission by some Group companies of supplementary tax returns of Income and IRAP (Regional Production Activity Tax) 2017 – 2022 forms.

	31 December 2022	30 September 2022	31 December 2021
Net Working Operating Capital (NWOC)	68,507	107,206	42,617
Financial indebtedness	(449,776)	(475,139)	(380,649)

From an equity and financial point of view, the figure relating to Net Working Operating Capital (**NWOC**) at 31 December 2022 recorded a decrease compared to the value posted during the past quarter (- € 38.7 million), while showing an increase compared to the value posted at the end of the previous year (+ € 25.9 million). Specifically, the fourth quarter of 2022 saw the recognition of lower trade receivables for € 17.6 million and higher trade payables for € 20.5 million, against a Financial indebtedness that reported a positive change equal to € 25.4 million compared to the end of the previous quarter. During the 2022 financial year trade receivables were assigned to factoring companies without recourse for a total of € 397.9 million (of which € 128.8 million during the fourth quarter) and VAT receivables were assigned without recourse for € 35.5 million (of which € 20.5 million during the fourth quarter).

At 31 December 2022 DSO was 167 days, recording an increase compared to 31 December 2021 (when it was equal to 154 days), but showing a decrease compared to the value posted during the last quarter (when it was equal to 168 days). The performance of the DPO came to 213 days at 31 December 2022, compared to 220 days at 31 December 2021 and 203 days recorded during the previous quarter. Finally, the performance of amounts collected from customers and payments to suppliers as a whole generated cash flows during the quarter (+ € 37.5 million). The trend recorded both in DSO and DPO was also linked to the events that involve the energy sector and the consequent measures put in place by the management.

Financial indebtedness too showed a decrease of € 25.4 million during the quarter. To the cash flows generated from operating activities during the quarter (€ 30.6 million) must be added the cash flow generated by the change in NWOC (€ 37.5 million) and uses of resources for net industrial investments (€ 24.9 million) and financial investments (€ 16.6 million), in addition to uses of provisions for future risks and charges and the provision for Employee Termination Indemnity (TFR) for the quarter (€ 1.5 million), a positive contribution from changes in other operating assets and liabilities that were recorded during the quarter (€ 0.2 thousand); in particular, in addition to the normal seasonal trend in receivables from and payables to employees (showing a decrease of € 2.2 million in the quarter) and payables for receipts to be passed on to the members of the Temporary Business Grouping (the debt balances of which showed an increase of € 3.6 million), there was the recognition of cash inflows against the performance of net VAT credit balances of the Group companies (+ € 12.2 million), which already take account of assignments carried out without recourse for a total amount of €20.5 million during the quarter, as well as against other residual changes, including the balance of tax credits accrued in the period but not yet used as offsetting at the end of the year, which had an impact of a total amount of € 17.5 million on the quarter.

2. THE REKEEP GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND FINANCIAL POSITION AT 31 DECEMBER 2022

2.1. Consolidated results of operations for FY 2022

Below are reported the main income figures for 2022 compared to the figures of 2021.

(in thousands of Euro)	For the year ended 31 December		For the quarter ended 31 December	
	2022	**2021**	**2022**	**2021**
Revenues	1,294,376	1,122,025	347,953	309,562
Costs of production	(1,168,016)	(1,012,898)	(302,265)	(280,181)
EBITDA	**126,360**	**109,127**	**45,688**	**29,381**
EBITDA %	**9.8%**	**9.7%**	**13.1%**	**9.5%**
Amortization, depreciation, write-downs and write-backs of assets	(41,912)	(41,477)	(12,319)	(10,347)
Accrual of provisions for risks and charges	(13,505)	(5,471)	(14,790)	(3,826)
Operating Income (EBIT)	**70,943**	**62,179**	**18,579**	**15,208**
EBIT %	**5.5%**	**5.5%**	**5.3%**	**4.9%**
Share of net profit of associates	703	1,267	13	(1,230)
Net financial charges	(40,397)	(66,704)	(13,789)	(11,597)
Profit before taxes (EBT)	**31,249**	**(3,258)**	**4,803**	**2,381**
EBT %	**2.4%**	**N.A.**	**1.4%**	**0.8%**
Income taxes	(3,750)	(17,743)	2,973	(9,082)
Profit (loss) from continuing operations	**27,499**	**(21,001)**	**7,776**	**(6,701)**
Profit (loss) from discontinued operations	0	16	0	0
CONSOLIDATED NET PROFIT (LOSS)	**27,499**	**(20,985)**	**7,776**	**(6,701)**
CONSOLIDATED NET PROFIT (LOSS) %	**2.1%**	**N.A.**	**2.2%**	**N.A.**
Minority interests	(368)	(1,603)	(59)	19
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**27,131**	**(22,588)**	**7,717**	**(6,682)**
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**2.1%**	**N.A.**	**2.2%**	**N.A.**

NON-RECURRING EVENTS AND TRANSACTIONS

In 2022 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**	
	2022	**2021**
Legal advice fees concerning pending administrative disputes	517	580
Costs from reorganization of company units	2,559	2,946
M&A and non-recurring transactions of Group companies	109	1,534
Non-recurring tax charges	132	0
Group refinancing costs	0	857
Legal advice on foreign operations	0	594
Transactions with minority shareholders of subsidiaries	0	859
Competition Authority's fine for the FM4 Tender	0	255
Costs associated with Covid-19 emergency	0	399
NON-RECURRING EXPENSES (INCOME) IMPACTING ON EBITDA	**3,316**	**8,024**
Net non-recurring provisions for risks on contracts	(3,157)	1,464
Provisions for retroactive application of rules	940	0
Other provisions for non-recurring charges	54	0
Provision for the Competition Authority's fine for the FM4 Tender	0	351
NON-RECURRING CHARGES (INCOME) IMPACTING ON EBITDA AND EBIT	**1,153**	**9,839**
Financial fees on Group refinancing	0	2,567
Costs for early redemption of Senior Secured Notes 2017	0	15,026
Reversal of amortized cost of Senior Secured Notes 2017	0	6,082
Interest discount on spot assignment of NPLs	0	1,566
TOTAL NON-RECURRING EXPENSES (INCOME)	**1,153**	**35,079**

During 2022 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). Furthermore, total non-recurring costs of € 2.6 million were incurred for the reorganization of company functions, which were affected by, among others, costs for the reorganization of the Group structure and the structures of certain subsidiaries with a view to improving the Group's efficiency and strategic effectiveness.

As regards non-recurring costs impacting on EBIT, we must note the partial release during 2022 of the provision for risks and charges set aside in previous years for non-recurring additional costs that are expected to be incurred on some energy contracts, as restated following the issue of a clarification in terms of regulations.

To this must be added the provision recorded by subsidiary Servizi Ospedalieri, amounting to €0.9 million, in consideration of the sums that are considered likely to have to be paid to certain Regional Governments in application of the provisions laid down in Article 17 of Law no. 111 of 2011 and Article 9 of Decree Law no. 78 of 2015, as converted by Law no. 125 of 2015, which became applicable in 2022 under the Ministry of Health’s Decree of 6 July 2022 (published on 15 September 2022) and the Aid-*bis* Decree (as converted by Law no. 142 of 21 September 2022), the so-called "Medical device payback" (for more details, reference should be made to note 15 of the Explanatory Notes of the Consolidated Financial Statements).

On the other hand, the results for the 2021 financial year were instead affected by non-recurring costs that were incurred for the refinancing transaction of the Group, which took place in January and February 2021, and that were associated with both the new issue of Senior Secured Notes and the redemption of the previous ones. Furthermore, it should be noted that non-recurring costs were incurred for the reorganization of company functions, especially in relation to the departments of International Markets, as were costs relating to the termination of business relationships with shareholders. At the same time, the Group incurred 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 further additional costs due to the acquisition of the Polish group led by Rekeep Polska.

Finally, net financial costs for the 2021 financial year were affected by the already mentioned impact of the refinancing transaction, as well as 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	
	2022	**2021**
EBITDA	**126,360**	**109,127**
Non-recurring expenses (income) impacting on EBITDA	3,316	8,024
Adjusted EBITDA	**129,676**	**117,151**
Adjusted EBITDA % on Revenues	**10.0%**	**10.4%**
EBIT	**70,943**	**62,179**
Non-recurring expenses (income) impacting on EBITDA and EBIT	1,153	9,839
Adjusted EBIT	**72,096**	**72,018**
Adjusted EBIT % on Revenues	**5.6%**	**6.4%**

REVENUES

During the period ended 31 December 2022 the Group recorded ***Revenues*** of € 1,294.4 million against € 1,122.0 million for the same period of the previous year, with a positive change of € 172.4 million (+15.4%).

The performance of revenues for the period was affected by an increase in the turnover from energy contracts. The International Markets also gave a positive contribution (+ € 32.0 million), thanks to the positive performance of the Group controlled by Rekeep Polska and the French subsidiaries in the healthcare sector.

The table below shows the breakdown of consolidated Revenues by target Market in 2022 compared with the figure posted in the previous year.

REVENUES BY MARKET

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2022	**% on total Revenues**	**2021**	**% on total Revenues**	**2022**	**2021**
Public Authorities	253,046	19.6%	223,280	19.9%	69,644	67,062
Healthcare	790,189	61.0%	654,553	58.3%	213,611	176,961
Private Customers	251,141	19.4%	244,191	21.8%	64,698	65,539
CONSOLIDATED REVENUES	**1,294,376**		**1,122,025**		**347,952**	**309,562**

Revenues in the Healthcare sector showed an increase of € 135.6 million in the period compared to the same period of 2021, from € 654.6 million to € 790.2 million, thus achieving a weight of 61.0% of total consolidated Revenues. The increase in revenues by market was driven by the Facility Management business segment, which also includes the contribution given by International Markets and in particular by the sub-group controlled by Rekeep Polska, which mainly operates in the Healthcare sector. On the other hand, the Laundering&Sterilization sector bucked the trend, due to the postponement of operations on some contracts for linen rental and industrial laundering, as well as the sterilization of surgical instruments, on the part of subsidiary Servizi Ospedalieri and a slowdown in the business development of other companies in the sector.

The Private market too showed a volume growth in absolute value (+€ 7.0 million, from € 244.2 million at 31 December 2021 to € 251.1 million at 31 December 2022), which was mainly reported in the Facility Management sector, thanks to the expansion of the offer to customers that had already been acquired in previous years and the acquisition of new orders, in particular by subsidiary H2H Facility Solutions, which offset the loss in turnover on outgoing contracts during the year.

Finally, the Public market recorded revenues of € 253.0 million, which also contributed to an increase in consolidated revenues during the period (+ € 29.8 million compared to € 223.3 million in the same period of 2021, +13.3%). The 2022 financial year marked a full resumption of routine work, mainly compared to the first months of 2021; furthermore, it was the Public market, together with the Healthcare sector, which were mostly affected by an increase in the prices charged to customers under energy contracts as a result of an increase in the cost of raw materials.

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**	
	2022	**% on total Revenues**	**2021**	**% on total Revenues**	**2022**	**2021**
Facility Management	1,158,704	89.5%	975,196	86.9%	313,646	274,539
of which International markets	*188,476*	*14.6%*	*156,467*	*14.0%*	*48,219*	*44,582*
Laundering & Sterilization	144,503	11.2%	150,470	13.4%	37,808	35,898
Eliminations	(8,832)		(3,642)		(3,501)	(876)
CONSOLIDATED REVENUES	**1,294,376**	**100%**	**1,122,025**		**347,952**	**309,562**

Revenues from the Facility Management SBU recorded an increase of € 183.5 million (+ 18.8%) in 2022 compared to the same period of the previous year, from € 975.2 million at 31 December 2021 to € 1,158.7 million at 31 December 2022, which were contributed to by any and all business segments and particularly the Healthcare sector.

Energy services are mainly provided in the Facility Management sector, which then showed revenues in line with the trend observed in prices during the year. Furthermore, we must note the positive contribution given by the International Markets sector (+ € 32.0 million).

On the other hand, revenues from the Laundering&Sterilization SBU decreased from €150.5 million for the period ended 31 December 2021 to €144.5 million for the year ended 31 December 2022, with a decrease equal to €6.0 million. The negative trend recorded during the two comparative periods was linked to the postponement of operations on some contracts of subsidiary Servizi Ospedalieri, as well as to the poor business development in the sector as a result of the loss of extraordinary sales of PPE carried out by subsidiaries Medical Device and U.Jet until throughout 2021, which returned to pre-Covid performance levels.

The performance shown above allows the Facility Management SBU to increase the relative weight on total consolidated Revenues (89.5% in 2022 against 86.9% in 2021).

EBITDA

The Group's EBITDA came to € 126.4 million for the period ended 31 December 2022, up by € 17.2 million compared to € 109.1 million in 2021. However, it should be noted that EBITDA for the two comparative periods expensed non-recurring costs of € 3.3 million and € 8.0 million at 31 December 2022 and 31 December 2021, respectively. Therefore, Adjusted EBITDA, excluding these non-recurring elements, amounted to € 129.7 million at 31 December 2022, against Adjusted EBITDA of € 117.2 million at 31 December 2021 (+ € 12.5 million).

Below is the comparison of EBITDA by business segment for the period ended 31 December 2022 compared to the same period of 2021:

EBITDA BY SEGMENT

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2022	**% on Revenues by segment**	**2021**	**% on Revenues by segment**	**2022**	**2021**
Facility Management	100,145	8.6%	74,729	7.7%	40,208	22,456
of which International markets	*8,786*		*(763)*		*1,379*	*(542)*
Laundering&Sterilization	26,215	18.1%	34,398	22.9%	5,480	6,925
CONSOLIDATED EBITDA	**126,360**	**9.8%**	**109,127**	**9.7%**	**45,688**	**29,381**

The Facility Management sector showed EBITDA of € 100.1 million at 31 December 2022, showing an increase of € 25.4 million against € 74.7 million in the previous year. Even excluding the non-recurring items that affected the consolidated results during the two comparative periods, which had an impact on the sector equal to € 2.9 million and € 7.4 million, respectively, Adjusted EBITDA by segment came to € 103.1 million compared to € 82.2 million at 31 December 2021 (+€ 20.9 million). The change recorded during 2022 in terms of EBITDA was closely linked to exogenous variables due to the ongoing conflict in Eastern Europe and the consequent increase in prices, particularly those of energy, which partially worsened the positive performance recorded on revenues; on the other hand, EBITDA for the period benefited from the recognition of the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented, as partial compensation for higher costs of € 27.1 million in the sector incurred for electricity and natural gas as from the second quarter of the year.

EBITDA in the Laundering&Sterilization business segment came to € 26.2 million in 2022, showing a decrease compared to the same period of 2021 (- € 8.2 million). After excluding non-recurring elements which affected the consolidated results in the two comparative periods and impacted on this segment for € 0.4 million and € 0.6 million, respectively, Adjusted EBITDA by segment came to € 26.6 million against € 35.0 million at 31 December 2021. The result in terms of EBITDA in the Laundering&Sterilization business segment was affected by the same factors as those already described above for revenues, to which must be added the adverse impact of higher costs for energy for the operation of sterilization facilities and transport costs for the supplies of linen; this segment too benefited from the recognition of the tax credit for electricity and natural gas, equal to € 0.6 million, to cover a percentage of the costs incurred as from the second quarter of 2022.

Costs of production

Costs of production, which amounted to € 1,168.0 million at 31 December 2022, showed an increase of € 155.4 million in absolute terms compared to € 1,012.6 million posted at 31 December 2021 (+ 15.3%), in line with the trend recorded on revenues.

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2022	% of total	2021	% of total	2022	2021
Costs of raw materials and consumables	352,579	30.2%	214,966	21.2%	80,818	72,182
Change in inventories of finished and semi-finished products	(217)	N.A.	918	0.1%	(354)	267
Costs for services and use of third-party assets	335,877	28.8%	323,352	31.9%	93,661	81,559
Personnel costs	469,406	40.2%	460,196	45.4%	123,287	119,967
Other operating costs	10,923	0.9%	13,351	1.3%	4,638	6,014
Capitalization of lower internal construction costs	(552)	N.A.	(140)	0.0%	215	(63)
TOTAL COSTS OF PRODUCTION	**1,168,016**	**100.0%**	**1,012,643**	**100.0%**	**302,265**	**279,926**

Costs of raw materials and consumables in 2022 amounted to € 352.6 million, up by € 137.6 million (+64.0%), compared to the value posted in 2021, which led to a higher impact on total Costs of Production (30.2% at 31 December 2022 against 21.2% at 31 December 2021). The increase in the item, which continued the trend commenced at the end of 2021, was mainly due to an increase in the cost for fuel consumption and other energy resources following an increase in the price of raw materials. However, the impact of higher costs in 2022 was partially offset by the recognition of the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented, as partial compensation, with incremental percentages over time, for the higher costs incurred for the purchase of electricity and natural gas as from the second quarter of the year, which amounted to € 27.7 million for the Group.

On the other hand, *Inventories of finished and semi-finished products* recorded a decrease of € 1.1 million at 31 December 2022 against lower inventories of products of Medical Device and U.Jet, which are the Group companies dedicated to the production and sale of medical devices and PPE, for which a normal decline in demand was recorded during 2022.

Costs for services and use of third-party assets came to € 335.9 million at 31 December 2022, up by € 12.5 million compared to the value posted at 31 December 2021 (€ 323.4 million) and with an impact of 28.8% (31.9% in the comparative period) on total Costs of Production. The trend in the relative incidence of *Costs for services and use of third party assets* on the total was directly linked to production activities (third-party and professional services, as well as consortia costs), which are typically linked to the mix of services being delivered and to any possible resulting make-or-buy choices.

Personnel costs increased in absolute terms by € 9.2 million (+2.0%) from € 460.2 million at 31 December 2021 to € 469.4 million at 31 December 2022, with an impact on total Costs of Production equal to 40.2% at 31 December 2022 (against 45.4% at 31 December 2021).

The average number of employees in service during 2022 was equal to 26,748 while it was 27,528 in the same period of the previous year (of which 24,939 against 25,786 manual workers) and takes into account, in both comparative periods, the staff members hired following the transfer from the parent company MSC of the “Personnel Activities” Business unit on 1 July 2022, which were already employed within the Group under staffing agreements. 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.

Finally, *Other operating costs* at 31 December 2022 amounted to € 10.9 million (€ 13.4 million at 31 December 2021), showing a decrease of € 2.4 million compared to the same period of the previous year. The item mainly includes duties, penalties and sundry operating charges.

Operating Income (EBIT)

In 2022, Consolidated Operating Income (**EBIT**) came to € 70.9 million (equal to 5.5% of Revenues) against € 62.2 million (equal to 5.5% of Revenues) during the same period of 2021.

EBIT for the period was affected by the above-mentioned consolidated performance in terms of EBITDA (+ € 17.2 million compared to the previous year), from which must be deducted higher *amortization and depreciation* of € 1.8 million (€ 39.6 million at 31 December 2022, against € 37.8 million in the previous year) and *accruals to provisions for risks and charges* (net of reversals) for € 8.0 million, including a net non-recurring release for € 3.2 million relating to the provision set aside to cover the probable risk of the parent company incurring additional costs on some energy contracts and other non-recurring accruals of € 1.0 million, while lower *write-downs* of trade receivables (net of releases), and other assets must be deducted for € 1.4 million.

Adjusted EBIT (recognizing the same non-recurring items impacting on Adjusted EBITDA, in addition to the aforesaid non-recurring accruals in the period) came to € 72.1 million and € 72.0 million at 31 December 2022 and at 31 December 2021, respectively, with relative profit margins (Adjusted EBIT/Revenues) equal to 5.6% and 6.4%.

Below is a comparison of Operating Income (EBIT) by business segment for the period ended 31 December 2022 and the 2021 financial year:

EBIT BY SEGMENT

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2022	% on Revenues by segment	2021	% on Revenues by segment	2022	2021
Facility Management	67,331	5.8%	47,981	4.9%	19,736	13,596
of which International Markets	*(718)*		*(4,546)*		*(5,406)*	*(1,595)*
Laundering&Sterilization	3,612	2.5%	14,199	9.4%	(1,157)	1,611
CONSOLIDATED EBIT	**70,943**	**5.5%**	**62,179**	**5.5%**	**18,579**	**15,208**

EBIT in the Facility Management business segment was equal to € 67.3 million at 31 December 2022, showing an increase of € 19.4 million compared to 31 December 2021, with operating profit margins coming to 5.8% of Revenues by segment (4.9% at 31 December 2021). Adjusted EBIT by segment increased from € 57.2 million at 31 December 2021 to € 67.2 million at 31 December 2022.

Adjusted EBIT by segment reflected the abovementioned performance in terms of Adjusted EBITDA (+ € 20.9 million) from which must be deducted higher amortization and depreciation for € 0.6 million, and higher accruals, net of releases on provisions for future risks and charges and non-recurring items for € 11.9 million, and to which must be added lower write-downs of trade receivables (net of releases) for € 1.5 million.

In the Laundering&Sterilization segment, EBIT by segment showed a decrease of € 10.6 million and profit margins by segment equal to 2.5% in terms of EBIT on related Revenues by segment (9.4% at 31 December 2021).

Adjusted EBIT by segment decreased from € 14.8 million at 31 December 2021 to € 4.9 million at 31 December 2022, reflecting the negative performance in terms of Adjusted EBITDA in 2022 compared to the same period of the previous year (-€ 8.4 million), as well as higher amortization and depreciation for € 1.2 million, higher write-downs of other assets for € 0.1 million and accruals to provisions for risks and charges, net of releases for € 0.1 million (net of non-recurring accruals).

Profit (loss) before tax from continuing operations

To consolidated EBIT must be added net income for the companies valued at equity, equal to € 0.7 million (€ 1.3 million at 31 December 2021).

Net financial charges of € 40.4 million were also recognized (€ 66.7 million at 31 December 2021, including non-recurring charges), thus obtaining a Profit before tax from continuing operations equal to € 31.2 million (against a loss of € 3.3 million at 31 December 2021).

Below is the breakdown by nature of net financial charges in 2022 compared with the previous year:

(in thousands of Euro)	For the year ended 31 December		For the quarter ended 31 December	
	2022	**2021**	**2022**	**2021**
Dividends and income (loss) from sale of investments	(478)	1,498	(607)	746
Financial income	2,773	1,055	335	470
Financial charges	(43,568)	(69,681)	(11,643)	(12,878)
Profit (loss) on exchange rate	876	424	(1,874)	65
NET FINANCIAL CHARGES	**(40,397)**	**(66,704)**	**(13,789)**	**(11,597)**

In 2022 dividends were accounted for from non-consolidated companies for € 0.5 million (€ 0.3 million at 31 December 2021). Furthermore, the capital loss generated by the deconsolidation of Rekeep United Yönetim Hizmetleri A.Ş., which had been sold during the last quarter, was recognized at 31 December 2022, while the Group had recorded net capital gains of € 1.1 million from the sale of non-consolidated investments at 31 December 2021.

Financial income amounted to € 2.8 million in 2022, showing an increase of € 1.7 million compared to 2021 (when it was equal to € 1.1 million), mainly due to the recognition of default interest to a customer in court for € 1.5 million.

The impact of *financial charges* on the consolidated results of operations for the period was equal to € 43.6 million compared to € 69.7 million for the same period of 2021, recording a decrease of € 26.1 million.

The change was mainly due to the impact of the refinancing transaction that the Group carried out in the first months of 2021 and that entailed an early redemption of the Senior Secured Notes issued in 2017, due 2022 and a coupon at an annual fixed rate of 9%, 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 entailed the payment of non-recurring financial charges for a total of € 23.7 million in 2021, consisting of: (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 that have been paid off; (ii) 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; (iii) the reversal through profit or loss of the residual portion of the costs concerning the Revolving Credit Facility line that was repaid on the same date, which are also amortized on a straight-line basis throughout the term of the credit facility (€ 0.3 million).

In 2022, the financial charges accrued on the coupons of the Senior Secured Notes amounted to € 26.8 million (€ 27.5 million in the same period of the previous year, of which an amount of € 2.3 million related to the Notes of 2017 before redemption). The upfront fees relating to the issue of the Senior Secured Notes in 2021 were accounted for according to the amortized cost method, which entailed financial amortization charges of € 1.5 million in the period (€ 1.4 million at 31 December 2021).

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 entailed the payment of financial charges of € 0.8 million in the period (including commitment fees charged by banks), compared to € 0.9 million in the same period of the previous year. Furthermore, the use of the facility during the period entailed the charging of financial costs equal to € 1.0 million (€ 0.2 million at 31 December 2021, when the facility had only been drawn in the second half of the year).

Interest discount costs were also recognized for € 3.4 million during 2022, in relation to the assignments of trade receivables and VAT credits without recourse (€ 5.3 million in the previous year, when there had also been a spot assignment of non-performing loans, which had generated non-recurring charges for € 1.6 million). Assignments with recourse and reverse factoring lines generated financial costs of € 1.6 million at 31 December 2022, against financial costs of € 0.8 million at 31 December 2021.

Finally, foreign exchange gains of € 0.9 million were recorded at 31 December 2022, mainly linked to the fluctuations in Euro/ Turkish Lira and Saudi Riyal exchange rates during the period

Consolidated net Result

From the Profit (loss) before tax from continuing operations (€ 31.2 million) must be deducted taxes of € 3.8 million, thus obtaining a Net result from continuing operations of € 27.5 million (against a loss of € 21.0 million at 31 December 2021).

Below is the breakdown of consolidated tax rate:

(in thousands of Euro)	For the year ended 31 December	
	2022	**2021**
Profit (loss) before tax from continuing operations	**31,249**	**(3,258)**
Current, prepaid and deferred IRES tax	1,308	(12,352)
Current, prepaid and deferred IRAP tax	(5,059)	(5,391)
Net profit (loss) from continuing operations	**27,499**	**(21,001)**
Tax rate from continuing operations	**12.0%**	**N.A.**
Profit (loss) before tax from discontinued operations	0	16
Consolidated net result	**27,499**	**(20,985)**
Overall tax rate	**12.0%**	**N.A.**

The consolidated tax rate stood at 12.0% at 31 December 2022: lower taxes were recognized for € 14.0 million against a Profit (loss) before tax which showed an increase compared to the same period of the previous year, amounting to € 34.5 million. The effect was mainly due to the exemption from taxation of the aforementioned electricity and gas tax credit recognized in the period, as well as to the recognition of income totaling € 6.2 million following the submission by the parent company Rekeep S.p.A. and its subsidiaries H2H Facility Solutions S.p.A. and Servizi Ospedalieri S.p.A. concerning the supplementary tax returns of Income 2017-2022 and IRAP (Regional Production Activity Tax) 2017–2022 forms. The consolidated tax rate would come to 32.6%, net of this income.

The Group then showed a consolidated net profit of € 27.5 million at 31 December 2022 against a consolidated net loss of € 21.0 million at 31 December 2021, impacted by non-recurring financial charges of € 23.7 million correlated to the refinancing transaction carried out in the first months of 2021.

2.2. Analysis of the statement of financial position at 31 December 2022

The statement of Sources and Uses is reported below:

(in thousands of Euro)	31 December 2022	31 December 2021
USES		
Trade receivables and advances to suppliers	537,227	443,248
Inventories	12,088	12,743
Trade payables and contract liabilities	(480,808)	(413,374)
Net working operating capital	**68,507**	**42,617**
Other working capital elements	(120,289)	(150,501)
Net working capital	**(51,782)**	**(107,884)**
Property, plant and equipment	93,249	86,375
Right-of-use assets	54,625	43,590
Goodwill and other intangible assets	423,223	424,185
Investments accounted for under the equity method	10,121	9,153
Other items of non-current assets	51,270	30,857
Fixed assets	**632,488**	**594,160**
Non-current liabilities	(57,972)	(54,293)
NET INVESTED CAPITAL	**522,734**	**431,983**
SOURCES		
Equity attributable to non-controlling interests	6,096	4,588
Equity attributable to equity holders of the Parent	66,862	46,746
Shareholders' equity	**72,958**	**51,334**
Financial indebtedness	449,776	380,649
of which fair value of call options on subsidiaries' non-controlling interests	*16,046*	*15,336*
FINANCING SOURCES	**522,734**	**431,983**

Net working capital

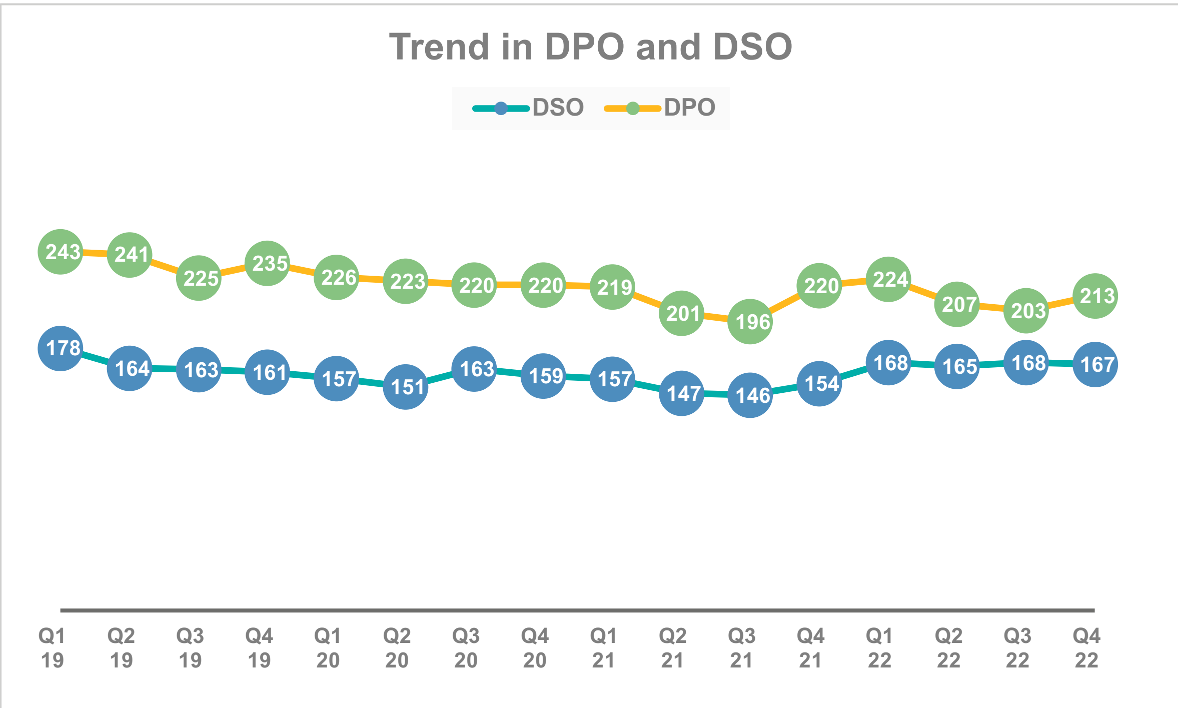
At 31 December 2022, Consolidated Net Working Capital (**NWC**) was negative and equal to € 51.8 million against a negative NWC of € 107.9 million at 31 December 2021.

At 31 December 2022 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 € 68.5 million against € 42.6 million at 31

December 2021. Considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring agencies (equal to € 101.5 million at 31 December 2022 and € 68.0 million at 31 December 2021) the **Adjusted NWOC** came to € 170.0 million and € 110.6 million, respectively.

The change in this latter indicator (+ € 59.4 million) was linked to a change in the balance of trade payables (+ € 67.4 million) against an increase in trade receivables (+ € 127.5 million, considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies), as well as a change in the balance in inventories for (- € 0.1 million). At 31 December 2022, Adjusted NWOC was affected by higher volumes recorded on both trade payables and receivables caused by the well-known rise in energy prices.

As at 31 December 2022, average DSO was 167 days against 154 days at 31 December 2021 and 168 days at 30 September 2022. Furthermore, average DPO stood at 213 days, showing a decrease compared to the value posted at 31 December 2021 (220 days), against an increase compared to 30 September 2022 (203 days). The increase recorded both in DSO and DPO was also linked to events that involve the energy sector (first of all higher volumes and greater pressure from energy suppliers) and the consequent actions implemented by the management, such as the reduction of the invoicing period and the use of available lines of credit.



The balance of the other elements in working capital at 31 December 2022 was a net liability of € 120.3 million, down by € 30.2 million compared to a net liability of € 150.5 million at 31 December 2021:

(in thousands of Euro)	31 December 2022	31 December 2021	Change
Current tax receivables	8,671	5,278	3,393
Other current assets	59,211	24,133	35,078
Provisions for risks and charges, current	(18,483)	(12,455)	(6,028)
Current tax payables	(21)	0	(21)
Other current liabilities	(169,667)	(167,457)	(2,210)
OTHER WORKING CAPITAL ELEMENTS	**(120,289)**	**(150,501)**	**30,212**

The change in the net liability of other working capital elements, compared to 31 December 2021 was due to a combination of factors, mainly including:

- an increase 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” (+ € 3.3 million). These credit balances allowed, during 2022, the performance of assignments without recourse of the balances on account of refund required from the Tax Authorities, for a total amount of € 35.5 million;
- an increase in the balance of tax credits claimed from the Tax Authorities, which includes, among others, the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented, as partial compensation for higher costs incurred for the purchase of electricity and natural gas, which amounted to € 22.2 million for the Group, and which had not yet been used at the end of the period;
- the payment of higher guarantee deposits on new annual electricity and gas utility contracts for € 7.4 million;
- an increase in the balance of net current tax receivables, equal to € 8.7 million at 31 December 2022 against a net receivable of € 5.3 million at 31 December 2021.

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

Other non-current liabilities

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

- defined-contribution plans for employee benefits, mainly including the Employee Termination Indemnity (TFR), equal to € 10.0 million and € 10.5 million at 31 December 2022 and 31 December 2021, respectively;

- the long-term portion of Provisions for risks and charges (€ 30.2 million at 31 December 2022 against € 26.0 million at 31 December 2021);
- deferred tax liabilities of € 15.8 million (€ 16.4 million at 31 December 2021);
- other non-current liabilities of € 2.0 million at 31 December 2022 (€ 1.4 million at 31 December 2021).

Consolidated financial indebtedness

The breakdown of financial indebtedness at 31 December 2022 is reported below, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006, as amended by the Guidelines issued by ESMA ("European Securities and Markets Authority") on disclosure requirements (ESMA32-382-1138 of 4 March 2021) and implemented by CONSOB itself in Warning Notice no. 5/21 of 29 April 2021 - "*Compliance with ESMA Guidelines on disclosure requirements under the Prospectus Regulation.*"

The breakdown at 31 December 2022 is compared with the figures at 31 December 2021.

(in thousands of Euro)	**31 December 2022**	**31 December 2021**
A. Cash	162	160
B. Cash equivalents (c/a, bank deposits and consortia, non-proprietary accounts)	84,081	99,352
C. Other current financial assets	7,017	14,799
D. Liquidity (A) + (B) + (C)	**91,260**	**114,311**
E. Current financial liabilities	106,275	67,980
F. Current portion of non-current debt	26,153	14,097
G. Current financial indebtedness (E)+(F)	**132,428**	**82,077**
H. Current net financial indebtedness (G) - (D)	**41,168**	**(32,234)**
I. Non-current financial liabilities	44,067	49,858
J. Debt instruments	364,541	363,025
K. Trade payables and other non-current payables	0	0
L. Non-current financial indebtedness (I) + (J) + (K)	**408,608**	**412,883**
M. NET FINANCIAL INDEBTEDNESS (H) + (L)	**449,776**	**380,649**

Consolidated financial indebtedness increased from € 380.6 million at 31 December 2021 to € 449.7 million at 31 December 2022.

Work continued in 2022 on the assignments of trade receivables without recourse to factoring companies, including BFF Bank S.p.A., with which the Parent Company Rekeep S.p.A. and other subsidiaries have in place a 3-year maturity factoring agreement concerning the assignment, without recourse and on a revolving basis, of receivables claimed by the same companies from Entities in the National Health System and Public Authorities, for an amount of up to € 300 million, and which was renewed for the last time on 14 January 2022. Furthermore, additional relationships are maintained with factoring companies for converting specifically-agreed credit positions into cash, which are claimed from both Entities in the National Health System and Public Authorities and private individuals. Assignments of trade receivables without recourse that were carried out by the Group during 2022 amounted to €397,857 thousand, in addition to assignments of VAT credits requested for refund for a total of €35.5 million. The entire loan portfolio sold under non-recourse contracts was derecognized in accordance with the provisions of IFRS9.

The consolidated adjusted financial debt for the amount of trade receivables assigned without recourse to factoring companies, which had not been collected by the latter at the reporting date (totaling € 101.5 million at 31 December 2022 against € 68.0 million at 31 December 2021) amounted to € 551.3 million against € 448.6 million at 31 December 2021.

Financial indebtedness also included 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 € 16.0 million at 31 December 2022 (€ 15.3 million at 31 December 2021).

At 31 December 2022 the balance of Cash and cash equivalents, net of short-term lines of credit ("Net Cash") amounted to € 57.1 million (€ 70.1 million at 31 December 2021):

(in thousands of Euro)	**31 December 2022**	**31 December 2021**
Cash and cash equivalents	84,243	99,512
Current bank overdraft, advance payments and hot money	(15,293)	(6,140)
Obligations arising from assignments of trade receivables with recourse	(11,806)	(23,270)
NET CASH	**57,144**	**70,101**

Below is the breakdown of the net financial exposure for bank credit lines and lease agreements ("Net Debt") at 31 December 2022, compared to 31 December 2021:

(in thousands of Euro)	31 December 2022	31 December 2021
Senior Secured Notes (nominal value)	370,000	370,000
Bank debts (nominal value)	838	1,104
Financial lease liabilities	48,956	44,107
Current bank overdraft, advance payments and hot money	15,293	6,140
Obligations arising assignments of receivables with recourse	11,806	23,270
Payables for reverse factoring	33,813	9,963
GROSS DEBT	**480,706**	**545,585**
Receivables and other current financial assets	(7,017)	(14,799)
Cash and cash equivalents	(84,243)	(99,512)
NET DEBT	**389,446**	**340,274**

In 2022 the balance of lease liabilities mainly increased following the execution of a new property lease agreement on the part of subsidiary Medical Service S.r.l. in relation to a building and the acquisition by Rekeep S.p.A. of the lease agreement for the company's head office building, in which it took over from its parent company MSC S.p.A., for a residual value of € 10.5 million as at the transaction date, as well as the simultaneous withdrawal from the lease agreement for the same property for a residual debt of €7.8 million as at the transaction date (the net effect of the transaction on financial lease liabilities is equal to a higher debt of € 2.7 million).

Furthermore, there was the recognition of lower uses of credit lines for the assignment with recourse of trade receivables (€ 11.8 million at 31 December 2022 against € 23.3 million at 31 December 2021), as well as of higher uses of reverse factoring lines for € 23.8 million (€ 33.8 million at 31 December 2022 against € 10.0 million at 31 December 2021) and Bank overdraft, advance payments and hot money (€ 15.3 million at 31 December 2022 and € 6.1 million at 31 December 2021).

The change in consolidated "Cash and cash equivalents" is analyzed in the table below, which shows the cash flows relating to the 2022 financial year, compared with the figures for the same period of the previous year. Reference should be made to Annexes, which contain a reconciliation between the items in the table and those in the statutory schedule of the Consolidated Financial Statements presented in the condensed Explanatory Notes according to IAS 7.

(in thousands of Euro)	**2022**	**2021**
At 1 JANUARY	**99,512**	**90,464**
Cash flow from current operations	80,841	29,301
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR)	(4,976)	(4,539)
Change in NWOC	(21,588)	(11,595)
Industrial capex, net of disposals	(49,822)	(33,843)
Financial capex, net of disposals	(33,495)	(2,603)
Change in net financial liabilities	53,858	55,370
Other changes	(40,088)	(23,043)
AT 31 DECEMBER	**84,243**	**99,512**

The overall cash flows mainly reflect:

- a flow generated from current operations for € 80.8 million (a cash inflow of € 29.3 million at 31 December 2021);
- outflows from the use of provisions for future risks and charges and of the provision for Employee Termination Indemnity (TFR) for € 5.0 million (€ 4.5 million at 31 December 2021);
- a cash flow used for changes in NWOC for € 21.6 million (€ 11.6 million at 31 December 2021) resulting from an outflow correlated to an increase in trade receivables for € 96.7 million (- € 15.0 million in 2021) against inflows relating to a change in inventories for € 0.6 million (+ € 3.0 million at 31 December 2021) and trade payables for € 74.4 million (+ € 0.3 million at 31 December 2021);
- a cash absorption of € 49.8 million used in industrial investments (€ 33.8 million at 31 December 2021), net of disposals for € 1.2 million (€ 1.1 million in the same period of the previous year);
- a cash outflow for the net effect of financial investments and disinvestments of € 33.5 million at 31 December 2022, mainly absorbed by the acquisition of the “Personnel Activities” business unit, which took place on 1 July 2022 for € 13.8 million and the acquisition of the residual minority interest in a subsidiary for € 1.0 million, as well as by the amounts pledged as collateral for gas supply contracts (cash collateral) for € 16.9 million; there was a cash absorption of € 2.6 million at 31 December 2021 too, 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 associated company;
- an increase in net financial liabilities of € 53.9 million, mainly due to (i) changes relating to the use of short-term credit lines for hot money and advances on invoices (+ € 9.2 million) and for reverse factoring (+ € 23.9 million), partially offset by a decrease in payables for assignments with recourse of trade receivables (- € 11.5 million); (ii) 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 (+ € 13.9 million); (iii) an increase in financial liabilities recognized on lease

agreements (+ € 4.8 million); (iv) the full repayment of the loan granted to the parent company MSC (+ € 10.0 million); (v) the collection of the final tranche of the receivable claimed by Servizi Ospedalieri related to the sale of a minority interest that took place in previous years (+ € 1.1 million); (vi) the effects of the fair value adjustment of the contingent liability, at the end of the period, for put options on minority interests (+ € 0.7 million). In the same period of the previous year there was an increase in net financial liabilities of € 55.4 million, which was mainly due to (i) the refinancing transaction, 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 lease agreements (- € 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);

- a cash absorption arising from other changes recorded in the period for € 40.1 million, mainly due to the net effect of: (i) the cash flow absorbed by the trend in net VAT credit balance for the Group companies, which increased by € 3.3 million during 2022, albeit against non-recourse assignments totaling € 35.5 million; (ii) the changes in debt balances for payments due to the members of the Temporary Business Grouping for (+ € 5.1 million); (iii) an increase in payables for personnel for € 1.4 million; (iv) a decrease, among “Other operating current liabilities”, in the payable related to the fine imposed by the Competition Authority in relation to the Consip FM4 Tender (- € 5.6 million); (v) an increase in tax credits following the recognition of the tax credit on electricity and gas consumption (- € 22.2 million) and receivables for guarantee deposits paid on new annual electricity and gas utility contracts (- € 7.4 million). Other changes in 2021 absorbed total flows of € 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).

Industrial and financial Capex

In 2022 the Group made gross capital expenditures which totaled € 57.9 million (€ 34.9 million in 2021), from which must be deducted disinvestments of € 1.2 million (€ 1.1 million in the same period of the previous year):

(in thousands of Euro)	For the year ended 31 December	
	2022	**2021**
Acquisition of owned properties	1,917	227
Acquisition of owned plant and equipment	32,791	28,370
Acquisition of rights of use of properties [2]	16,038	0
Acquisition of rights of use of plant and equipment [2]	2,586	2,215
Other investments in intangible assets	4,586	4,110
INDUSTRIAL CAPEX	**57,918**	**34,923**

Investments in company-owned properties almost fully related to subsidiary Servizi Ospedalieri for the acquisition of an industrial building in 2022.

Acquisitions of company-owned plant and equipment include investments of € 5.4 million in the "centralized kitchens" project to support the catering services provided by the Polish sub-group in Poland, in addition to the purchases of linen on the part of Servizi Ospedalieri S.p.A. for the linen rental and industrial laundering business, which requires periodic and frequent repairs, equal to € 12.4 million at 31 December 2022 against € 16.4 million at 31 December 2021.

In addition to the direct investment, Servizi Ospedalieri S.p.A. equipped itself with linen under lease agreements for € 1.5 million (€ 1.6 million in the previous year); it also leased replacement surgical instruments for € 0.8 million. Additional right-of- use investments for the period related to a property lease agreement of € 1.1 million signed by subsidiary Medical Device S.r.l., relating to a building previously held under lease, and to Rekeep S.p.A. taking over the property lease agreement involving the registered office previously held under lease, through the acquisition of the contract from the parent company MSC S.p.A., with a fair value of € 14.9 million, as per the expert's report prepared by CBRE.

Investments in intangible assets amounted to € 4.6 million in the period (€ 4.1 million at 31 December 2021) and mainly related to ICT investments on the part of the Parent Company for the upgrading and enhancement of its SAP infrastructure and other similar investments.

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

(in thousands of Euro)	For the year ended 31 December	
	2022	2021
Facility Management	35,178	12,632
of which relating to International markets	*11,203*	*6,472*
Laundering & Sterilization	22,740	22,291
INDUSTRIAL CAPEX	**57,918**	**34,923**

In 2022, financial investments absorbed financial resources for € 33.5 million, net of disinvestments, against net investments of € 2.6 million in 2021. During the period ended 31 December 2022 Rekeep S.p.A. used € 13.8 million for the acquisition of the “Personnel Activities” business unit from its parent company MSC S.p.A. with effect from 1 July 2022, thanks to which Rekeep was able to insource the know-how and skills belonging to its executives, as well as the activities and competencies pertaining to the area of Human Resources (HR), in addition to achieving savings, compared to the outsourcing of these functions.

In July 2022, Rekeep S.p.A. also acquired the residual minority stake of SA.N.GE. Soc. Cons. a r. l. for € 1.0 million (11% of the quota capital). Finally, there was a capital increase payment of € 0.1 million carried out in non-strategic investees during the year.

Financial investments in the previous year related to the acquisition of the majority stake (60%) in the quota capital of U.Jet S.r.l., for a consideration of € 5.0 million, on the part of subsidiary Servizi Ospedalieri. In addition, an amount of € 3.0 million had been collected from the sale of investments in non-strategic Group companies.

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 2021	New loans	Repayments/ Payments	Buy-back/ Early termination	Other changes	31 December 2022
Senior Secured Notes	363,025				1,516	364,541
Revolving Credit Facility (RCF)	0	140,000	(140,000)			0
Bank loans	1,104		(266)			838
Current bank overdraft, advance payments and hot money	6,140	15,293	(6,140)			15,293
Accrued expenses and deferred income on loans	10,473		(26,850)		27,008	10,631
BANK DEBTS	**380,742**	**155,293**	**(173,256)**	**0**	**28,524**	**391,303**
Lease obligations	44,107	22,432	(8,711)	(8,872)	0	48,956

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

(in thousands of Euro)	31 December 2021	New loans	Repayments/ Payments	Buy-back/ Early termination	Other changes	31 December 2022
Payables for assignments of trade receivables with recourse	23,270	34,218	(45,682)		0	11,806
Payables for reverse factoring	9,963	33,813	(9,963)		0	33,813
Receipts on behalf of assignees of trade receivables without recourse	14,556	28,480	(14,556)		0	28,480
Fair value put option	15,336				710	16,046
Other liabilities	6,986	7,505	(3,858)		(0)	10,632
FINANCIAL LIABILITIES	**494,960**	**281,471**	**(256,027)**	**(8,872)**	**29,234**	**541,036**
Current financial assets	(14,799)	(3,489)	11,271		0	(7,017)
NET FINANCIAL LIABILITIES	**480,161**	**278,252**	**(244,756)**	**(8,872)**	**29,234**	**534,019**

The residual debt on account of principal on the Senior Secured Notes was equal to € 370.0 million at 31 December 2022, to which must be added the accounting adjustment on the premium and additional issue costs, accounted for according to the amortized cost method (€ 5.5 million). The financial amortization of this adjustment generated financial costs of € 1.5 million in 2022. The facility also entailed the payment of six-monthly periodic interest, which amounted to € 26.8 million in 2022.

At the same time as the issue of Notes the Company also signed a new revolving loan agreement for a maximum amount of € 75 million. The facility was partially used during the period to meet temporary cash requirements, and was promptly repaid (at 31 December 2021 the RCF facility had not been drawn down); the uses for the period entailed the charging of financial interest costs of € 1.0 million during 2022 (€ 0.2 million at 31 December 2021, when the facility had only been drawn down during the second half-year).

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

Furthermore, at 31 December 2022 there was the recognition of accrued expenses on loans in a total amount of € 11.7 million (almost entirely relating to the amount accrued on the bond coupon due 1 February 2023) and prepaid financial expenses of € 1.1 million, of which an amount of € 0.7 million relating to the remaining amount of costs to be amortized for obtaining the Revolving Credit Facility, for an initial amount of € 1.3 million and amortized on a straight-line basis throughout the entire term of the credit facility (financial charges of € 0.3 million recognized during the period).

Furthermore, as at the closing date of the financial year, 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 € 15.3 million, against a balance of € 6.1 million at 31 December 2021. 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 2022 assignments were made in an overall nominal amount of € 34.2 million and the facilities had been used for € 11.8 million at the end of the financial year (€ 23.3 million at 31 December 2021). 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 € 33.8 million at 31 December 2022 (€ 10.0 million at 31 December 2021).

The Group recorded receipts of € 28.5 million at 31 December 2022 concerning receivables included in assignments without recourse for which the respective debtors had not made any payment to the bank accounts specified by the factor. These amounts constitute a financial liability for the Group since the Group acts as an agent to manage receipts on behalf of the factor, and therefore proceeded with the payment of said amounts at the beginning of the subsequent quarter.

The financial liabilities relating to the present value of future lease payments to be made on leasing, property and operating leases amounted to € 49.0 million at 31 December 2022 against € 44.1 million at 31 December 2021. During the period in question, new agreements were entered into and rentals were revalued for a present value of € 22.4 million upon recognition, while contracts were early terminated for a remaining value of € 8.9 million. In particular, on 12 December 2022 the Parent Company Rekeep S.p.A. signed with its parent company MSC S.p.A. the deed of acquisition of two property lease contracts relating to the registered office, in place with MPS Leasing & Factoring S.p.A., for a residual value of € 10.5 million at the execution date, including the redemption price; this entailed the simultaneous early repayment of the liability previously recognized against the right of use on lease on the part of the parent company on the same property for € 7.8 million (net effect on the transaction on financial lease liabilities amounting to € 2.7 million). Finally, contingent liabilities were recognized under financial liabilities for the acquisition of investments for a total amount of € 16.0 million (€ 15.3 million at 31 December 2021), 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, in addition to the put option granted in favor of the minority shareholder of Rekeep France on the remaining 30% of the share capital, both of which had been already recognized at 31 December 2021.

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

The balance of short-term financial assets showed a decrease by € 7.8 million during 2022, mainly following the repayment in full (€ 10.0 million) of the short-term interest-bearing upstream loan that the Parent Company Rekeep S.p.A. has granted to the subsidiary MSC Società di Partecipazione tra Lavoratori S.p.A on the basis of the agreement signed on 5 November 2021; this loan, which has a term of one year and accrues interest at 3-month EURIBOR plus spread, was a profitable alternative for the Parent Company to use available cash.

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 (€ 5.6 million). Finally, to these must be added residual receivables on the disposals of investments for € 0.2 million, relating to the sale of the associate Fratelli Bernard S.r.l. on the part of subsidiary Servizi Ospedalieri, which took place on 28 December 2021, while the last tranche (€ 1.1 million) was collected by Servizi Ospedalieri in the period in relation to the sale of Linea Sterile S.r.l., a non-strategic investment sold on 29 December 2020.

2.3. Financial ratios

The main financial ratios for 2022, calculated at consolidated level, compared with the same ratios recorded for 2021, are reported below.

The financial data used to calculate these ratios for the 2021 financial year are "normalized", i.e. net of the 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.

	2022	2021
ROE	68.3%	1.9%
ROI	13.6%	14.5%
ROS	5.5%	5.6%

ROE (Return on Equity) provides a summary measurement of the return on capital invested by shareholders. The ratio reflects a Consolidated net profit in 2022, compared to an Equity eroded by the carry-forward of Consolidated net losses for the last two financial years.

ROI *(*Return on Investments*)* provides a summary measurement of the operating return on capital invested in a business. The performance reflects an increase in the Group's gross Invested Capital (+ € 90.8 million), which is more than proportional compared to an increase in EBIT for the year (€ 70.9 million and € 62.4 million in 2022 and 2021, respectively).

ROS (Return on sales) provides a summary measurement of the Group's ability to convert turnover to EBIT and stood at 5.5% in 2022 compared to 5.6% in 2021: against a positive change in turnover, equal to 15.4% compared to 2021, EBIT rose less than proportionally in the year, given the pressure on costs, especially energy prices, generated by higher inflation.

	2022	2021
Current ratio (Current liabilities / Current Assets)	0.90	0.90
Capital adequacy ratio (Equity / Total Payables)	6.1%	4.7%
Ratio of financial charges to turnover (Financial charges / Revenues)	3.4%	6.2%
Liquid return ratio of assets (Cash flow / Total Assets)	6.0%	1.9%
Social security and tax debt ratio (Social security debt / Revenues)	12.0%	13.6%

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 unchanged compared to 2021, and was affected by the recognition of the residual debt relating to the Competition Authority's fine for the FM4 tender (€ 66.6 million at 31 December 2022) among current liabilities.

The Capital adequacy ratio improved as a result of the Consolidated net profit in 2022, included in the Consolidated Equity taken as a reference by the ratio. It should be noted that, during the previous year, the Group had achieved a Consolidated net loss of € 22.6 million since the result had been affected by non-recurring financial costs linked to the refinancing transaction (€ 23.7 million). For the same reason, in 2022 the ratio of cash flow to assets improved from 1.9% at 31 December 2021 to 6.0% at 31 December 2022, and the ratio of financial charges to turnover decreased from 6.2% at 31 December 2021 at 3.4% at 31 December 2022.

	2022	2021
Indebtedness ratio	0.87	0.89
Medium/Long-term indebtedness ratio	0.79	0.97

The indebtedness ratio, which is the ratio of net debt to the sum of net debt and own equity, stood at 0.87 at 31 December 2022, recording a decrease compared to the previous year, despite an increase in financial indebtedness recorded during the year.

The medium/long-term indebtedness ratio, expressed as the ratio of consolidated financial liabilities to total sources of funding, decreased from 0.97 in 2021 to 0.79 in 2022, recording a decrease due to a reduction in the balance of medium/long-term loans and a total increase in sources of funding.

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.

	2022	2021	2020
Turnover/internal and external personnel costs	1.77	1.56	1.53
Make ratio	64.2%	63.9%	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 1.77 in 2022 (1.56 in 2021). The ratio reflects the growth in sales volumes (+15.4% compared to 2021) against a mix of composition of operating costs, which remained substantially unchanged (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 2022 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 2022

The main income data of the Parent Company Rekeep S.p.A. for the year ended 31 December 2022, as well as a comparison with the figures from the previous year.

(in thousands of Euro)	**For the year ended 31 December**		**Change**
	2022	**2021**	
Revenues	790,414	685,443	104,970
Costs of production	(706,679)	(622,722)	(83,958)
EBITDA	**83,735**	**62,722**	**21,013**
Amortization, depreciation, write-downs and write-backs of assets	(12,842)	(15,550)	2,708
Accrual of provisions for risks and charges	(5,957)	(3,707)	(2,250)
Operating Income (EBIT)	**64,935**	**43,465**	**21,471**
Income (charges) from investments	10,730	11,988	(1,258)
Net financial charges	(31,404)	(59,508)	28,104
Profit before taxes	**44,261**	**(4,056)**	**48,317**
Income taxes	(3,478)	(8,749)	5,271
Profit (loss) from continuing operations	**40,783**	**(12,805)**	**53,588**
Profit (loss) from discontinued operations	0	16	(16)
NET RESULT	**40,783**	**(12,789)**	**53,572**

In 2022 Revenues recorded an increase compared to the value posted in 2021 (+ € 105.0 million).

The Parent Company Rekeep S.p.A. contributed a substantial portion of consolidated results to the Group (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 of the Parent Company itself.

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

The performance in terms of revenues recorded by the Parent Company in 2022 was supported by an increase in the turnover from energy contracts. The increase involves all markets in which the company operates, and in particular the Healthcare market.

The Company's EBITDA for 2022 amounted to € 83.7 million against € 62.7 million in 2021 and included non-recurring items for € 2.7 million and € 4.5 million, respectively. After excluding these non-recurring elements from the relevant values, Adjusted EBITDA came to € 86.5 million at 31 December 2022, against Adjusted EBITDA of € 67.2 million at 31 December 2021, showing an increase in terms of operating profit margins arising from the price management policy adopted during the year, which was supported by the recognition of the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented, as partial compensation for higher costs incurred for electricity and natural gas as from the second quarter of the year, equal to € 24.2 million.

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

As regards operating costs, there were higher *Costs of raw materials and consumables* for € 94.2 million following an increase in fuel costs, higher *Costs of services* for € 7.6 million against lower *Personnel costs* for € 17.7 million. The trend recorded on revenues also reflects production costs, although with a different performance in the various cost items (due to a different mix of services rendered) and in a non-proportional manner, partly because of a well-established cost efficiency policy which was applied in support of profit margins as early as in previous years.

The average number of employees that worked for Rekeep S.p.A. during 2022 was equal to 10,505 units and there were no temporary workers, as they were all insourced with the acquisition of the "Personnel Activities" business unit from its parent company MSC S.p.A. (11,923 employees in the previous year, of which 278 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 2022 **EBIT** came to € 64.9 million, against € 43.5 million at 31 December 2021, including non-recurring elements for an income of € 0.4 million and charges of € 6.2 million, respectively. After excluding these non-recurring elements from the relevant values, Adjusted EBIT amounted to € 64.5 million at 31 December 2022, against Adjusted EBIT of € 49.8 million at 31 December 2021 (equal to 8.2% of related Revenues). EBIT at 31 December 2022 was determined by: (i) *amortization and depreciation* equal to € 11.3 million against € 11.8 million at 31 December 2021, of which an amount of € 4.7 million relating to amortization of intangible assets (€ 5.3 million at 31 December 2021) and € 6.6 million relating to depreciation of property, plant and equipment (€ 6.5 million at 31 December 2021); (ii) *net write-downs of trade receivables* amounted to € 1.7 million (€ 3.3 million at 31 December 2021) and included some specific write-downs concerning pending disputes; (iii) *write-downs of equity investments*, which constituted a release of € 0.2 million in 2022, mainly related to the adjustment to the write-down of previous years linked to the investment in subsidiary Yougenio S.r.l. in liquidation (a write-down of € 0.5 million in the previous year); (iv) provisions for future risks and charges (net of reversals) of € 6.0 million (€ 3.7 million at 31 December 2021), which included a net release of the provision for risks and charges set aside in previous years for non-recurring additional costs that are expected to be incurred on some energy contracts, as restated following the issue of a clarification in terms of regulations (an income of € 3.2 million), while it has an impact as a non-recurring provision of € 1.5 million in the comparative year.

To EBIT must be added Dividends and net income from equity investments amounting to € 10.7 million, compared to a balance of € 12.0 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**	
	2022	**2021**
Servizi Ospedalieri S.p.A.	8,000	8,840
H2H Facility Solutions S.p.A.	1,330	0
Telepost S.r.l.	818	2,000
MFM Capital S.r.l.	276	69
Other minor dividends	211	223
DIVIDENDS	**10,635**	**11,132**

Net capital gains from sale of non-strategic equity investments for € 0.1 million were also accounted for in 2022 (€ 0.9 million at 31 December 2021).

Financial income increased by € 2.5 million compared to the previous year, in particular thanks to the recognition of default interest income to a customer in court for € 1.5 million.

The impact of *financial charges* on the Company's results of operations was equal to € 38.2 million, recording a decrease of € 25.6 million in 2022 compared to 2021 (€ 63.8 million), when the 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%, as well as the issue of new Senior Secured Notes due 2026 and a coupon at an annual fixed rate of 7.25%, entailed the payment of non-recurring financial charges for € 23.7 million.

Financial costs for the period included charges accrued on the coupons of the Senior Secured Notes, which amounted to € 26.8 million in 2022 (€ 27.5 million in the same period of the previous year, of which an amount of € 2.3 million related to the Notes of 2017 before redemption), as well as the upfront fees relating to the issue of the Senior Secured Notes in 2021, accounted for according to the amortized cost method, which entailed financial amortization charges of € 1.5 million in the period (€ 1.4 million at 31 December 2021).

At the same time as the bond issue, the Company entered into a new Super Senior Revolving loan agreement for € 75.0 million, costs of which (initially equal to € 1.3 million) are also amortized on a straight-line basis throughout the term of the credit facility and entailed the payment of financial charges of € 0.8 million in the period (including commitment fees charged by banks), compared to € 0.9 million in the same period of the previous year. Furthermore, the use of the facility during the period entailed the charging of financial costs equal to € 1.0 million (€ 0.2 million at 31 December 2021, when the facility had only been drawn down in the second half of the year).

Finally, interest discount costs were recognized in relation to the assignments of trade and VAT receivables without recourse for € 2.5 million in 2022 (€ 3.9 million at 31 December 2021, including non-recurring charge related to a spot assignment of non-performing loans carried out in the last quarter of the year for € 1.3 million). Finally, assignments with recourse and reverse factoring lines generated financial costs of € 1.5 million at 31 December 2022, against financial costs of € 0.8 million at 31 December 2021.

From the profit before taxes must be deducted taxes of € 3.5 million (€ 8.7 million at 31 December 2021), thus obtaining a *Net profit* of € 40.8 million (against a *Net loss* of € 12.8 million at 31 December 2021). Below is the breakdown of the tax rate for the year:

(in thousands of Euro)	**For the year ended 31 December**	
	2022	**2021**
Profit before taxes	**44,261**	**(4,056)**
Current, prepaid and deferred IRES tax, including income and expenses from Tax consolidation	(5,576)	(4,969)
Current, prepaid and deferred IRAP tax	(3,862)	(3,558)
Tax adjustments for previous years	5,959	(222)
Income taxes	(3,478)	**(8,749)**
Tax rate from continuing operations	**7.9%**	**N.A.**
Profit (loss) before tax from discontinued operations	0	(16)
Tax on profit/(loss) from discontinued operations	0	0
Total Tax rate	**7.9%**	**N.A.**
Net profit (loss)	**40,783**	**(12,789)**

As already mentioned, the Profit (loss) before tax was negative and equal to € 4.1 million at 31 December 2021 in consideration of the non-recurring costs incurred for the refinancing transaction.

Compared to the previous year the Company recognized lower current, prepaid and deferred taxes for € 5.3 million, due to the recognition of some items exempt from taxation, such as the aforementioned electricity and gas tax credit, as well as to the recognition of income totaling € 5.3 million following the submission by Rekeep S.p.A. of the supplementary tax returns of Income 2017-2022 and IRAP (Regional Production Activity Tax) 2017–2022 forms. The consolidated tax rate would come to 19.9%, net of this income.

3.2. Statement of financial position

The table below reports the Sources and Uses:

(in thousands of Euro)	**31 December 2022**	**31 December 2021**
USES		
Trade receivables and advances to suppliers	340,789	286,311
Inventories	345	351
Trade payables and contract liabilities	(327,247)	(274,744)
Net working operating capital	**13,887**	**11,917**
Other working capital elements	(92,121)	(124,339)
Net working capital	**(78,233)**	**(112,422)**
Property, plant and equipment and assets under finance leases	23,008	8,531
Rights of use for operating leases	15,148	23,878
Intangible assets	342,133	342,683
Investments	140,995	139,925
Other non-current assets	76,427	54,677
Fixed assets	**597,711**	**569,695**
Non-current liabilities	(40,586)	(38,476)
NET INVESTED CAPITAL	**478,893**	**418,797**
SOURCES		
Shareholders' equity	120,744	86,537
Net financial indebtedness	358,149	332,260
TOTAL FINANCING SOURCES	**478,893**	**418,797**

Net working capital

Net working capital (**NWC**) posted a loss of € 78.3 million at 31 December 2022, with a decrease in absolute value equal to € 34.2 million compared to the net liability posted at 31 December 2021 (€ 112.4 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 € 13.9 million at 31 December 2022, while it was equal to € 11.9 million at 31 December 2021. The balance of Trade Receivables and advances to suppliers increased by € 54.5 million, while Trade payables and contract liabilities showed an increase of € 52.5 million. The Company made assignments of trade receivables without recourse to Factors for € 317.3 million in the year, while the balance of receivables assigned and not yet collected by the latter at the reporting date amounted to € 77.0 million (€ 50.3 million at 31 December 2021). The **Adjusted NWOC** came to € 90.9 million and € 62.2 million, respectively, during the two years under comparison.

The balance of Other elements in working capital at 31 December 2022 consisted of a net liability of € 92.1 million (€ 124.3 million at 31 December 2021):

(in thousands of Euro)	**31 December 2022**	**31 December 2021**	**Change**
Current tax receivables	3,242	4,310	(1,068)
Other current assets	43,394	10,762	32,632
Provisions for risks and charges, current	(11,807)	(10,374)	(1,432)
Current tax payables	(23)	(35)	11
Other current liabilities	(126,926)	(129,002)	2,076
OTHER ELEMENTS IN WORKING CAPITAL	**(92,121)**	**(124,339)**	**32,219**

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 € 66.6 million at 31 December 2022 (€ 72.2 million at 31 December 2021);
- the recognition of lower net income tax receivables of € 1.1 million compared to the previous year;
- an increase in the short-term portion of provisions for risks and charges of € 1.4 million;
- an increase in the balance of tax credits claimed from the Tax Authorities, which includes, among others, the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented, as partial compensation for higher costs incurred for the purchase of electricity and natural gas, amounting to € 20.4 million, and not yet used at the end of the period;
- the payment of higher guarantee deposits on new annual electricity and gas utility contracts for € 6.0 million.

Fixed assets

Fixed assets include the following main items:

(in thousands of Euro)	31 December 2022	31 December 2021	Change
Property, plant and equipment	8,123	8,199	(75)
Right-of-use assets	30,033	24,210	5,822
Goodwill	326,421	326,421	0
Other intangible assets	15,712	16,262	(550)
Equity investments in subsidiaries, associates and joint-ventures	140,995	139,925	1,070
Other investments	5,980	7,109	(1,129)
Non-current financial assets	55,904	35,324	20,580
Other non-current assets	2,134	2,377	(243)
Deferred tax assets	12,408	9,867	2,542
FIXED ASSETS	**597,711**	**569,695**	**28,017**

The most substantial changes concerned:

- an increase in non-current financial assets of € 20.6 million, mainly for the amounts pledged as collateral for gas supply contracts (cash collateral) for € 16.9 million;
- an increase in the net book value of the right-of-use assets recognized against leases, property leases and long-term hire for the motor vehicles of the corporate fleet. During 2022 new agreements were signed for € 18.3 million, of which an amount of € 14.9 million relating to the fair value of the company's head office building, as per the expert's report prepared by CBRE, recognized in accounts following the takeover of the property lease agreement in place with MPS Leasing & Factoring S.p.A. from the parent company MSC S.p.A.; this entailed the simultaneous early repayment of the liability previously recognized against the right of use on lease by the parent company on the same property for € 6.9 million;
- an increase in deferred tax assets, following the recognition in 2022 of prepaid taxes on the difference emerging between the book value as at the date of transfer and the price paid to the transferor on the basis of the appraisal value of the "Personnel activities" business unit within the acquisition from the parent company MSC S.p.A., equal to € 2.7 million.

Other non-current liabilities

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

- TFR (employee benefits), equal to € 3.6 million and € 4.3 million at 31 December 2022 and 31 December 2021, respectively;

- long-term portion of provisions for future risks and charges equal to € 25.1 million at 31 December 2022 and € 22.7 million at 31 December 2021;
- deferred tax liabilities of € 11.3 million (€ 11.4 million at 31 December 2021).

Financial indebtedness

The Parent Company's financial indebtedness at 31 December 2022 and at 31 December 2021 is reported below:

(in thousands of Euro)	**31 December 2022**	**31 December 2021**
Long-term financial liabilities	378,326	385,788
Bank borrowings and current portion of long-term debt	101,063	52,912
GROSS FINANCIAL INDEBTEDNESS	**479,389**	**438,700**
Cash and cash equivalents	(55,291)	(47,897)
Other current financial assets	(65,949)	(58,543)
FINANCIAL INDEBTEDNESS	**358,149**	**332,260**

Financial indebtedness amounted to € 358.1 million at 31 December 2022, against € 332.3 million at 31 December 2021. 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 (€ 77.0 million at 31 December 2022 and € 50.3 million at 31 December 2021) increased from € 382.6 million at 31 December 2021 to € 435.2 million at 31 December 2022.

In particular, on 12 December 2022 the Parent Company Rekeep S.p.A. signed with its parent company MSC S.p.A. the deed of acquisition of the property lease contract relating to the company's head office building in place with MPS Leasing & Factoring S.p.A., for a residual value of € 10.5 million as at the execution date, including the redemption price; this entailed the simultaneous early repayment of the liability previously recognized against the right of use on lease by the parent company on the same property for € 7.8 million (the net effect of the transaction on financial debt amounts to € 2.7 million).

In 2022 there also was an increase in short-term debt relating to the higher use of credit lines for bank overdraft, advance payments and hot money, assignment of trade receivables with recourse and reverse factoring, as well as to the higher liability recognized against factoring firms for amounts received on receivables that had been previously assigned without recourse and returned to them in the subsequent quarter, totaling € 77.3 million (€ 74 million at 31 December 2021).

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 2023 (€ 11.7 million at 31 December 2021).

Finally, during 2022 there was an increase in short-term financial assets for € 7.4 million, mainly due to an increase in the balance of the current accounts pledged and used within the scope of the aforementioned agreements for the non-recourse assignment of trade receivables (€ 3.5 million). Furthermore, during the year the parent company MSC S.p.A. repaid in full the interest-bearing upstream loan that had been taken out with the Company in the previous year in order to meet temporary cash requirements and that enabled Rekeep to make profitable use of available cash.

Industrial Capex

In 2022 industrial capex incurred by the Company totaled € 20.6 million (€ 5.6 million at 31 December 2021), against disinvestments of less than € 0.1 million (unchanged compared to the previous year):

(in thousands of Euro)	For the year ended 31 December	
	2022	**2021**
Acquisition of plant and machinery	1,553	2,084
Acquisition of rights of use of properties [2]	14,900	0
Other investments in intangible assets	4,189	3,503
INDUSTRIAL CAPEX	**20,642**	**5,586**

With regard to industrial investments, the acquisition of the lease agreement from the parent company MSC S.p.A. became substantial in 2022, as already detailed above.

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

(in thousands of Euro)	31 December 2022		31 December 2021	
	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	**40,783**	**120,744**	**(12,789)**	**99,920**
- Elimination of consolidated equity investment values	(971)	(179,655)	(161)	(147,574)
- Accounting of Shareholders' Equity toreplace the values eliminated		48,846		51,279
- Allocation to consolidation difference		55,986		55,538
- Recognition of financial costs on options	(699)	(699)	(2,154)	(507)
- Dividends distributed to Group companies	(10,298)		(14,369)	
- Profit generated by consolidated companies	(9,552)	(9,552)	(5,561)	(376)
- Associates and Joint ventures valued at equity	306	3,414	226	1,935

(in thousands of Euro)	31 December 2022		31 December 2021	
	Profit (loss) for the year	**Shareholders' equity**	**Profit (loss) for the year**	**Shareholders' equity**
- Tax effects on consolidation adjustments	119	(15)	28	(163)
- Reversal of statutory write-downs	7,438	27,793	12,190	9,992
- Other consolidation adjustments	5	1	3	(6)
Total consolidation adjustments	**(13,653)**	**(53,883)**	**(9,798)**	**(29,883)**
Shareholders' equity and profit (loss) for the year pertaining to the Parent Company	**27,131**	**66,861**	**(22,588)**	**69,336**
Shareholders' equity and profit (loss) for the year pertaining to Minority Interests	368	6,097	1,603	3,199
SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE YEAR AS SHOWN IN THE CONSOLIDATED FINANCIAL STATEMENTS	**27,499**	**72,958**	**(20,985)**	**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.

The Parent Company 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 2022 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 35 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 15 December 2022, 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 by the Board of Directors as security for the Antitrust Compliance Program and the Antitrust Code of Conduct.

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

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

7. UPDATE ON LEGAL PROCEEDINGS

The updates are reported below for the 2022 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, after the completion of proceedings initiated in November 2016 following a report made by A.O.R.N. Santobono Pausilipon in Naples, imposed a sanction (the "ANAC Order") on Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at that time), raising objections concerning the failure to provide a declaration relating to the absence of criminal proceedings against one of the Company's proxy holders in the documentation submitted for the tender for cleaning services at Santobono Pausilipon itself, which took place in 2013. On the other hand, this proxy holder met the legal requirements in full. The ANAC order provided, in addition to a fine of € 10 thousand, for the Company to be excluded from all public tenders for a period of 6 months as from the date of entry in the computerized records of economic operators in public contracts. The Company successfully challenged the order before the Regional Administrative Court, but, within appellate proceedings brought by ANAC, the disqualification order was confirmed by the Council of State; at the end of the procedure for application of extraordinary means of appeal (appeal for review and judicial appeal to the Supreme Court), it became final on 4 December 2020 with the filing of the Supreme Court's judgment no. 27770/2020. As a result of this judgment, any suspension effect of ANAC Resolution no. 1106/2017 was therefore removed, which entails, in addition to a fine of € 10 thousand, the exclusion of Rekeep S.p.A. from public tender procedures and subcontracting of public contracts for a period of 6 months in accordance with Legislative Decree 50 of 2016 (the "Public Contracts Code"). The entry, which had been previously blacked out by ANAC, was therefore re-inserted in the computerized records of economic operators in public contracts relating to works, services and supplies as from 25 December 2020 and until 17 June 2021. Rekeep S.p.A. had formally asked ANAC to postpone the immediate new reinstatement of the entry in the records until the conclusion of the proceedings initiated by ANAC on the Application for 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. Against the Council of State's ruling the Company was served with a notice of appeal before the Supreme Court and is waiting for the hearing to be scheduled.

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

The dispute concerning the fine imposed in relation to the FM4 Tender still continued in 2022.

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 the orders for the new calculation of the fine before the Regional Administrative Court. Finally, on 22 December 2020 the Competition Authority served on the Company its appeal against the Lazio Regional Administrative Court's order, while requesting the confirmation of the order on the FM4 tender, including the initial fine equal to € 91.6 million. On 20 January 2022 discussion on the merits was held before the Council of State, which rejected the Company's appeal by judgment filed on 9 May 2022. Against the ruling, on 10 June 2022 the Company filed an appeal for review before the Council of State, which scheduled the hearing for discussion on 4 May 2023; the Company also filed an appeal before the Supreme Court on 8 July 2022 and is waiting for the Court to hand down its ruling following the hearing held on 4 April 2023.

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified and declares that it is sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender.

A detailed report on the administrative procedures in progress and further assessments made by the Directors at the end of the reporting period of the Consolidated financial statements at 31 December 2022 is included in the explanatory notes (notes 15 and 18), to which reference is made.

8. HUMAN RESOURCES AND ORGANIZATION

As at the closing date of the 2022 financial year, the Rekeep Group employed 26,551 people (at 31 December 2021: 26,944 people). The Group's employees working outside Italy are equal to 11,964 people (at 31 December 2022: 12,488 people). Following the transfer of the "Personnel Activities" business unit to Rekeep S.p.A. as already commented on above, the controlling company MSC S.p.A. ceased its staffing operations: therefore, there were no leased employees in the Group as at 31 December 2022 (at 31 December 2021: 286 people).

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

	31 December 2022	31 December 2021
Executives	63	73
White collars	1,784	1,698
Blue collars	24,704	25,173
EMPLOYEES	**26,551**	**26,944**

Prevention and protection

During 2022 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 Company and in the Group during 2022.

In 2022 various survey campaigns were conducted in preparation for updating specific risk assessment documents concerning the ergonomic risk from biomechanical overload for hygiene activities carried out in the civil and healthcare sectors and in the green area maintenance segment for which documents were also updated in relation to noise and vibration risk. 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 2022 too, which met 8 times during the year, for a total of about 16 hours of constructive discussion on various topics. Similar committees also operate at some other Group companies.

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

In 2022 the Company's Prevention and Protection Service department conducted 64 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. Audits are also carried out by other Group companies.

Rekeep S.p.A., as per the schedule, continued its work on health surveillance during 2022, which is carried out on the staff members employed based on their duties in compliance with the health protocol attached to the Company's Risk Assessment Document. About 5,200 medical examinations were conducted, including periodic, long-term work absence, pre-employment and on-demand checks. The trend in the Company's rate of accidents, as well as of the state of health of the staff under health surveillance, is updated and available for the areas through the company intranet, together with the data relating to other causes of absenteeism. Health surveillance is also active at other Group companies.

Rekeep S.p.A. monitors accidents on an ongoing basis, which are detailed in terms of their causes, dynamics and material agents that determined the event. In 2022, there was a significant reduction in the number of accidents (-26%) and their duration (-30%) compared to 2021. The trend in accident rates was confirmed to be strongly down for the third year in a row. This was also due to the substantial investment made by the company in terms of prevention through increased surveillance and monitoring of compliance with safety requirements, in terms of behavior, use of means, infrastructure, etc., at work sites and operating locations in which Rekeep S.p.A. personnel operate in order to prevent situations which might result in harm to health and safety in the workplace. This action was made possible through the increase in the number of supervisors (+252 new supervisors trained during 2022) working at the company. The number of hours of specific training provided was also significant (more than 50,000) on HSE topics (safety officers, emergency management, specific risks, qualifications, etc.). On the other hand, the supervisors' work of reporting and monitoring must be still strengthened in relation to accidents and near misses, despite there was an improvement compared to 2021.

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

	2022	2021	2020	2019	2018
Impact **(no. of accidents x 1,000/average number of workers)**	44.65	53.67	55.93	64.08	69.05
Frequency **(no. of accidents x 1,000,000/total worked hours)**	33.45	43.42	50.90	52.26	56.29
Severity **(days of accident +relapses x 1,000/ total worked hours)**	0.87	1.00	1.24	1.30	1.51

There were no fatal accidents at work during 2022.

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

There are currently 15 Workers' Safety Representatives at Rekeep S.p.A. distributed throughout the Areas. In 2022 they were involved in a training/education plan on occupational safety.

20 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.

Rekeep S.p.A. è 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

Finally, with regard to waste management, no instances of non-compliance and related fines were reported by the control bodies during 2022, nor were any sanctions applied to Group companies.

Training

The Group involved 10,479 participants during 2022, for a total of 88,890.5 training hours, of which 63,722 relating to the Parent Company Rekeep S.p.A.. The table below shows the comprehensive results for the Group in 2022, divided into subjects and compared to the 2021 data:

	FY 2022		FY 2021	
Subject	**Participants**	**Hours**	**Participants**	**Hours**
Safety, Quality and Environment	8,285	64,744	9,539	66,215
Technical-professional	1,833	15,688.5	1,210	7,740
IT	114	730	299	874
English language	169	4,548	147	4,448
Management	78	3,180	487	4,138
TOTAL	**10,479**	**88,891**	**11,682**	**83,415**

With regard to Safety, particular emphasis was placed on training for the role of supervisor: about 400 new supervisors were in fact trained. In addition, the Group delivered specific training in “high risk” to more than 1,000 employees among the staff members working in integrated services. In the areas of Safety, Quality and Environment, courses were also delivered for safety managers, electrical risks, fire prevention and first aid, work at height, confined environments and spaces, pest control and rodent control, work with equipment, etc..

In the Technical/Professional area the Company continued to invest in the qualification of its resources, doubling training hours compared to 2021. In fact, qualifications were enhanced (F-gas, Thermal, Welder, Steam, Drones) and courses were held on cleaning techniques and use of products for the Hygiene service. We also acquired new certifications for our staff and maintained those previously obtained on the topics of Building Information Modeling, Energy Management Expert (EGE), Contract Management, Sustainability Manager and Project Management. Furthermore, courses were held on the topics of Procurement Management, Cyber security, Privacy, SA8000, Internal Audit and Air Conditioning Systems.

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 cost of quality and energy performance contracts (EPCs), energy communities, sustainability in business dynamics and contract management, as well as refresher courses on regulations governing occupational safety and risk management.

In the area of information technology, the workers in the IT Department attended courses of training in the use of Office package, as well as training meetings on methodologies: Agile Scrum and Project Management, Itil Foundation. Blockchain and Lean it Foundation. In the managerial area, work continued on the courses of individual development for middle management and training was also delivered on soft skills in relation to Leadership, negotiation and conflict, management of collaborators and communication techniques for operational staff. The Company selected colleagues for part-time Executive MBA training at the Alma Mater Studiorum Bologna Business School in 2022 too.

Finally, work continued on online English language courses, which involved colleagues from various offices and companies of the Group.

9. ENVIRONMENT AND QUALITY

During 2022 the Parent Company Rekeep S.p.A. maintained, following the recertification audits carried out by RINA Services (the accredited certification body), the following certifications:

- ISO 9001:2015 (Quality Management System),
- ISO 14001:2015 (Environmental Management System),
- ISO 45001:2018 (Occupational Health and Safety Management System),
- UNI EN 14065:2016 (Laundry processed textiles - Bio-contamination control system)
- SA8000:2014 (Social Accountability System),
- ISO 50001:2018 (Energy Management Systems),
- UNI CEI 11352:2014 (Delivery of energy services).

Furthermore, during the reporting period, all certification schemes were maintained by providing for the extension of ISO 9001, ISO 14001 and ISO 45001 to the transport of biological material for laboratories and there was the renewal of the UNI EN 14065:2016 (Laundry processed textiles - Bio-contamination control system) certification.

The Company also maintained the 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 EPD (Environmental Product Declaration) Validation certification was maintained, following audits carried out by SGS (the accredited certification body), in compliance with general program instructions v. 3.01

(international EPD system), PCR 2011:03, professional cleaning services for buildings (version 2.11, IES) for the Hospital cleaning service.

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

Within the Group work continued to achieve certification or uphold requirements for the main following 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 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 maintained 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 renewed the certification of the Environmental Management System according to standard UNI EN ISO 14001:2015 (Environmental Management System), and maintained 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 following scheme was recertified: • ISO 9001:2015 (Quality Management System) • and the following certifications were maintained: • 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 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. and the following scheme was recertified: • SA8000:2014 – Social Accountability Management System.
H2H Facility Solutions S.p.A.	Maintenance of the qualifying company certification under Regulation (EC) 842/2006, Presidential Decree 43/2012 and Accredia Technical Regulation RT-29, for installation, leakage control, servicing or repair services for fixed refrigeration and air-conditioning equipment and heat pumps containing certain fluorinated greenhouse gases. Maintenance of the following certifications: • UNI EN ISO 9001:2015 (Quality Management System) • UNI EN ISO 14001:2015 (Environmental Management System).
H2H Cleaning S.r.l.	Maintenance of the following certifications: • UNI EN ISO 9001:2015 (Quality Management System) • UNI EN ISO 14001:2015 (Environmental Management System) • UNI ISO 45001:2018 (Occupational Safety Management System) • SA8000:2014 (Social Accountability Management System).
Telepost S.p.A.	Maintenance of the following certifications: • UNI EN ISO 9001:2015 (Quality Management System) • UNI EN ISO 14001:2015 (Environmental Management System).
Rekeep France sub-group	Maintenance of the following certification: • QUALIPROPRE (Quality of cleaning and related services)
Rekeep Polska sub-group	Maintenance of the following certifications, following the audits carried out by IQS CERT Sp. z o.o. • ISO 9001:2015 - Quality Management System; • ISO 14001:2015 - Environmental Management System; • ISO 45001:2018 - Occupational Health and Safety Management System; • ISO 22000:2018 – Food Safety Management Systems; • HACCP system – according to the Polish food code CAC/RCP 1-1969, rev. 4(2003) Maintenance of the following certification following the audits carried out by TUV Rheinland Polska Sp. z o.o.: • Gwarant Czystości i Higieny (cleaning and hygiene services).

Consorzio Stabile CMF	Recertification of 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) Maintenance of the following certifications: • 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 • ISO 37001:2016 (Anti-bribery Management System). As required by Article 30 of Legislative Decree 81/2008, as amended, a certificate was also obtained for the 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”.

No final convictions against Group companies for environmental crimes were reported during 2022.

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 2022 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 2022, 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 2022.

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 2022 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 2022, the Group companies received certain financial benefits from public authorities or entities treated as such, as referred to in Law no. 124 of 4 August 2017 governing the "Annual market and competition act".

In particular, proceeds were earned from tax credits totaling € 27.7 million for the Group in 2022, as partial compensation for higher costs incurred for the purchase of electricity and natural gas, granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented.

Furthermore, the Parent Company Rekeep S.p.A. and Medical Device S.r.l. entered into soft loan agreements, “Artigiancassa Loan” and “Sabatini Loan”. More details are given in note 17 of Explanatory notes to the Consolidated Financial Statements.

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. as consolidating company and the following consolidated companies:

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

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

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

18. SUBSEQUENT EVENTS

Acquisition of the "Major Customers" business unit

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

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

In accounting terms, the transaction is carried out between parties subject to common control ("Transaction Under Common Control"), as both companies belong to the same Group controlled by MSC S.p.A.. Therefore, the transaction is excluded from the scope of application of IFRS 3, while the "Preliminary Guidelines on IFRS" issued by Assirevi (Italian Association of Auditors) are ultimately applicable, and, specifically, OPI Preliminary Guideline no. 1R - "*Accounting treatment of BCUCCs in separate and consolidated financial statements*" -: according to the guideline, the principle of continuity of values is considered to be applicable as regards "transactions that do not have a significant influence on the future cash flows of the net assets transferred" within the Group, i.e. for which the economic substance of the transaction understood as the generation of added value for all the parties involved, as in this case, is not evident. As a result of the accounting treatment adopted, the difference emerging between the book value of the business unit as at the date of transfer and the price paid to the transferor on the basis of the appraisal value of the business unit has been recorded in the separate financial statements of Rekeep S.p.A. in a negative equity reserve for a total value of € 167 thousand (€ 232 thousand, net of the tax effect for deferred tax assets generated by the different accounting and tax treatment of the transaction, amounting to € 65 thousand).

The table below summarizes the effects of the transaction on the Consolidated Financial Statements of the Group controlled by Rekeep S.p.A. as at the effective date of the transaction, i.e. 1 January 2023:

	Recognized value	Book value
ASSETS		
NON-CURRENT ASSETS		
Other non-current assets	1	1
TOTAL NON-CURRENT ASSETS	**1**	**1**
CURRENT ASSETS		
Trade receivables and advances to suppliers	687	687
TOTAL CURRENT ASSETS	**687**	**687**
TOTAL ASSETS	**688**	**688**
LIABILITIES		
NON-CURRENT LIABILITIES		
Employee termination indemnity	75	75
TOTAL NON-CURRENT LIABILITIES	**75**	**75**
CURRENT LIABILITIES		
Trade payables and contract liabilities	25	25
Other current liabilities	33	33
TOTAL CURRENT LIABILITIES	**57**	**57**
TOTAL LIABILITIES	**132**	**132**
FAIR VALUE OF NET ASSETS	**555**	**555**
BUYER’S EQUITY RESERVE ARISING FROM BUSINESS COMBINATION	**232**	
Total cost of business combination:		
Consideration paid to the transferor	787	
TOTAL COST OF BUSINESS COMBINATION	**787**	

The fair value of assets and liabilities acquired through the business combination was positive and set at € 232 thousand, while the overall cost of the business combination was equal to € 787 thousand (of which an amount of € 627 thousand was paid in January 2023).

19. OUTLOOK

In 2022, the Group had to deal with a highly uncertain national and international economic scenario after the political and military events in Eastern Europe, which have led to significant repercussions on global economies, especially in Europe, in terms of a generalized rise in inflation and in particular in energy prices.

Lower pressure on the Group’s economic and financial ratios is expected in the coming months.

The forecasts for inflation in early 2023 are positive: there has been a slowdown in the upward trend in prices and especially the price of gas, and no further spikes are expected in the immediate future.

Furthermore, an additional tranche of electricity and gas tax credit is expected to be recognized as partial compensation for the costs incurred during the first quarter of 2023, benefiting not only the cost structure of energy sources but also the Group's cash flows.

Therefore, a positive trend in debt and working capital reduction is expected for 2023 thanks to the slowdown in inflation, supported by government measures and also thanks to the results of the actions taken by the Management. This result may be achieved while still ensuring that a good level of liquidity is maintained, which would also be supported by the release of cash and cash equivalents that are currently restricted as security for gas supply contracts.

From an economic point of view, the completion and consolidation of the results of the round-table discussions with customers are expected for the negotiation of adjustments to contractual fees for the aforesaid contracts (approximately 5%) for which no automatic indexation of the fees is envisaged and inasmuch as they are a "lump sum" or "fixed installment".

The Group Management also expects further growth in turnover and profit margins in the international area, due to the positive development of the acquired contract portfolio and further development of sales in France and Poland. Finally, the start of operations under the Metro Riyadh contract in Saudi Arabia is hoped for, which could take place in the course of 2023.

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

In concluding the report on the 2022 financial year the Directors invite you to approve the separate Financial Statements of Rekeep S.p.A. at 31 December 2022 and, in view of the fact that the limits provided for by Article 2430 of the Italian Civil Code for the Legal Reserve have been reached, to fully use the profit for the year of € 40,783,196.13:

- To partially cover the accumulated losses of previous years which, as a result of this use, will be reduced to € 34,595,923.44.

Zola Predosa, 23 March 2023

The Chairman and CEO

Giuliano Di Bernardo

Consolidated financial statements

at 31 december 2022

rekeep

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	31 December 2022	31 December 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	93,249	86,375
Property, plant and equipment under lease	5	54,625	43,590
Goodwill	7	404,935	404,706
Other intangible assets	6	18,288	19,479
Investments accounted for under the equity method	8	10,121	9,153
Other investments	9	5,996	7,140
Non-current financial assets	9	24,202	4,702
Other non-current assets	9	3,104	3,232
Deferred tax assets	30	17,968	15,783
TOTAL NON-CURRENT ASSETS		**632,488**	**594,160**
CURRENT ASSETS			
Inventories	10	12,088	12,743
Trade receivables and advances to suppliers	11	537,227	443,248
Current tax receivables	30	8,671	5,278
Other current assets	11	59,211	24,133
Current financial assets	12	7,017	14,799
Cash and cash equivalents	12	84,243	99,512
TOTAL CURRENT ASSETS		**708,457**	**599,713**
Assets held for sale		0	0
TOTAL NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,340,945**	**1,193,873**

(in thousands of Euro)	NOTES	31 December 2022	31 December 2021
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		6,696	11,510
Retained earnings		(76,115)	(51,326)
Profit/(loss) for the year attributable to equity holders of the Parent		27,131	(22,588)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**66,862**	**46,746**
Capital and reserves attributable to non-controlling interests		5,728	2,985
Profit/(loss) for the year attributable to non-controlling interests		368	1,603
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**6,096**	4,588
TOTAL SHAREHOLDERS' EQUITY	13	**72,958**	**51,334**
NON-CURRENT LIABILITIES			
Employee termination indemnity	14	9,970	10,483
Provisions for risks and charges, non- current	15	30,192	26,035
Long-term financial debt	17	408,608	412,883
Deferred tax liabilities	30	15,819	16,384
Other non-current liabilities		1,991	1,391
TOTAL NON-CURRENT LIABILITIES		**466,580**	**467,176**
CURRENT LIABILITIES			
Provisions for risks and charges, current	15	18,483	12,455
Trade payables and contract liabilities	19	480,808	413,374
Current tax payables	30	21	0
Other current liabilities	19	169,667	167,457
Bank borrowing, including current portion of long-term debt, and other financial liabilities	17	132,428	82,077
TOTAL CURRENT LIABILITIES		**801,407**	**675,363**
Liabilities directly associated with non-current assets held for sale		0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL LIABILITIES		**1,340,945**	**1,193,873**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2022	31 December 2021
REVENUES			
Revenues from contracts with customers	20	1,290,608	1,118,759
Other revenues	21	3,768	3,266
TOTAL REVENUES		**1,294,376**	**1,122,025**
OPERATING COSTS			
Costs of raw materials and consumables	22	(352,579)	(214,966)
Change in inventories of finished and semi-finished products	22	217	(918)
Costs for services and use of third-party assets	23	(335,877)	(323,352)
Personnel costs	24	(469,406)	(460,196)
Other operating costs	25	(10,923)	(13,606)
Capitalization of lower internal construction costs		552	140
Amortization, depreciation, write-downs and write-backs of assets	26	(41,912)	(41,477)
Accrual of provisions for risks and charges	15	(13,505)	(5,471)
TOTAL OPERATING COSTS		**(1,223,433)**	**(1,059,846)**
OPERATING INCOME		**70,943**	**62,179**
FINANCIAL INCOME AND EXPENSES			
Share of net profit of associates	8	703	1,267
Dividends and income (loss) from sale of investments	27	(478)	1,498
Financial income	28	2,773	1,055
Financial charges	29	(43,568)	(69,681)
Profit (loss) on exchange rate		876	424
Profit (loss) before tax		**31,249**	**(3,258)**
Income taxes, current, prepaid and deferred	30	(3,750)	(17,743)
Net profit (loss) from continuing operations		27,499	(21,001)
Profit (loss) from discontinued operations		0	16
Profit (loss) for the year		**27,499**	**(20,985)**
Net profit (loss) for the year attributable to non- controlling interests	13	(368)	(1,603)
NET PROFIT (LOSS) FOR ATTRIBUTABLE TO THE GROUP		**27,131**	**(22,588)**

	For the year ended	
	31 December 2022	31 December 2021
Basic earnings per share	0.249	(0.207)
Diluted earnings per share	0.249	(0.207)
Basic earnings per share from continuing operations	0.249	(0.207)
Diluted earnings per share from continuing operations	0.249	(0.207)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	**NOTES**	**For the year ended**	
		31 December 2022	**31 December 2021**
NET RESULT FOR THE YEAR		**27,499**	**(20,985)**
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Differences from translation of foreign financial statements		(1,151)	(1,479)
Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year	8	610	317
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year		**(541)**	**(1,163)**
Other comprehensive income, which will not be subsequently reclassified under profit/loss for the year:			
Actuarial gains (losses) on defined benefit plans		774	197
Income taxes		(42)	(15)
Net effect on actuarial gains (losses)	14	**732**	**182**
Share of other comprehensive income for the year of entities accounted for using the equity method, which will not be subsequently reclassified under profit/loss for the year	8	86	(33)
Other comprehensive income for the year, which will not be subsequently reclassified under profit/loss for the year		**818**	**148**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		**276**	**(1,014)**
COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**27,775**	**(21,999)**
Equity holders of the Parent		27,469	(23,300)
Non-controlling interests		306	1,300

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2022	31 December 2021
Net result from continuing operations for the year		**27,499**	**(20,985)**
Income taxes for the year		3,750	17,743
Profit before taxes		**31,249**	**(3,242)**
Profit (loss) from discontinued operations		*0*	*16*
Capital gains (losses) from disposal on equity investments		*0*	*(16)*
Amortization, depreciation, write-downs and (write-backs) of assets		41,912	41,477
Accrual (reversal) of provisions for risks and charges		13,505	5,471
Employee termination indemnity provision		1,645	739
Payments of employee termination indemnity		(1,976)	(2,002)
Utilization of provisions		(2,999)	(2,537)
Share of net profit of associates, net of dividends collected		356	388
Financial charges (income) for the year		39,919	68,202
Operating cash flows before movements in Working Capital		**123,610**	**108,496**
Decrease (increase) of inventories		645	3,041
Decrease (increase) of trade receivables and advances to suppliers		(96,670)	(14,964)
Decrease (increase) of other current assets		(35,152)	1,699
Increase (decrease) in trade payables		74,437	329
Increase (decrease) of other current liabilities		1,563	(15,681)
Change in Working Capital		**(55,177)**	**(25,577)**
Net interests received (paid) in the year		(30,308)	(53,625)
Income taxes paid in the year		(7,830)	(13,401)
Net cash flow from operating activities		**30,295**	**15,893**
(Purchase of intangible assets, net of sales)	6	(4,586)	(4,110)
(Purchase of property, plant and equipment)	4 - 5	(53,331)	(30,813)
Proceeds from sale of property, plant and equipment	4 - 5	1,219	1,080
(Acquisition) of investments		(507)	2,633
Decrease (increase) of financial assets		(7,446)	(6,336)

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2022	31 December 2021
Financial effects of business combinations	3	(12,793)	(3,764)
Net cash flow from (used in) investing activities		**(77,445)**	**(41,309)**
Lease payments	17	(8,711)	(7,533)
Opening of medium- and long-term borrowings	17	0	370,000
Repayment of medium- and long-term borrowings	17	(266)	(334,203)
Net opening (repayment) of short-term bank credit lines	17	9,153	(2,734)
Other net changes in borrowings	17	33,227	12,674
Dividends distributed		(918)	(293)
(Purchase) /sale of subsidiaries' minority shareholdings		(655)	(1,968)
Differences arising from translation of financial statements in foreign currency		(110)	(1,527)
Net cash flow from / (used in) financing activities		**31,720**	**34,415**
Change in cash and cash equivalents		**(15,430)**	**9,000**
Cash and cash equivalents at the beginning of the year		99,512	90,464
Change in cash and cash equivalents		(15,430)	9,000
Translation differences on cash and cash equivalents		161	48
Cash and cash equivalents at the end of the year		**84,243**	**99,512**
Details of cash and cash equivalents:			
Cash and bank current accounts		84,243	99,512
TOTAL CASH AND CASH EQUIVALENTS		**84,243**	**99,512**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the year ended	
	31 December 2022	31 December 2021
Interest paid	(33,076)	(54,677)
Interest received	2,768	1,051
Dividends paid	(918)	(293)
Dividends received	481	497

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Reserves	Retained Earnings	Net Result of the period	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2022	**109,150**	**11,510**	**(51,326)**	**(22,588)**	**46,746**	**4,588**	**51,334**
Allocation of prior year result		1,102	(23,690)	22,588	**0**		**0**
Distribution of dividends					**0**	(40)	**(40)**
Currency appreciation due to hyperinflation		613			**613**	589	**1,201**
Business combinations "under common control"		(6,866)			**(6,866)**		**(6,866)**
Acquisition/sale of minority interests in subsidiaries			(1,099)		**(1,099)**	654	**(446)**
Total comprehensive income (loss) for the period		338		27,131	**27,469**	306	**27,775**
31 December 2022	**109,150**	**6,695**	**(76,115)**	**27,131**	**66,862**	**6,096**	**72,958**

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

EXPLANATORY NOTES

1. GENERAL INFORMATION

The publication of the Consolidated Financial Statements of the Rekeep Group for the year ended 31 December 2022 was authorized by resolution of the Board of Directors of 23 March 2023.

As at 31 December 2022 the share capital of Parent Company Rekeep S.p.A. was wholly held by the sole shareholder MSC Società di Partecipazione tra Lavoratori S.p.A., which also carries out Management and Coordination Activities.

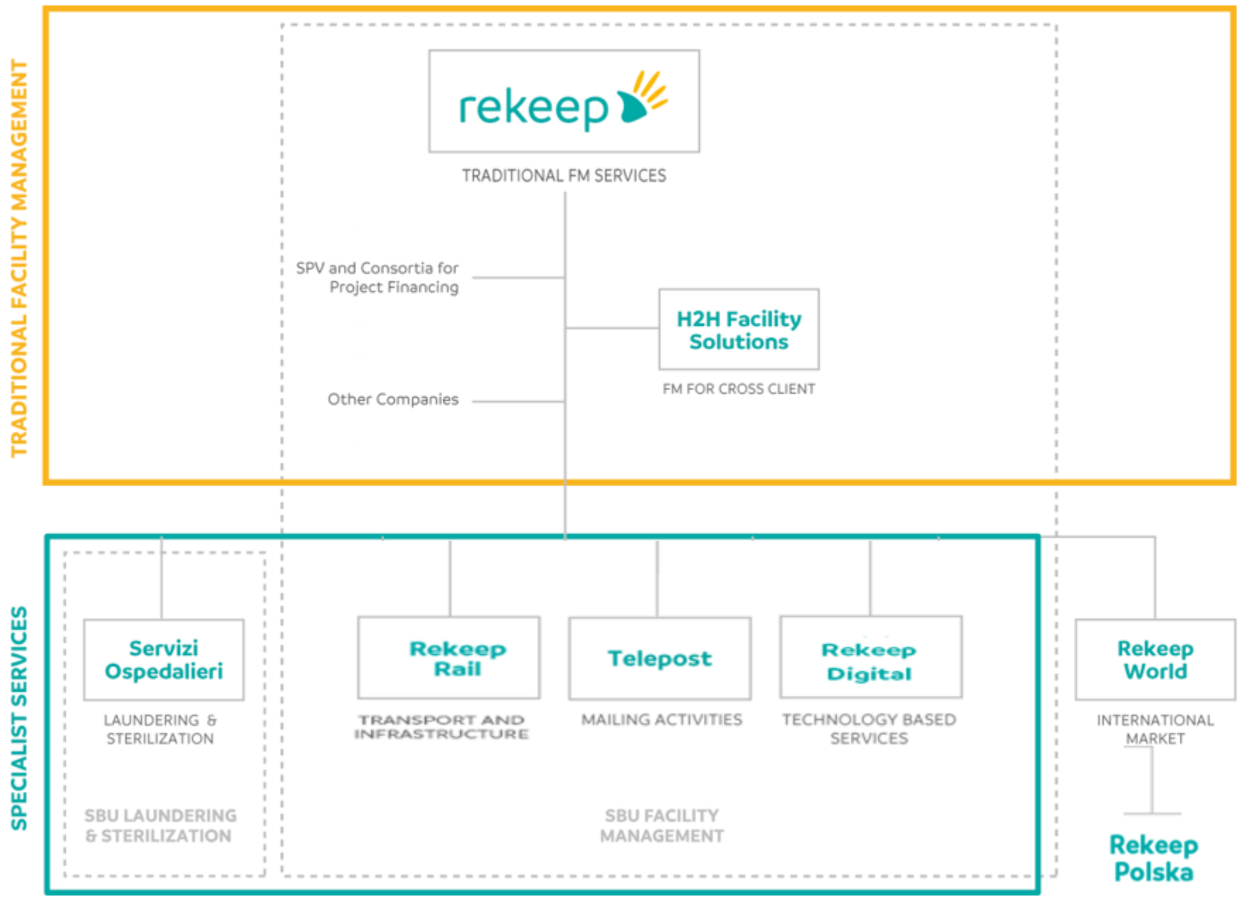
Manutencoop Società Cooperativa transformed its legal form from a cooperative company to a joint-stock company, and, in this context, changed its company name to MSC Società di Partecipazione tra Lavoratori S.p.A. (hereinafter also referred to as "MSC"), with effect from 1 February 2022. The parent company retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal par value.

1.1 The business

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

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

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



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

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

- cleaning;
- technical services;
- landscaping;
- energy management;
- healthcare logistics.

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

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

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

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

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

Finally, healthcare logistics activities are developed, i.e. internal and external logistics services for drugs and medical devices offered through an end-to-end management system.

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

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

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

- collection and distribution of linen in the individual departments;
- management of the linen rooms in the health care facilities;
- supply of disposable items and kits;

- rental of linen with special materials for operating rooms;
- acceptance, treatment, sterilization and redelivery of surgical instruments;
- rental of surgical instruments;
- creation and management of sterilization systems.

Finally, the internationalization process led to the start-up of facility operations in France (through the sub-group controlled by Rekeep France S.a.S. and other two subsidiaries), Turkey (through EOS) and in Saudi Arabia (through Rekeep Saudi Arabia Ltd): these companies mainly perform cleaning services in the field of transport and healthcare. In 2019 the acquisition of the Polish company Rekeep Polska S.A., the parent company controlling the group with the same name, served to expand and strengthen the market position in the field of facility management in the healthcare sector, especially cleaning and disinfection of healthcare facilities, specialist hospital services for the maintenance of spaces and medical instruments, assisting patients in bed arrangement, transport, medical operations and procedures, as well as catering services, i.e. preparation and distribution of meals to patients and operation of hospital canteens, and medical transportation services, i.e. ambulance rental and transport of persons with disabilities.

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The consolidated Financial Statements at 31 December 2022 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss, the Consolidated Statement of other comprehensive income, the Consolidated Statement of Cash flows, the Consolidated Statement of changes in Shareholders' Equity and the related Explanatory Notes.

The balance sheet and income statement values reported in the Statements, the Statement of Cash Flow and the Explanatory Notes are compared with those at 31 December 2021. The consolidated Financial Statements at 31 December 2022 were prepared on a historical cost basis, except for the financial instruments that have been measured at fair value.

After assessing any possible uncertainties surrounding the Group's ability to continue as a going concern, including financial risks described in note 35 and other market risks associated with the proceedings in progress described in notes 15 and 18, the directors decided to prepare the Consolidated Financial Statements on a going-concern basis.

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

The Financial Statements at 31 December 2022 have been presented in Euro, which is the Group's functional currency. All values showed in the statements and in the explanatory notes are in thousands of Euro, unless otherwise stated.

2.1. Statement of compliance with international accounting standards (IFRS)

The Consolidated Financial Statements at 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The Rekeep Group is subject to Letter f) of Article 2 under the Italian Legislative Decree no. 38 of 28 February 2005, which rules the exercise of the options provided for by the Article 5 of Regulation (EC) 1606/2002 about the International Financial Reporting Standards and, therefore, pursuant to Article 3, paragraph 2, and Article 4, paragraph 5, of the aforesaid Italian Legislative Decree, the Parent Company has applied the IFRS as adopted by the European Union in the preparation of its consolidated and separate Financial Statements as from the year ended 31 December 2005.

2.2. Changes in accounting standards and disclosures

The criteria adopted for the preparation of the consolidated Financial Statements are consistent with those used to prepare the consolidated Financial Statements of the previous year, with the exception of the standards and interpretations which are newly issued and applicable from 1 January 2022, in addition to the amendments to standards already in force, as detailed below.

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

New or revised IFRS, amendments and interpretations applied from 1 January 2022

The following IFRS accounting standards, amendments and interpretations were applied by the Group for the first time as from 1 January 2022.

On 14 May 2020 the IASB published the following amendments:

- *Amendments to IFRS 3 Business Combinations – "Reference to the Conceptual Framework"*: these are aimed at updating the reference to the Conceptual Framework in the revised version under IFRS 3, without this entailing amendments to the provisions of the standard;
- *Amendments to IAS 16 Property, Plant and Equipment – "Property, Plant and Equipment: Proceeds before Intended Use":* the amendments are intended to not allow the deduction, from the cost of tangible assets, concerning the amount received from the sale of goods produced in the testing phase of the business itself. These revenues from sales and related costs will therefore be recognized through profit or loss;

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

All amendments became effective from 1 January 2022 and their adoption did not entail any significant effect on the Group’s consolidated financial statements.

New or revised IFRS, amendments and interpretations endorsed by the European Union, which are not yet mandatorily applicable and not early adopted by the Group

The IFRS accounting standards, amendments and interpretations endorsed by the European Union but not yet applied by the Group at 31 December 2022 are reported below:

- On 18 May 2017 the IASB published IFRS 17 – *Insurance Contracts*, which is aimed at replacing IFRS 4 – *Insurance Contracts*. Furthermore, amendments to IFRS 17 were also issued on 25 June 2020.

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

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

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

The main features of the General Model are:

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

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

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

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

› On 9 December 2021, the IASB also published “*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*”. The amendment is a transition option relating to comparative information on financial assets presented at the date of first-time adoption of IFRS 17, which is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, and thus improving the usefulness of comparative information for readers of financial statements. The amendments shall apply from 1 January 2023, together with the application of IFRS 17. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of this amendment.
› On 12 February 2021 the IASB published two amendments, i.e. “Disclosure of Accounting Policies - Amendments to IAS 1 Presentation of financial statements and IFRS Practice Statement 2” and “Definition of Accounting Estimates - Amendments to IAS 8 Accounting Policies, Change in Accounting Estimates and Errors”. The amendments are aimed at improving disclosures on accounting policies so as to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies.

The amendments shall apply from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of these amendments.

- On 7 May 2021 the IASB published "*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*". The document clarifies the method by which deferred taxes should be accounted for on certain transactions that can generate assets and liabilities for an equal amount, such as leases and decommissioning obligations. The amendments shall apply from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of this amendment.

New or revised IFRS, amendments and interpretations not yet endorsed by the European Union

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

- Amendments to IAS 1 Presentation of financial statements: (i) on 23 January 2020 the IASB published "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"; (ii) on 31 October 2022 the IASB published "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"; (iii) on 15 July 2020 the IASB published "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective date". The documents are aimed at clarifying how to classify debts and other short- or long-term liabilities. The amendments will become effective from 1 January 2024, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment.
- On 22 September 2022 the IASB published "*Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback*". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognize any income or loss that relates to the retained right of use. The amendments will become effective from 1 January 2024, with early adoption permitted. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of this amendment.
- On 30 January 2014 the IASB published the accounting standard "IFRS 14 – *Regulatory Deferral Accounts*", which only allows first-time adopters of IFRS to continue to recognize amounts relating to Rate-Regulated Activities according to the previous accounting standards adopted. The endorsement process of the standard has not yet been started. This standard is not applicable since the Group is not a first-time adopter.

2.3. Discretionary assessments and significant accounting assumptions

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

Discretionary assessments

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

Uncertainty of estimates

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

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill isallocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 31 December 2022 the carrying amount of Goodwill was equal to € 404,935 thousand (€ 404,706 thousand compared to 31 December 2021). See note 7 for details.

Recognition of revenues and costs from contracts with customers

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

Provisions for risks and charges and Allowance for doubtful accounts

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

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

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

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

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

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

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

Other items of financial statements

The management has also used estimates in determining assumptions applied to the valuation of obligations arising from Rights of use, in particular with regard to the determination of the marginal lending rate and duration in the presence of renewal options.

Consolidation principles

The Consolidated Financial Statements include the financial statements of Rekeep S.p.A. ("the 'Parent Company'", "Rekeep S.p.A." or "Rekeep") and its subsidiaries, prepared as at 31 December 2022. The financial statements of subsidiaries have been prepared by adopting for each closing date the same accounting standards as those applied for the parent company.

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

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

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

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

Conversion of financial statements of foreign companies

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

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

Finally, the possible presence of hyperinflationary economies is taken into account in order to assess the need to apply the provisions of IAS 29 - *Financial Reporting in Hyperinflationary Economies*. This standard does not establish an absolute rate at which hyperinflation is deemed to arise. The need to restate the values in the financial statements, as required by the standard, must be evaluated. Among the situations that indicate the existence of hyperinflation are:

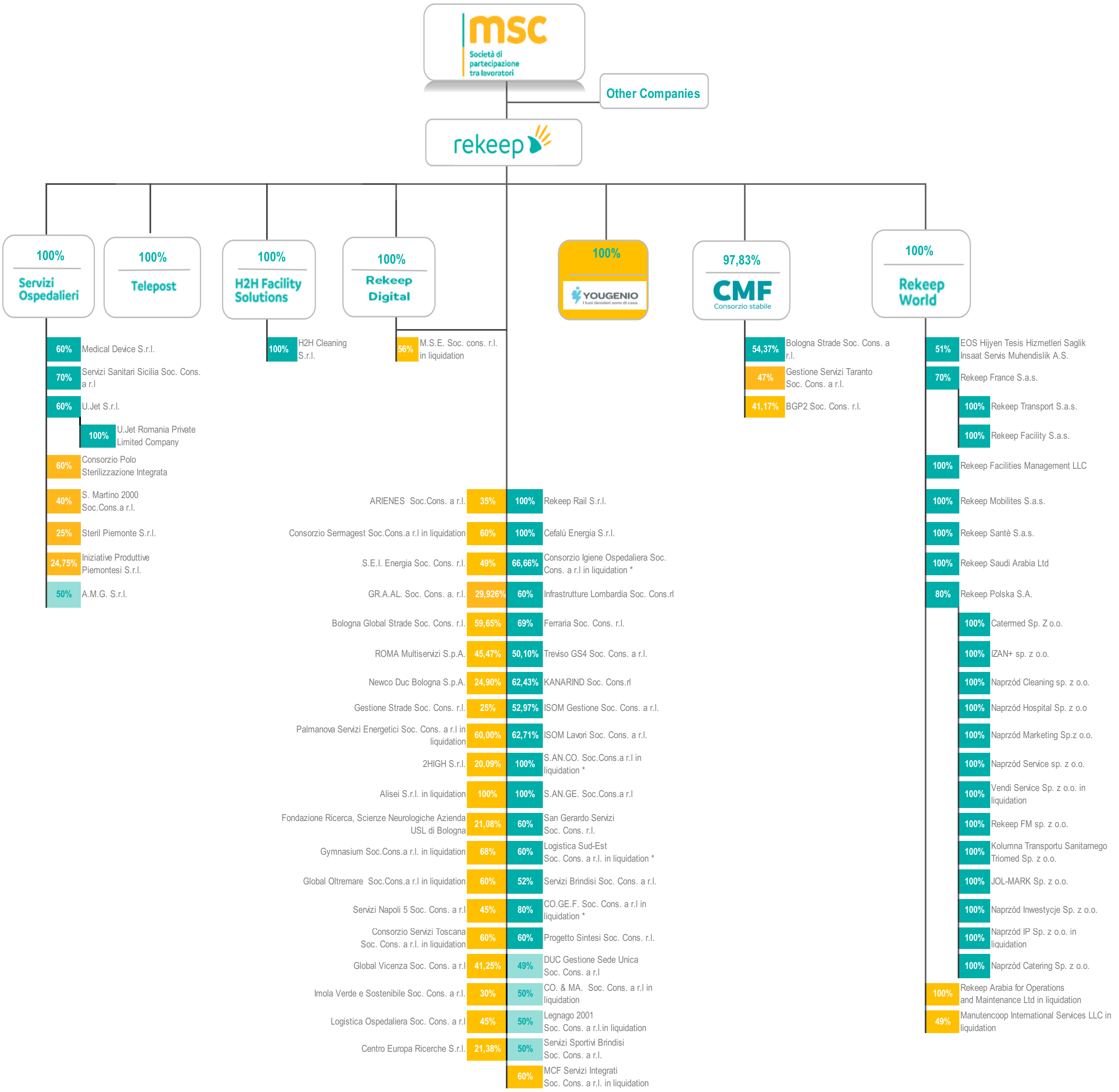
- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;
- the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
- sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the extension period, even if the period is short;
- interest rates, wages, and prices are linked to a price index;
- the cumulative inflation rate over three years approaches, or exceeds, 100%.

If hyperinflation arises, non-monetary items in the statement of financial position are restated by applying the change in the general price index that has occurred between the date of recognition in the accounts and the reporting date. Monetary items are not restated because they are already expressed at the measuring unit at the reporting date. All items on the income statement are expressed at the measuring unit at the reporting date.

Currency	**Exchange rate at 31 December 2022**	**Average exchange rate for the year ended 31 December 2022**	**Exchange rate at 31 December 2021**	**Average exchange rate for the year ended 31 December 2021**
United Arab Emirates Dirham (AED) – United Arab Emirates	3.9233	3.7416	N/A	N/A
Romanian Leu (RON) – Romania	4.9400	4.9313	4.9490	4.9380
Turkish Lira (TRY) – Turkey	20.0039	20.0039	15.2335	10.5124
Qatar Riyal (QAR)– Qatar	3.8886	3.8331	4.1227	4.3052
Saudi Arabia Riyal (SAR) – Saudi Arabia	4.0061	3.9489	4.2473	4.4353
Zloty (PLN) – Poland	4.6813	4.6861	4.5969	4.5652

The financial statements of the Turkish consolidated companies have been prepared by taking account of the application of IAS 29 in view of the cumulative Turkish inflation rate for the past three years, which is more than 100%. Therefore, in the consolidated financial statements at 31 December 2022 the accounts of consolidated companies applying the Turkish lira as the local currency have been prepared in order to report operating results and the statement of financial position at purchasing power prevailing at the end of the reporting period. Accordingly, all items from the financial statements of Turkish companies have been translated by using the exchange rate as at the reporting date of the consolidated financial statements.

Scope of consolidation at 31 December 2022 is shown below.



Legend:

Associates and other companies consolidated for under the equity methoddel patrimonio netto

Joint Ventures consolidated for under the equity method

Subsidiaries consolidated on a line-by-line basis

Notes:

* In liquidation starting from January, 1st 2023

During the 2022 financial year note the following events:

- the change of name of Vendi Servis IP sp. z o.o., indirectly controlled through Rekeep Polska S.A., to Rekeep FM sp. z.o.o.;
- the winding-up of Servizi Taranto Soc. Cons. a r.l. with effect from 1 January 2022, which, therefore, changed its name to Servizi Taranto Soc. Cons. a r.l. in liquidation;
- the winding-up of Palmanova Servizi Energetici Soc. Cons. a r.l. with effect from 2 March 2022, which, therefore, changed its name to Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation;
- on 26 May 2022 Progetto Sintesi Soc. Cons. a r.l. was established, which is 60% owned by Rekeep S.p.A. and Servizi Ospedalieri S.p.A.;
- on 6 June 2022 Rekeep Facilities Management LLC was established, which is wholly owned by Rekeep World S.r.l. and is based in Dubai (United Arab Emirates);
- on 27 July 2022 there was the acquisition of the residual minority interest of S.an.ge. Soc. Cons. a r.l., which was already 89% owned by Rekeep S.p.A;
- the winding-up of MSE Soc. Cons. a r.l. with effect from 29 August 2022, which, therefore, changed its name to MSE Soc. Cons. a r.l. in liquidation;
- on 9 November 2022 there was the sale to a Group company managed by the minority shareholder of the total share in the subsidiary Rekeep United Yönetim Hizmetleri A.Ş., previously owned by subsidiary Rekeep World S.r.l. for 50.98% of the share capital.

2.4. Summary of the main accounting policies

Property, plant and equipment

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

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

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

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

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

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

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

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

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

Business combinations

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

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

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

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

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

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

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

Goodwill

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

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

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

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

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

Other intangible assets

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

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

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

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

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

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

Equity investments in joint ventures and associates

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

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

Impairment of assets

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

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

Financial assets

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

- financial assets at amortized cost, i.e. trade receivables and debt instruments characterized by contractual cash flows at defined maturities, represented solely by the repayment of principal and the payment of interest, as well as by a business model that envisages holding them for the sole purpose of receiving such flows;

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

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

The accounting policies applied by the Group are the following:

Financial assets at amortized cost

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

Financial assets at fair value through OCI

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

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

Inventories

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

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

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

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

Trade receivables and other receivables

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

Contract assets on plan construction orders

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

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

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

Cash and cash equivalents

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

Loans

All loans are initially recognized at the fair value of the consideration received net of additional charges involved in raising the loan. After initial recognition, loans are valued according to the amortized cost criterion using the effective interest rate method.

All profits or losses are recognized in the income statement when the liability is extinguished, as well as through the amortization process.

Derecognition of financial assets and liabilities

Financial Assets

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

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

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

Financial Liabilities

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

Impairment of financial assets

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

Assets valued according to the amortized cost criterion

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

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

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

Assets recognized at cost

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

Financial assets at fair value through OCI

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

Provisions for risks and charges

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

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

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

Provision for employee termination benefits

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

Employee benefits

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

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

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

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

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

The Group has no other significant defined benefit pension plans.

Leases

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

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

Lease agreements, including operating leases, give rise to a lease liability and are measured by the lessor at the effective date, at the fair value of the leased asset or, if lower, at the present value of lease payments outstanding at that date. Lease payments must be discounted back by using the interest rate implicit in the lease if it is determinable reliably. If it is not possible, the lessee must use its marginal borrowing rate. The underlying asset, which consists of the Right Of Use (ROU), must be recognized among assets against an entry for this liability, in addition to additional costs, amounts paid on the spot, advances and maxi-installments of lease payments (if any). After the effective date, the lessee must measure the asset consisting of the right of use by applying the cost model, unless the fair value model or the revaluation model is applied. Group companies do not apply such alternative models. Capitalized leased assets are amortized over the estimated useful life of the asset and the lease term, whichever is the shorter, if there is no reasonable certainty that the ownership of the asset will be obtained at the end of the contract. Lease payments are split between the portions of principal and interest so as to obtain the application of a constant interest rate on the residual debt balance. Financial costs are charged directly to the income statement.

Finally, the Group has adopted some exceptions allowed by the accounting standard, excluding any lease with a term of less than 12 months, as well as any lease and hire of low value (less than € 5,000) from the related scope of application. Furthermore, the Group has exercised its right to not review whether a contract is, or contains, a lease on the date of first-time adoption (IFRS16.C3).

In fact, as regards the lessor, the accounting method of lease and long-term hire agreements is substantially unchanged with respect to the provisions laid down under the previous IAS17.

Revenue recognition

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

Provision of services

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

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

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

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

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

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

Plant construction activities

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

Sales of assets

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

Interest

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

Dividends

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

Government grants

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

Income taxes

Current taxes

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

Deferred taxes

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

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

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

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

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

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

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

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

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

VAT

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

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

Service concession arrangements

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

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

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

Earnings per share

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

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

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

Operating segments

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

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

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

Methods of calculation of costs allocated to segments

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

Method of calculation of assets and liabilities allocated to segments

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

Changes in accounting estimates and errors

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

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

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

3. BUSINESS COMBINATIONS

3.1. Acquisition of "Personnel Activities" business unit

On 30 June 2022 the Parent Company Rekeep S.p.A. signed the deed of acquisition from its parent company MSC Società di Partecipazione tra Lavoratori S.p.A. of a "Personnel Activities" business unit concerning a unitarily organized set of legal relationships, assets, persons and activities for the provision of specialist consulting services on personnel management, administration, recruitment and selection, personnel placement consulting and intermediation in payroll processing, in addition to the organized group of people including Rekeep's top management and heads of functions.

The transfer of the business unit became effective from 1 July 2022 for a total amount of € 13,750 thousand, in line with the business unit's economic value that emerges from the expert's report prepared on the relevant position as at 31 March 2022, subject to an adjustment calculated on the final value of the business unit at the date of transfer (1 July 2022).

Within this transaction, Rekeep will proceed with the insourcing of the know-how and skills belonging to its executives, as well as the activities and competencies pertaining to the area of Human Resources (HR), which until now MSC had put at the service of Rekeep, thus also achieving savings linked to the intermediation costs that have been paid to MSC for the work performed until now.

Accounting effects of the acquisition

In accounting terms, the transaction is carried out between parties subject to common control ("Transaction Under Common Control"), as both companies belong to the same Group controlled by MSC S.p.A.. Therefore, the transaction is excluded from the scope of application of IFRS 3, while the "Preliminary Guidelines on IFRS" issued by Assirevi (Italian Association of Auditors) are ultimately applicable, and, specifically, OPI Preliminary Guideline no. 1R - "*Accounting treatment of BCUCCs in separate and consolidated financial statements*" -, which, as regards "transactions that do not have a significant influence on the future cash flows of the net assets transferred" within the Group, i.e. for which the economic substance of the transaction understood as the generation of added value for all the parties involved, as in this case, is not evident, considers the principle of continuity of values to be applicable. As a result of the accounting treatment adopted, the difference emerging between the book value of the business unit at the date of transfer and the price paid to the transferor on the basis of the appraisal value of the business unit itself has been recorded in the separate financial statements of Rekeep S.p.A. in a negative equity reserve for a total value of € 6,866 thousand (a gross amount of € 9,523 thousand, net of the tax effect for deferred tax assets generated by the different accounting and tax treatment of the transaction, amounting to € 2,657 thousand).

The table below summarizes the effects of the transaction on the Consolidated Financial Statements of the Group controlled by Rekeep S.p.A. as at the effective date of the transaction:

	Recognized value	**Book value**
ASSETS		
NON-CURRENT ASSETS		
Other non-current assets	41	41
TOTAL NON-CURRENT ASSETS	**41**	**41**
CURRENT ASSETS		
Trade receivables and advances to suppliers	5,765	5,765
Other current assets	1	1
TOTAL CURRENT ASSETS	**5,766**	**5,766**
TOTAL ASSETS	**5,808**	**5,808**
LIABILITIES		
NON-CURRENT LIABILITIES		
Employee termination indemnity	597	597
TOTAL NON-CURRENT LIABILITIES	**597**	**597**
CURRENT LIABILITIES		

	Recognized value	Book value
Other current liabilities	984	984
TOTAL CURRENT LIABILITIES	**984**	**984**
TOTAL LIABILITIES	**1,581**	**1,581**
FAIR VALUE OF NET ASSETS	**4,227**	**4,227**
EQUITY RESERVE OF THE BUYER FROM BUSINESS COMBINATION	**9,523**	
Total cost of business combination:		
Consideration paid to the transferor	13,750	
TOTAL COST OF BUSINESS COMBINATION	**13,750**	
Net cash of acquisition:		
Price paid to the transferor	11,800	
Additional costs for the contribution	304	
NET CASH OF ACQUISITION	**12,104**	

The fair value of assets and liabilities acquired through the business combination was positive and set at € 4,227 thousand, while the overall cost of the business combination was equal to € 13,750 thousand (of which an amount of € 11,800 thousand was already paid at 31 December 2022 and the remaining amount of € 1,950 thousand was recognized among financial liabilities), including additional costs of € 304 thousand. The net cash used in the period amounted to € 12,104 thousand.

4. PROPERTY, PLANT AND EQUIPMENT

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

	Property	Plant and equipment	Total
At 1 January 2022, net of accumulated depreciation and impairment	**18,243**	**68,132**	**86,375**
Additions from acquisitions	1,917	32,791	34,708
Impairment losses	0	(128)	(128)
Disposals	(14)	(958)	(972)
Depreciation for the year	(945)	(22,986)	(23,931)
Others	85	(2,888)	(2,803)
At 31 December 2022	**19,286**	**73,963**	**93,249**
At 1 January 2022			
Historical cost	23,633	446,619	470,252
Accumulated depreciation and impairment losses	(5,390)	(378,487)	(383,877)
NET BOOK VALUE	**18,243**	**68,132**	**86,375**
At 31 December 2022			
Historical cost	25,621	475,564	501,185
Accumulated depreciation and impairment losses	(6,335)	(401,601)	(407,936)
NET BOOK VALUE	**19,286**	**73,963**	**93,249**

The additions from acquisitions which took place in the financial year mainly related to the linen in the *Laundering&Sterilization* segment for € 12,434 thousand and to the purchases of other machinery and specific equipment for € 20,357 thousand, of which an amount of € 5,354 thousand related to investments made by companies of the sub-group controlled by Rekeep Polska for the "centralized kitchen" project to support catering services. Disposals for the period amounted to € 972 thousand.

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

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

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

5. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

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

	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2022, net of accumulated depreciation and impairment	**29,299**	**14,291**	**43,590**
Additions from acquisitions	20,498	5,976	26,474
Decreases		(247)	(247)
Early termination	(8,080)	(792)	(8,872)
Depreciation for the period	(4,567)	(5,294)	(9,861)
Others	513	3,028	3,541
At 31 December 2022	**37,663**	**16,962**	**54,625**
At 1 January 2022			
Historical cost	56,407	46,428	102,834
Accumulated depreciation and impairment losses	(27,107)	(32,137)	(59,244)
NET BOOK VALUE	**29,299**	**14,291**	**43,590**
At 31 December 2022			
Historical cost	69,338	54,393	123,730
Accumulated depreciation and impairment losses	(31,674)	(37,431)	(69,105)
NET BOOK VALUE	**37,663**	**16,962**	**54,625**

Property, plant and equipment under leases reported changes during the year, which were due to depreciation for the year, as well as to the execution of new lease agreements for a total of € 26,474 thousand. Of these an amount of € 20,498 thousand related to the execution of new real estate and property lease agreements, including the execution of a property lease agreement on the part of subsidiary Medical Device S.r.l. for €1,137 thousand relating to a building previously held under lease, and the Parent Company Rekeep S.p.A.'s takeover in the property lease agreement relating to the registered office building, through the acquisition of the contract from the parent company MSC S.p.A. for a fair value of € 14,900 thousand, as per the expert's report prepared by CBRE. The building hosting the Parent Company's headquarters was previously held on lease by MSC itself; therefore, at the same time as the takeover transaction, Rekeep formalized the withdrawal from the lease agreement, thus resulting in the early extinguishment of the related right of use for a value of € 6,877 thousand.

Furthermore, there was the early termination of some lease and long-term hire agreements for € 1,995 thousand in 2022.

The new lease agreements and long-term hire of machinery, vehicles that make up the corporate fleets and equipment amounted to € 5,976 thousand and included linen rental agreements for € 1,495 thousand, which were signed by subsidiary Servizi Ospedalieri S.p.A..

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

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

	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2021, net of accumulated depreciation and impairment	**31,026**	**12,297**	**43,323**
Additions from business combinations	1,876		1,876
Additions from acquisitions	1,122	5,536	6,658
Early termination	(470)	(493)	(963)
Depreciation for the period	(4,080)	(4,688)	(8,768)
Others	(175)	1,639	1,464
At 31 December 2021	**29,299**	**14,291**	**43,590**
At 1 January 2021			-
Historical cost	54,054	39,746	93,800
Accumulated depreciation and impairment losses	(23,027)	(27,448)	(50,475)
NET BOOK VALUE	**31,026**	**12,297**	**43,323**
At 31 December 2021			-
Historical cost	56,407	46,428	102,835
Accumulated depreciation and impairment losses	(27,107)	(32,137)	(59,244)
NET BOOK VALUE	**29,299**	**14,291**	**43,590**

6. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the year ended 31 December 2022.

	Other intangible assets	Goodwill	Total
At 1 January 2022, net of accumulated amortization and impairment	**19,479**	**404,706**	**424,185**
Additions from business combinations		229	229
Additions from acquisitions	4,586		4,586
Amortization for the year	(5,789)		(5,789)
Others	12		12
At 31 December 2022	**18,287**	**404,935**	**423,223**
At 1 January 2022			
Historical Cost	129,853	407,023	536,877
Accumulated Amortization and impairment losses	(110,375)	(2,318)	(112,692)
NET BOOK VALUE	**19,479**	**404,706**	**424,185**
At 31 December 2022			
Historical Cost	134,451	407,252	541,703
Accumulated Amortization and impairment losses	(116,164)	(2,318)	(118,481)
NET BOOK VALUE	**18,287**	**404,935**	**423,223**

Goodwill is tested for impairment on an annual basis. The increase of € 229 thousand in goodwill, from € 404,706 thousand at 31 December 2021 to € 404,935 thousand at 31 December 2022, was linked to setting the final price of the business combination of U.Jet S.r.l., which was acquired on 1 June 2021. For more details, reference should be made to note 7 below.

Other intangible assets, amounting to € 18,287 thousand at 31 December 2022, mainly consist of investments in software carried out as part of the projects aimed at upgrading and enhancing the corporate information systems. Additions from acquisitions for the period (€ 4,586 thousand) are mainly attributable to the Parent Company Rekeep S.p.A. and are related to the implementation and upgrading of software platforms used by the Group.

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

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

7. IMPAIRMENT OF GOODWILL

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

SBU – Facility management

The SBU is identified with:

- Rekeep S.p.A.
- H2H Facility Solutions S.p.A.
- Telepost S.r.l., specialist in internal mailing services
- Rekeep Digital S.r.l., active in high-tech services to companies

- Rekeep World S.r.l. and its foreign subsidiaries, dedicated to international business development
- other minor investee companies operating in the same segment.

SBU – Laundering & Sterilization

The SBU is identified with:

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

The table below sets forth the carrying amounts of the goodwill recognized in the Consolidated Financial Statements as at 31 December 2022, broken down into the different CGUs.

	31 December 2022	31 December 2021
Goodwill allocated to Facility Management CGU	388,752	388,752
of which International markets	*34,514*	*34,514*
Goodwill allocated to Laundering & Sterilization CGU	16,183	15,954
CONSOLIDATED GOODWILL	**404,935**	**404,706**

The change in Goodwill in 2022 was mainly due to the completion of the analysis process on the business combination of U.Jet S.r.l. and its subsidiary U.Jet Romania Ltd. on the part of subsidiary Servizi Ospedalieri S.p.A.. In 2022, the fair value of the assets acquired, the liabilities assumed, and contingent liabilities was finally determined and the final purchase price was set. This resulted in the recognition of an additional portion of goodwill compared to that provisionally recognized in the previous year, amounting to € 229 thousand.

Facility management CGU Goodwill

The goodwill allocated to the Facility management CGU, which amounted to € 388,752 thousand at 31 December 2022, was recognized as a result of various business combinations from 2004 to date, the most important of which are listed below:

- Project 'Palladio', which took place on 29 December 2003, involved the Group acquiring control of the business unit relating to facility management technical services previously managed by the parent company Manutencoop Società Cooperativa (now MSC Società di Partecipazione tra Lavoratori S.p.A.);
- Acquisition of MCB S.p.A., a company through which the Group established the first facility management unit for "network" customers (banks, insurance companies, etc.). In 2010, MCB S.p.A. was merged by incorporation into MP Facility S.p.A. (nowH2H Facility Solutions S.p.A.);
- Acquisition of Teckal S.p.A., which was merged by incorporation into Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) in 2010, through which the Group strengthened the production structure of traditional facility management, in particular in the heat management service;
- Acquisition of Altair IFM S.p.A. (the most significant transaction to date), which enable the Group to gear the customer portfolio towards large private customers. In 2010 the larger companies in the Altair sub-group were merged by incorporation into Manutencoop Facility Management S.p.A (now Rekeep S.p.A.);
- Reverse merger of the Parent Company CMF S.p.A. by incorporation into the subsidiary Rekeep S.p.A. with statutory accounting and tax effects starting from 1 July 2018. The operation, defined as an "Operation Under Common Control" since it was carried out between parties subject to common control, gave rise to the recognition of a merger deficit in the assets up to the amount recorded in the Consolidated Financial Statements in which the companies involved in the merger participate, i.e. that of Manutencoop Società Cooperativa (now MSC Società di Partecipazione tra Lavoratori S.p.A.). The non-recognizable difference also gave rise to a negative equity reserve.

The Facility management SBU also includes the goodwill generated from two acquisitions carried out by Rekeep World S.r.l. in foreign markets:

- Acquisition of the majority stake of EOS Hijyen İşletmeciliği Tesis Hizmetleri Sağlık İnşaat Servis ve Mühendislik Anonim Şirketi ("EOS", of which the Group already held a stake of 50%) on 28 February 2018. The Company is active in the linen rental and industrial laundering services and surgical instrument sterilization to support healthcare activities in Turkey, with a portfolio of orders already underway;
- Acquisition of Naprzód S.A. (now Rekeep Polska S.A.), controlling a group of other 15 companies operating in Poland in the provision of facility management services in the healthcare sector, catering and medical transportation services, including outsourcing services, ambulance hire, security in mass events and the transport of disabled people.

Laundering & Sterilization CGU Goodwill

The goodwill allocated to the Laundering & Sterilization CGU, which amounted to € 16,183 thousand, emerged as a result of the following acquisition:

- Acquisition during the 2003 financial period of a business unit dealing with the linen rental and industrial laundering and sterilization activities for public and private healthcare of LIS S.p.A., with contracts mainly located in the Marche Region;

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

Impairment Test

Pursuant to IAS 36, goodwill is not amortized, but is tested for any possible impairment on an annual basis, or more frequently, should specific events or circumstances arise which provide evidence of an impairment loss. The impairment test, prepared by the Management and presented to the Board of Directors at the time of the approval of the draft financial statements, was carried out through the comparison between the net book value and the recoverable value of the individual CGUs to which goodwill was allocated, determined on the basis of the discounting-back of expected future cash flows relating to the period from 2023 to 2027 and extrapolated from the Business Plan of the Rekeep Group.

The 2023-2027 Business plan used for the analysis described in these Explanatory Notes was approved by the Board of Directors of Rekeep S.p.A. for impairment test purposes only on 23 March 2023.

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

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

- The expected future cash flows, for the period from 2023 to 2027, extrapolated from the Business Plan, are derived from projected cash flows obtained through:

  - determination of the value of the forecast gross margins according to the projection of the backlog of existing service contracts, augmented by the assumptions of renewals and new portfolio acquisitions,
  - estimates of changes in Net Working Capital on the basis of the target days of stock rotation, the payment of amounts due and collection of receivables,
  - assumptions of investments consistent with the performance of forecast revenues in the various business sectors in which the Group operates,
- A terminal value used to estimate future results beyond the time horizon expressly considered. The terminal value was determined by applying a NOPLAT equal to 2027 EBIT adjusted by the average expected depreciation and amortization and investments, net of a nominal tax rate. As regards long-term growth rates, an assumption of 1% was considered for all CGUs.
- The expected future cash flows were discounted back at a discount rate (WACC) of 9.14% for the Facility Management CGU (2021: 7.95%), at a discount rate (WACC) of 6.97 % (2021: 7.11%) for the *Laundering&Sterilization* CGU and at a discount rate (WACC) of 13.03% for Rekeep Polska (2021: 8.95%). The WACC was determined by using the Capital Asset Pricing Model ("CAPM"), bywhich the risk-free rate was calculated with reference to the curve of the rates of return of Italian long-term governmentbonds, while the non-diversifiable systematic risk ratio (βeta) and the debt/equity ratio were extrapolated from the analysis of a group of comparable companies operating in the European facility management and laundering sector. In addition, in order to reflect the uncertainty of the current economy and the future market conditions, the cost of the equity component of the WACC rate was increased with a risk premium of 100 basis points for the Facility Management CGU and for Laundering&Sterilization CGU and 146 basis points in each financial period.

For all CGUs analyzed, the analysis confirmed that the recoverable value of the same exceeds the associated carrying amount, therefore not requiring any write-downs. On a prudential basis "Worst Cases" were outlined with reference to the WACC, the growth rates applied and a deterioration in operating cash flows compared to forecasts, both with reference to the plan time frame and with reference to the terminal value. However, in simulating nil or negative growth rates, also in combination with WACCs exceeding those applied by two percentage points (and, then, equal to 11.14% for Facility management CGU, 8.97% for Laundering & Sterilization CGU and 15.03% for Rekeep Polska, there would be no need to make write-downs in all CGUs, as the recoverable value would exceed the related book value).

8. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

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

At 31 December 2022 the net-book value of investments valued at Equity reported a net amount of € 9,717 thousand, against a net amount of € 8,779 thousand in the previous year; these values are already stated net of a provision for risks covering future outlays that are expected to be incurred by the Group on behalf of the associate/joint venture, reclassified under liabilities in the balance sheet (for more details, see note 15).

	Net assets 31 December 2022	Net assets 31 December 2021
Investments accounted for under the equity method	10,121	9,153
Provision for risks on investments	(414)	(374)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**9,717**	**8,779**

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

During 2022 investments accounted for under the equity method recorded income equal to € 703 thousand, for the share attributable to the Group, and positive effects were recognized directly in the Consolidated Equity to an overall amount of € 695 thousand.

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

	% Ownership	Total Assets	Total Liabilities	Shareholders' Equity	Net financial position	Revenues	Profit (loss) for the year
Roma Multiservizi S.p.A.	45.47%	40,470	(34,386)	(6,084)	(2,846)	63,124	69
Project financing companies	<50%	56,245	(54,474)	(1,771)	(34,870)	12,446	388

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

9. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets at 31 December 2022 and at 31 December 2021:

	31 December 2022	31 December 2021
Other investments	5,996	7,140
Non-current financial assets	24,202	4,702
Other non-current assets	3,104	3,232
OTHER NON-CURRENT ASSETS	**33,302**	**15,074**

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

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

Non-current financial assets, amounting to € 24,202 thousand at 31 December 2022 (€ 4,702 thousand at 31 December 2021), are composed of:

- € 1,493 thousand of non-current financial receivables due from associates, affiliates or joint-ventures (€ 1,501 thousand at 31 December 2021). The face value of these receivables is € 1,517 thousand, while the discounting fund amounts to € 24 thousand (€ 1,527 thousand and € 26 thousand at 31 December 2021, respectively). Some of these are non-interest bearing since they were drawn down from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread;

- € 21,608 thousand of Non-current financial receivables from third parties (€ 3,100 thousand at 31 December 2021). The item includes amounts pledged on current accounts of Group companies s as collateral for the contracts for the supplies of gas for € 16,855 thousand and the balance of an escrow account of € 2,000 thousand; among others, the item includes the long-term portion, equal to € 2,357 thousand, of the deferred price relating to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i EOPF, which took place in December 2018 (unchanged compared to 31 December 2021);
- € 1,101 thousand of securities held to maturity (€ 101 thousand at 31 December 2021).

Furthermore, the item is made up of security deposits related to long-term manufacturing contracts for € 2,065 thousand (€ 2,083 thousand at 31 December 2021) and long-term deferrals relating to some contracts equal to 670 thousand (€ 818 thousand at 31 December 2021).

10. INVENTORIES

The Group recognized inventories of € 12,088 thousand at 31 December 2022, marking a decrease of € 655 thousand compared to the amount in the previous year.

	31 December 2022	31 December 2021
Inventories of raw materials, consumables and goods for resale	12,507	13,252
Provision for write-down of raw materials, finished products and goods for resale	(419)	(509)
INVENTORIES	**12,088**	**12,743**

The final inventory of raw materials is composed of materials and goods for resale present in the warehouses, while waiting to be used at work sites, valued at the average weighted purchase cost, goods for resale (mostly medical devices) stored in the warehouses of Medical Device S.r.l. and U.Jet S.r.l. and stocks of fuel in tanks belonging to integrated service customers. The change was mainly attributable to the inventories in medical devices and personal protective equipment (PPE) at the end of the year, specifically of Medical Device and U.Jet, as well as the provision for write-down of finished products, as determined by the comparison between the carrying amount of inventories and presumed realizable value at 31 December 2022.

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

The following table includes the breakdown of Trade receivables and advances to suppliers and Other current operating receivables at 31 December 2022 and 31 December 2021:

	31 December 2022	of which from related parties	31 December 2021	of which from related parties
Contract assets	33,161		32,177	
Trade receivables, gross	475,471		407,197	
Allowance for doubtful accounts	(19,598)		(18,546)	
Trade receivables due from third parties	**489,034**	**0**	**420,828**	**0**
Trade receivables from MSC	477	477	38	38
Trade receivables from Associates, Affiliates and Joint Ventures	41,632	41,632	16,785	16,785
Trade receivables from Group	**42,109**	**42,109**	**16,823**	**16,823**
Advances to suppliers	6,084		5,597	2
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**537,227**	**42,109**	**443,248**	**16,825**
Current tax assets within 12 months	35,908		10,984	
Other current assets due from third parties	18,174		8,636	
Due from social security institutions	1,316		990	
Due from employees	222		422	
Other current assets from third parties	**55,620**	**0**	**21,032**	**0**
Current assets from MSC	333	333	20	20
Current assets from Associates, Affiliates and Joint Ventures	269	269	257	257
Other current assets from the Manutencoop Group	**602**	**602**	**277**	**277**
Accrued income	845		794	
Prepaid expenses	2,144		2,030	
Accrued income and prepaid expenses	**2,989**	**0**	**2,824**	**0**
OTHER CURRENT ASSETS	**59,211**	**602**	**24,133**	**277**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 537,227 thousand at 31 December 2022, up by € 93,979 thousand compared to 31 December 2021 (€ 443,248 thousand).

The change in question was due to an increase of € 68,274 thousand in trade receivables from third parties and of € 25,286 thousand in receivables from other Group companies, in line with the increase in revenues for the period. Furthermore, there was an increase in contract assets for € 984 thousand, and in provision for bad debts for € 1,052 thousand.

In 2022 the Group continued to hold contracts for the assignment without recourse of trade receivables from third parties, including the 3-year no-recourse maturity factoring agreement with BFF Bank S.p.A. signed by the Parent Company Rekeep S.p.A. and other subsidiaries on 14 January 2022 as a result of renewal and concerning the assignment on a revolving basis of receivables claimed by the same companies from entities in the National Health System and Public Authorities, in an amount of up to € 300 million. These are accompanied by additional relationships with factoring companies for the disinvestment of specifically-agreed credit positions claimed both from entities in the National Health System and Public Authorities and from private entities.

During the year, the Group made assignments of trade receivables amounting to € 397,857 thousand (of which the balance amounting to € 101,485 thousand has not yet collected from the customer on the part of factoring companies): in all assignments, the assigned trade receivables were subjected to derecognition according to IFRS 9 in consideration of the characteristics of the transactions and entailed interest discount costs totaling € 3,141 thousand.

Finally, trade receivables from the Group amounted to € 42,109 thousand (€ 16,823 thousand in addition to advances for € 2 thousand at 31 December 2021). For more details, reference should be made to Annex III – Related-Party transactions.

A specific provision for bad debts was recorded against non-performing loans, which are difficult to fully recover, amounting to € 19,598 thousand at 31 December 2022 (€ 18,546 thousand at 31 December 2021). Changes in the provision during the period are detailed as follows:

	31 December 2021	Increases	Uses	Releases	Others	31 December 2022
Provision for bad debts	**18,546**	2,468	(2,250)	(286)	1,121	**19,598**

An analysis of trade receivables at 31 December 2022 and as at the end of the previous year is provided below, broken down by maturity. The balances shown are net of the provision for bad debts.

	Total	Trade receivables reaching maturity	Overdue trade receivables				
			< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	beyond 120 days
31 December 2022	**455,873**	366,548	27,739	11,262	6,650	3,371	40,303
31 December 2021	**388,651**	299,307	22,736	13,555	6,496	5,027	41,530

Other current assets, equal to € 59,211 thousand (€ 24,133 thousand at 31 December 2021), showed a total increase of € 35,078 thousand.

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

- tax receivables, which mostly include receivables concerning the VAT payments made by the Group companies (€ 10,282 thousand against € 7,820 thousand at 31 December 2021), which continue to show a credit balance given the widespread application of the regulations governing "Split-payment" and "Reverse charge" to the cycle of purchasing and sales invoicing. The increase in this item was linked to higher volumes. Assignments without recourse of VAT receivables of some Group companies were made in 2022 for a total nominal amount of € 35,455 thousand;
- receivables for short-term security deposits on new annual electricity and gas utility contracts paid to suppliers for € 7,354 thousand (not reported at the end of the previous year);
- tax credits, the increase in which was also due to the recognition of the tax credit to partially offset the higher costs incurred for the purchase of electricity and natural gas as from the second quarter of the year, which had not yet been used on the reporting date for a total amount of € 24,174 thousand.

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

A breakdown of the balance as at 31 December 2022 and 31 December 2021 is shown below:

	31 December 2022	31 December 2021
Bank and postal deposits	82,705	97,153
Cash in hand	162	160
Current financial accounts - consortia	1,376	2,199
CASH AND CASH EQUIVALENTS	**84,243**	**99,512**
Current financial receivables from third parties	6,540	4,468
Current financial receivables from Group Companies	285	10,193
Other receivables for dividends	192	138
RECEIVABLES AND OTHER CURRENT FINANCIALASSETS	**7,017**	**14,799**

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

Amounts deposited at Consorzio Integra and Consorzio Nazionale Servizi (C.N.S.) also have the nature of available current accounts on demand and accrue interest.

At 31 December 2022 *Current financial assets* amounted to € 7,017 thousand (€ 14,799 thousand at 31 December 2021) and mainly include:

- the balance of the pledged current accounts dedicated to the operation of the service for managing receipts within the scope of assignments of trade receivables without recourse, equal to € 5,564 thousand (€ 2,548 thousand at 31 December 2021);
- an overall amount of € 855 thousand of receivables for short-term loans and financial accounts held with non-consolidated Group companies (€ 608 thousand at 31 December 2021).

The balance of upstream loan was paid in full in 2022, for a nominal amount drawn down for € 10,000 thousand, which was disbursed by the Parent Company Rekeep S.p.A. to the controlling company MSC Società di Partecipazione tra Lavoratori S.p.A. in accordance with the agreement signed on 5 November 2021, which has an annual term and accrues interest equal to 3-month EURIBOR plus a spread (amounting to € 10,037 thousand at 31 December 2021).

Furthermore, the subsidiary Servizi Ospedalieri S.p.A. collected the residual portion, equal to € 1,104 thousand of the receivable arising from the sale of investment equal to 15% of the quota capital of Linea Sterile, which took place on 29 December 2020.

13. SHARE CAPITAL AND RESERVES

	31 December 2022	31 December 2021
Share Capital – Ordinary shares	109,150	109,150

Ordinary shares have a nominal value of € 1 each. Ordinary shares issued and fully paid up at 31 December 2022 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and retained Earnings

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

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
31 December 2020	**145,018**	**21,830**	**3,431**	**873**	**(5,126)**	**(152,972)**	**13,054**
Allocation of prior year result				(873)	39		(834)
Economic effects on shareholders' equity			283	(1,165)	172		(710)
31 December 2021	**145,018**	**21,830**	**3,714**	**(1,165)**	**(4,916)**	**(152,972)**	**11,510**
Allocation of prior year result				1,165	(63)		1,102
Currency appreciation due to hyperinflation						613	613
Business combinations "under common control"						(6,866)	(6,866)
Economic effects accounted for in equity			695	(1,042)	684		338
31 December 2022	**145,018**	**21,830**	**4,409**	**(1,042)**	**(4,294)**	**(159,226)**	**6,696**

The item *Other reserves* includes, among others, the balance of the following items:

- the reserve originating from the recognition of transactions under common control, which includes the differences between the purchase cost and the net carrying amount of the assets acquired under business combinations between entities under common control, for a loss of € 251,052 thousand. This reserve includes € 198,261 thousand for the effects of the reverse merger of CMF S.p.A. by incorporation into Rekeep S.p.A., which took place on 1 July 2018. Furthermore, the negative reserve showed an increase of € 6,866 thousand at 31 December 2022, due to the effects of the agreement signed by Rekeep S.p.A. with its parent company MSC Società di Partecipazione tra Lavoratori S.p.A. on 30 June 2022, relating to the acquisition of the "Personnel activities" business unit (for more details, see note 3 above);
- the Parent Company's extraordinary reserve equal to € 43,967 thousand.

The table below shows changes in *Retained earnings*:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
31 December 2020	**3,809**	**26,477**	**30,286**
Allocation of prior year result		(81,612)	(81,612)
31 December 2021	**3,809**	**(55,135)**	**(51,326)**
Allocation of prior year result		(23,690)	(23,690)
Change in consolidation area		(1,099)	(1,099)
31 December 2022	**3,809**	**(79,924)**	**(76,115)**

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

	31 December 2022	31 December 2021
Equity attributable to non-controlling interests	**6,096**	**4,588**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	882	(267)
Subsidiaries of Servizi Ospedalieri S.p.A.	4,628	4,311
Other subsidiaries and consortia	586	544

	31 December 2022	31 December 2021
Profit for the year attributable to non-controlling interests	**368**	**1,603**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	100	258
Subsidiaries of Servizi Ospedalieri S.p.A.	268	1,351
Other subsidiaries and consortia	0	(6)

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

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

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

14. EMPLOYEE TERMINATION INDEMNITY (TFR)

Below are the changes in the liabilities relating to Employee Termination Indemnity (TFR) in 2022, compared with changes in the previous year.

	For the year ended	
	31 December 2022	**31 December 2021**
AT 1 JANUARY	**10,483**	**11,267**
Additions for business combinations	597	675
Current Service cost	1,587	733
Interest costs on benefit obligations	57	6
Benefits paid	(1,976)	(2,002)
Net actuarial (gains)/ losses from benefit obligations	(774)	(197)
Other changes	(3)	0
AT 31 DECEMBER	**9,970**	**10,483**

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

	For the year ended	
	31 December 2022	**31 December 2021**
Current service cost	1,587	733
Interest costs on benefit obligations	57	6
Net cost of the benefits recognized through profit or loss	**1,644**	**739**
Net actuarial (gains)/ losses recognized in equity	(774)	(197)
TOTAL NET COST OF THE BENEFIT	**870**	**542**

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

	31 December 2022	**31 December 2021**
Discount rate	3.77%; 3.63%	0.98%;0.44%
Inflation rate	5.9% (2023); 2.3% (2024); 2,0% (from 2025)	1.20%
Estimated turnover	From 3.5% to 10.00%	From 3.5% to 10.00%

The discount rates used to assess the TFR obligation are defined on the basis of curves of rates of return of high-quality fixed-interest securities, the amounts and maturity dates of which correspond to those of the payments of expected future benefits. In 2022 two different discount rates were used by the Group depending on the remaining average period of time during which personnel remains in each company, equal to 3.77% and 3.63% (equal to 0.98% and 0.44% in 2021).

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

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

	Financial year ended 31 December 2022		Financial year ended 31 December 2021	
	Assumptions	Employee Termination Indemnity	Assumptions	Employee Termination Indemnity
Discount rate	+ 0.25 bps	9,872	+ 0.25 bps	11,045
	- 0.25 bps	10,189	- 0.25 bps	11,405
Inflation rate	+ 0.25 bps	10,106	+ 0.25 bps	11,317
	- 0.25 bps	9,951	- 0.25 bps	11,129
Actuarial assumptions	+ 2.00 ppt	10,065	+ 2.00 ppt	11,099
	- 2.00 ppt	11,988	- 2.00 ppt	11,366

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

	For the year ended	
	31 December 2022	31 December 2021
Executive	68	70
White collars	1,741	1,673
Blue collars	24,939	25,786
AVERAGE STAFF	**26,748**	**27,528**

Following the transfer of the "Personnel Activities" business unit to Rekeep S.p.A. as already commented on above, the controlling company MSC S.p.A. ceased its staffing operations: therefore, as at 31 December 2022 there were no leased employees in the Group (the average number of leased employees provided by the Group was equal to no. 313 units at 31 December 2021).

15. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the year ended 31 December 2022:

	Risks on Investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance provisions	Other provisions	Total
At 1 January 2022	**374**	**10,259**	**24,306**	**448**	**299**	**581**	**2,222**	**38,490**
Accruals	8	8,174	2,990			89	6,914	**18,174**
Uses		(1,288)	(1,608)	(7)			(97)	**(2,999)**
Reversals		(4,045)	(344)				(280)	**(4,669)**
Others	33	(214)			(123)		(17)	**(321)**
At 31 December 2022	**415**	**12,886**	**25,344**	**441**	**176**	**670**	**8,743**	**48,675**
At 31 December 2022:								
Current	*415*	*11,890*	*369*	*447*		*670*	*4,692*	***18,483***
Non-current		*996*	*24,974*	*(6)*	*176*	*0*	*4,051*	***30,192***
At 31 December 2021:								
Current	*374*	*9,545*	*551*	*447*		*581*	*957*	***12,455***
Non-current		*714*	*23,755*	*1*	*299*		*1,266*	***26,035***

Provision for risks on investments

The item, amounting to € 415 thousand (€ 374 thousand at 31 December 2021), includes the provision for unrecoverable future losses of Group companies and relates for € 118 thousand to the subsidiary Alisei S.r.l. in liquidation, for € 128 thousand to the subsidiary Manutencoop International Services LLC in liquidation and for € 169 thousand to the subsidiary Yougenio S.r.l. in liquidation.

Provision for risks on job orders

This provision includes, at consolidated level:

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

The balance amounted to € 12,886 thousand at 31 December 2022 (€ 10,259 thousand at 31 December 2021), up by € 2,627 thousand against accruals of € 8,174 thousand, uses of € 1,288 thousand, releases of € 4,045 thousand, and other changes of € 214 thousand.

The change in the item was affected for € 3,157 thousand by the partial net release of the provision for non-recurring additional costs that are expected to be incurred on some energy contracts set aside in previous years, as restated following the issue of a clarification in terms of regulations.

Provisions for pending legal disputes

At the reporting date of the financial statements, the risk was assessed for the Group to be required to pay future compensation in the event of losing cases in legal actions pending with customers, suppliers, employees and others. During the year ended 31 December 2022 the provision, totaling €25,344 thousand (€ 24,306 thousand at 31 December 2021), recorded increases for accruals to provisions of € 2,990 thousand and decreases for uses and releases totaling € 1,952 thousand.

Provisions were recognized to hedge the risks involving the Parent Company Rekeep S.p.A. for € 2,253 thousand. Uses and reversals for the period, most of which are attributable to the Parent Company, relate to the use of provisions set aside in previous years against the settlement of disputes with suppliers and of actions with other persons or entities.

On 20 January 2016 the Competition Authority ("AGCM") imposed on the Parent company Rekeep S.p.A. (formerly Manutencoop Facility Management S.p.A.) a fine of € 48.5 million due to the breach of competition rules on the part of some companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012 ("Consip Scuole"). The fine was subsequently reduced to € 14.7 million and paid in full by the Company already during 2019.
On 7 January 2017 the Company served on the entity a writ of summons before the Court of Rome in order to verify the unlawfulness of the termination of the agreements and to order Consip S.p.A. to pay compensation for damages suffered by the company itself. By a judgment filed on 30 May 2022, the Civil Court of Rome rejected our write of summons, while declaring that the termination of the "Consip Scuole" agreements ordered by Consip was lawful pursuant to Article 1456 of the Italian Civil Code. The Company through its legal counsels has submitted an application for appeal, with the first hearing scheduled on 31 January 2023, which was rescheduled *ex officio* to 25 October 2023. The tender performance bond (initially equal to € 24.5 million) might also be partially enforced if the Company loses the case against Consip S.p.A.. ANAC (Italian Anti-Corruption Authority) has proceeded with the entry of the contract termination in its computerized records.
Subsequently, on 16 June 2017 Consip officially informed Rekeep S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks ("Consip Caserme") and to cleaning services with health service providers ("Consip Sanità"), with the intention also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as "bid bond). The order of exclusion has been confirmed by both the Regional Administrative Court and the Council of State and, finally, by the Supreme Court, which, by an order published on 22 December 2021, rejected the judicial appeal submitted by the Company before the Supreme Court. In the meantime, Consip S.p.A. asked the guarantors to enforce the guarantees (bid bonds) provided in the interest of Rekeep for the Consip Sanità tender (equal to € 10.4 million) and Consip Caserme (equal to € 3.4 million). Rekeep S.p.A., with independent appeals and additional grounds, challenged these measures before the Lazio Regional Administrative Court, which rejected the appeals. By an order dated 22 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the judgment; at the hearing on the merits held on 7 October 2021 the Council of State suspended

the proceedings pending the filing of the decision on the part of the Constitutional Court as to a dispute regarding Consip's enforcement of provisional deposits against a competitor, during which objections were raised regarding constitutional legitimacy. On 26 July 2022, the Constitutional Court rejected the objections concerning constitutional legitimacy by judgment 198/2022. Following a request to schedule a hearing, the Council of State met for discussion on 2 February 2023 and ordered the suspension of the proceedings, pending a decision on the part of the European Court of Justice on preliminary issues submitted in another appeal (but overlapping with those raised by the defense counsels to the Company) and referred by the Council of State by order to the European Court. However, a single-member board's Presidential decree suspending the challenged judgments had been obtained in the meantime. Finally, on 28 July 2020, one of the guarantors (Atradius) served on Rekeep an appeal before the Civil Court of Rome under Article 702-bis in order to obtain the payment of the sums relating to the sureties issued for the participation in the Consip Sanità tender, pending the enforcement on the part of Consip. At the first appearance hearing held on 24 March 2021, the Court ordered for the summary procedure to be converted into ordinary procedure and for the parties' to appear at the hearing scheduled on 16 December 2021, which was rescheduled on 21 September 2022: on that occasion further preliminary motions submitted by the opposing party were rejected and a hearing was set for the specification of conclusions on 21 June 2023.

Finally, on 6 March 2020 Consip S.p.A. informed the Company of the exclusion from the tender for the cleaning of museum premises ("Consip Musei"), with the intention of sending the document to ANAC, which may proceed with the entry in the electronic criminal records of "Useful information". On 13 March 2020 a request was also sent for the enforcement of the bid bond relating to this tender (equal to € 2.8 million). The Company challenged these orders before the Regional Administrative Court, which rejected the appeal. However, by an order of 11 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the judgment that had been appealed against. At the hearing held on 7 June 2022, the Council of State suspended the proceedings pending the filing of the Constitutional Court's decision, in the same way as in the case of the proceedings described above ("Consip Caserme" and "Consip Sanità"). On 26 July 2022, the Constitutional Court rejected the objections on constitutional legitimacy by judgment 198/2022. Following a request to schedule a hearing, the Council of State met for discussing the substance of the matter on 29 November 2022, while considering the lawfulness of the order of exclusion from the Consip Musei tender and of enforcement of the bid bond. The Company is preparing an appeal for review before the Council of State.

The Consip Sanità, Consip Caserme and Consip Musei tenders did not generate consolidated Revenues until 31 December 2022 and were not included in the Group's backlog at 31 December 2022.

In the Consolidated Financial Statements at 31 December 2022 the Directors already decided to maintain the provisions for future charges (equal to € 17.5 million), also taking account of the risk of enforcement of the abovementioned performance bond and bid bonds and despite the fact that Rekeep S.p.A. could submit sound arguments against the enforcement of the bonds in court.

The dispute concerning the fine imposed in relation to the FM4 Tender still continued in 2022.

On 23 March 2017, the Competition Authority notified Rekeep S.p.A. (at the time Manutencoop Facility Management S.p.A.) of the start of an investigation procedure against the Company itself, as well as against CNS – Consorzio Nazionale Servizi Società

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

The Lazio Regional Administrative Court’s judgment of 27 July 2020 partially granted the appeal submitted by the Company, albeit confirming the Competition Authority’s Order as regards the merits, the Regional Administrative Court granted the request for redetermination of the fine setting the parameters. Subsequently, the Competition Authority therefore again set the new fine at € 79.8 million. The Company challenged both the Regional Administrative Court’s judgment before the Council of State and orders for the new calculation of the fine before the Regional Administrative Court. Finally, on 22 December 2020 the Competition Authority served on the Company its appeal against the Lazio Regional Administrative Court’s order, while requesting the confirmation of the order on the FM4 tender, including the initial fine equal to € 91.6 million. On 20 January 2022, discussion on the merits was held before the Council of State, which rejected the appeal submitted by the Company by a judgment filed on 9 May 2022. Against the ruling, on 10 June 2022 the Company filed an appeal for review before the Council of State, which scheduled the hearing for discussion on 4 May 2023; the Company also filed an appeal before the Supreme Court on 8 July 2022 and is waiting for the Court to hand down its ruling following the hearing held on 4 April 2023.

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified and declares that it is sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender.

As regards the effects on the financial statements, the Directors recognized the debt and the related cost associated with the expected financial outlay for an amount of € 79,800 thousand as early as from the financial statements at 31 December 2020, given the enforceability of the fine and while continuing to rely on the reasonableness of the defense arguments, as stated in the final order of the Competition Authority and entered in the taxpayers’ list on the part of the Revenue Agency. For the payment of the debt, the Company applied for and obtained from the Revenue Agency a payment plan of 72 monthly installments, at an interest rate of 4.5%, which was finally updated on 22 December 2020 and which resulted in the amount of surcharges and collection costs (equal to 3% of the amount of the debt entered in the taxpayers’ list) being added to the debt stated for the fine for € 2,612 thousand. Finally, it should be noted that the Company made use of the suspension of the payment of installments in accordance with Decree Law no. 18 of 17 March 2020, governing “Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID-19 epidemic emergency" ("Cure Italy

Decree"); subsequently, following the expiry of the final deadline for the suspension of payment of the amounts entered in the taxpayers' list (31 August 2021), it resumed operations to pay monthly installments, paying part of the installments suspended during the Covid-19 emergency period, with the added burden of higher collection costs, plus default interest. See note 19 for details.

Furthermore, on 28 June 2019 Consip S.p.A. served on Rekeep S.p.A. the order providing for its exclusion from the FM4 Tender due to the breach of Article 38, paragraph 1.f, of Legislative Decree 163/2006, as well as of Article 68 of Royal Decree 827/1924 and of Article 38, paragraph 2, of Legislative Decree 163/2006, while notifying the enforcement of the provisional guarantees provided by Rekeep S.p.A. in tendering (equal to € 3.9 million). With regard to this exclusion, ANAC initiated a procedure under Article 38, paragraph 1-ter, of Legislative Decree no. 163/2006. On 3 July 2019 Rekeep S.p.A. filed an appeal with the Lazio Regional Administrative Court in order to seek the annulment of the acts of Consip S.p.A.; on 10 July 2019 the administrative court ordered for them to be suspended pending its own ruling on the appeal against the Competition Authority's order, while also scheduling the hearing in chambers for the decision on the preliminary request on 11 September 2019. On that occasion the Lazio Regional Administrative Court partially granted the preliminary request against the order issued by Consip S.p.A., providing on 10 July 2019 for the suspension of only the enforcement of the temporary guarantees until the hearing on the merits scheduled on 15 July 2020 and subsequently postponed on several occasions until 13 July 2022. On 18 July 2022 a partial judgment was filed, in which the Regional Administrative Court found that the Company's exclusion from participation in the FM4 tender was legitimate, while it suspended the proceedings regarding the enforcement of the surety bond pending the filing of the Constitutional Court's decision, in the same way as in the case of the other proceedings involving the Company in relation to the enforcement of sureties. On 26 July 2022, the Constitutional Court ruled by rejecting the issue of constitutional legitimacy by judgment 198/2022: therefore, the Regional Administrative Court set the hearing on the merits for the discussion about the enforcement of the surety bond for the hearing on 9 November 2022. On 16 November 2022 the Rome Regional Administrative Court rejected the appeal by "final" judgment no. 15201/22. On 18 January 2023 the Company filed an appeal against this judgment, while submitting a request for precautionary measures for the suspension discussed at the hearing on 2 February 2023 with a favorable outcome for the Company: the Judge, in fact, granted the suspension and rescheduled the hearing for discussing the substance of the matter on 18 May 2023. Furthermore, on 9 November 2022 the Company appealed against the partial judgment whereby the Regional Administrative Court ruled on the lawfulness of the order of exclusion from the tender: the hearing, initially scheduled on 9 March 2023, was adjourned by the Council of State to a date to be set.

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

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

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

Provision for termination employee benefits

This provision has been set aside to include the amounts due for severance and employee redundancy costs, as part of the sundry restructuring plans implemented by some Group companies over the last few years. The provision recorded a balance equal to € 670 thousand at 31 December 2022 (€ 581 thousand at 31 December 2021), against provisions equal to € 89 thousand.

Provision for tax disputes

At 31 December 2022 the provision amounted to € 441 thousand, recording uses which gave rise to a decrease of € 7 thousand.

Other provisions for risks and charges

The provision, amounting to € 8,743 thousand at 31 December 2022, showing an increase of € 6,521 thousand compared to 31 December 2021 (€ 2,222 thousand) as a result of provisions for € 6,914 thousand and uses and releases totaling € 393 thousand. Provisions for the period included higher collection charge of € 1,502 thousand, which is expected to be due on the installment to be paid for the notice of payment issued by the Revenue Agency relating to the Competition Authority’s fine (for more details, reference should be made to the information provided in relation to the “Provision for legal disputes”).

To this must be added the non-recurring provision recorded by subsidiary Servizi Ospedalieri, amounting to € 940 thousand, in consideration of the sums that are considered likely to have to be paid to certain Regional Governments in application of the provisions laid down in Article 17 of Law no. 111 of 2011 and Article 9 of Decree Law no. 78 of 2015, as converted by Law no. 125 of 2015, which became applicable in 2022 under the Ministry of Health’s Decree of 6 July 2022 (published on 15 September 2022) and the Aid-*bis* Decree (as converted by Law no. 142 of 21 September 2022), the so-called "Medical device payback". First of all, the legislation set, as from 2015, an expenditure ceiling for the Regions in relation to the purchase of medical devices, amounting to 4.4% of the National Health Fund (NHS), while obliging the relevant supplier companies to bear excess expenses, certified by each Regional Government, through the payment of a sum proportional to the share of the spending overrun, corresponding to 40% for the year 2015, 45% for the year 2016 and 50% as from the year 2017. The provision recognized in the financial statements as from 31 December 2022 is Management's best estimate of the amounts accrued in previous years, which are expected to be reimbursed to each Regional Government.

16. DERIVATIVES

At 31 December 2022, the Group had not recorded any derivative assets or liabilities.

17. BORROWINGS, LOANS AND OTHER CURRENT FINANCIAL LIABILITIES

The items Non-current loans and Loans and other current financial liabilities include both the non-current and current portion of loans from credit institutions and consortium members, respectively. Furthermore, there is also the recognition of payables to other lenders and lease liabilities, as well as of other current debt balances of a financial nature such as,for example, the debt for the acquisition of investments or business units and the liability for dividends to be paid.

The tables below set forth the qualitative breakdown by current and non-current financial liabilities at 31 December 2022 and at 31 December 2021:

	31 December 2022	within 1 year	beyond 1 year to 5 years	beyond 5 years
Senior Secured Notes	364,541		364,541	
Artigiancassa loan	838	239	599	
Prepaid interest expenses	(1,065)	(623)	(442)	
Accrued interest expenses	11,695	11,695		
Long-term bank borrowings and current portion of long-term bank borrowings	**376,010**	**11,312**	**364,698**	**0**
Current bank overdraft, advance payments and hot money	15,293	15,293		
Financial liabilities for leases	48,956	20,180	23,833	4,943
Loans from syndicated shareholders	1,040		1,040	
Loan from Parent Company MSC Società di Partecipazione tra Lavoratori	1	1		
Other financial liabilities	7,635	7,635		
Obligations from assignments with recourse of trade receivables	11,806	11,806		
Collections on behalf of assignees of trade receivables	28,480	28,480		
Obligations arising from reverse factoring transactions	33,813	33,813		
Options on subsidiaries' minority shareholdings	16,046	1,952	14,094	
Debt for the acquisition of investments/business units	1,956	1,956		
TOTAL FINANCIAL LIABILITIES	**541,036**	**132,428**	**403,665**	**4,943**

	31 December 2021	within 1 year	beyond 1 year to 5 years	beyond 5 years
Senior Secured Notes	363,025		363,025	
Artigiancassa loan	1,077	239	838	
Other bank loans	27	27		
Prepaid interest expenses	(1,253)	(531)	(722)	
Accrued interest expenses	11,726	11,726		
Long-term bank borrowings and current portion of long-term bank borrowings	**374,602**	**11,461**	**363,141**	**0**
Current bank overdraft, advance payments and hot money	6,140	6,140		
Financial liabilities for leases	44,107	8,946	25,976	9,185
Loans from syndicated shareholders	603	603		
Loan from Parent Company MSC Società di Partecipazione tra Lavoratori	75	75		
Other financial liabilities	4,317	3,120	1,197	
Obligations from assignments with recourse of trade receivables	23,270	23,270		
Collections on behalf of assignees of trade receivables	14,556	14,556		
Obligations arising from reverse factoring transactions	9,963	9,963		
Options on subsidiaries' minority shareholdings	15,336	1,952	13,384	
Debt for the acquisition of investments/business units	1,112	1,112		
Share capital to be paid into investee companies	878	878		
TOTAL FINANCIAL LIABILITIES	**494,960**	**82,077**	**403,698**	**9,185**

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

On 28 January 2021 Rekeep S.p.A. launched a high-yield bond issue named “€350,000,000 7.25% Senior Secured Notes due 2026”, which is not convertible and not subordinated, for a total amount on account of principal of € 350 million, due 1 February 2026. The Notes, which were reserved for institutional investors, were admitted to listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. The issue took place at par, with a coupon at an annual fixed rate of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. On

9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

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

The rules of the bond issue provide for a system of guarantees and covenants to protect the Bondholders' investment. There are in fact some limitations on the financial operations of the Issuer and of its subsidiaries, while allowing the Group to operate freely, provided that the operations carried out contribute added value and cash flows to the Group, at least potentially. These covenants substantiate in some limitations on the possibility of incurring new indebtedness and making distribution of dividends, investments and some types of payments outside the Restricted Group (restricted payments). Furthermore, there are also rules governing the allocation of sums obtained from the sale of fixed assets, the performance of non-recurring and related-party transactions and the release of collateral on corporate assets to third parties. The covenants in question substantiate in the compliance with certain financial parameters (incurrence base financial covenants), the fulfillment of some conditions or the application of a quantitative limit on the performance of the transactions referred to above rather than in a full prohibition on carrying out the aforesaid transactions. Finally note interim reporting obligations concerning the Group's financial position, results of operations and cash flows. The limits and provisions laid down in the rules of the bond issue are in line with market practice for similar operations. The failure by the Issuer to comply with one or more covenants, in addition to significant events that give rise to a state of insolvency, constitute default events. There is the possibility of remedying most of them within a certain financial period. The default event relating to the state of insolvency or the failure to remedy the other default events constitute grounds for acceleration, i.e. the beneficiary's forfeiture of the right to the time limit and the early redemption of the Notes. No default events had occurred.

At 31 December 2022 the financial charges accrued on the bond coupons amounted to € 26,850 thousand against € 27,514 thousand (of which € 2,254 thousand in the previous year related to the Senior Secured Notes issued in 2017 and paid off at the same date as the new issue) in the previous year. The upfront fees relating to the issue of Senior Secured Notes were accounted for according to the amortized cost method, which entailed, in accordance with IFRS 9, the recognition of financial Amortization charges of € 1,516 thousand in 2022 (€ 7,176 thousand, of which an amount of € 5,818 thousand related to the write-off of the remaining amount still to be amortized on the Notes paid off in the previous year).

Super Senior Revolving Credit Facility (RCF)

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

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

The facility was partially drawn down during the year in order to meet temporary cash requirements (if any), and promptly repaid: the RCF facility had not been drawn down at 31 December 2022. The temporary partial use entailed the charging of financial costs accrued in the meantime for € 982 thousand (€ 223 thousand at 31 December 2021, when the facility had only been drawn down during the second half of the year).

Prepaid interest expenses

At 31 December 2022 the Company recognized prepaid interest expenses of € 1,065 thousand (€ 1,253 thousand at 31 December 2021). The item mainly related to arrangement fees initially paid by Rekeep S.p.A. for entering into the Super Senior Revolving (RCF) facility agreement, initially equal to € 1,260 thousand. These costs are amortized on a straight-line basis throughout the term of the credit facility and generated amortization charges of € 816 thousand in 2022 (€ 1,194 thousand in the same period of the previous year, of which € 264 thousand related to the write-off of the remaining amount still to be amortized on the previous RCF line, paid at the same time as the new bond issue).

Accrued interest expenses

At 31 December 2022 accrued interest expenses were recognized for € 11,695 thousand (€ 11,726 thousand at 31 December 2021), of which € 11,624 thousand relating to the coupon of the Senior Secured Notes due 1 February 2023 (unchanged compared to 31 December 2021).

Artigiancassa loan (Rekeep S.p.A.)

On 21 June 2018 the Company obtained a soft loan from the "Energy and Mobility Fund" operated by the Regional Government of Marche, aimed at supporting the energy efficiency development of healthcare units. This loan was partly disbursed by Artigiancassa S.p.A. in the form of a 8-year financing for an initial amount of € 1,676 thousand, with a pre-amortization period of 12 months. This loan does not bear interest and provides for the payment of 14 six-monthly installments, falling due on 31 March and 30 September of each year. As at 31 December 2022, two installments had been repaid, each one amounting to € 120 thousand, thus bringing the residual debt of this loan to € 838 thousand at 31 December 2022 (€ 1,077 thousand at 31 December 2021).

Other bank loans

There were no other bank loans at 31 December 2022 (€ 27 thousand at 31 December 2021).

Current account overdraft, advance payments and hot money

At 31 December 2022 this item showed a balance of € 15,293 thousand, against an amount of € 6,140 thousand at the end of the previous year.

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

Financial lease liabilities

Obligations in place at 31 December 2022 for lease agreements, property and operating leases amounted to € 48,956 thousand, against € 44,107 thousand at 31 December 2021).

During the year under review, new contracts were activated and lease payments were revalued for a present value, at the time of recognition, equal to € 22,432 thousand, while contracts were early terminated for a residual value of € 8,872 thousand. Specifically, on 12 December 2022 the Parent Company Rekeep S.p.A. signed with its parent company MSC S.p.A. the deed of acquisition of two property lease agreements relating to the registered office in place with MPS Leasing & Factoring S.p.A., for a residual value of € 10,499 thousand, including the redemption price, as at the date of execution. This entailed the simultaneous early extinguishment of the liability formerly recognized against the right of use on lease by the parent company on the same property for € 7,807 thousand (net effect on the transaction on financial liabilities for leases was equal to a higher debt of € 2.7 million).

Syndicated loans

This item refers to financing provided by the consortium members, which are minorities in the consortium companies included within the scope of consolidation, since they are owned or held in joint venture at 50%. In certain cases, these loans are non-interest-bearing loans and are repayable on request. In other cases, they have a contractually defined maturity and, in others still, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract, on the basis of which the consortium company was established. As at 31 December 2022 the overall balance of these loans amounted to € 1,040 thousand (€ 603 thousand at 31 December 2021).

Collections on behalf of assignees of trade receivables

The item included receipts from customers on assigned receivables as part of the factoring without recourse transaction of trade receivables, for which the Group acts as an agent to manage receipts on behalf of the factor. The receipts, equal to € 28,480 thousand at 31 December 2022, were transferred to the factor in the subsequent month after the end of the period.

Obligations from assignments of receivables with recourse

During 2020 Rekeep S.p.A. and Servizi Ospedalieri entered into an agreement with Banca Sistema S.p.A. for the assignment with recourse of trade receivables from Public Authorities.

During 2022 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 34,218 thousand, while the exposure was equal to € 11,806 thousand at 31 December 2022 (€ 23,270 thousand at 31 December 2021).

Obligations arising from reverse factoring transactions

As from 2020 the Parent Company Rekeep S.p.A. entered into some reverse factoring lines which ensure a greater amount of overdraft facilities with respect to payments to some suppliers. The overall exposure amounted to € 33,813 thousand at 31 December 2022 (€ 9,963 thousand at 31 December 2021).

Options on subsidiaries' minority shareholdings

The options on subsidiaries' non-controlling interests were recognized for an amount of € 16,046 thousand at 31 December 2022 (€ 15,336 thousand at 31 December 2021).

Of these an amount of € 14,094 thousand related to the fair value at the date of the Put option granted in favor of the minority shareholder Rekeep Polska S.A. on 20% of the share capital of the company acquired on 30 October 2019. The related strike price is calculated for an amount equal to the product between consolidated EBITDA on a 12-month basis for the quarter immediately preceding the exercise date by a multiple equal to 7.5x, as reduced by the consolidated net financial position and adjustments to Net Working Capital set out in the acquisition contract. This option may be exercised within one year as from the fifth year after the date of acquisition. This option may be exercised between 30 October 2024 and 30 October 2025.

As at 31 December 2022 the estimated liability linked to the Put option held by the minorities of Rekeep France S.a.s. was also recognized, whose shareholding of 30% was transferred to third parties on 15 January 2018 under an Investment Agreement signed in 2017. This option may be exercised between 30 September 2021 and 30 September 2023.

Debt for the acquisition of investments/business units

This item amounted to € 1,956 thousand at 31 December 2022 (€ 1,112 thousand at the end of the previous year). The item includes Rekeep S.p.A.'s residual debt to the parent company MSC Società di Partecipazione tra Lavoratori S.p.A., relating to the acquisition of the "Personnel Activities" business unit, as more fully detailed in note 3 above. As at 31 December 2021 the item included, among others, the residual portion of € 1,046 thousand of the deferred price paid at closing for the acquisition of the majority interest of subsidiary U.Jet S.r.l., which took place on 1 June 2021.

Other financial liabilities

As at 31 December 2022 other financial liabilities were recorded for € 7,635 thousand, against € 4,317 thousand at 31 December 2021. Other financial liabilities include a loan of € 1,182 thousand (€ 2,408 thousand at 31 December 2021) ranted by the Polish Government to the Polish group's subsidiary Catermed Sp. z o.o. within the scope of measures put in place to support companies in order to counter the COVID-19 emergency. The loan, which is structured into two lines, i.e. liquidity and preferential financing, has a term of three years and accrues interest. Furthermore, the balance of the item includes the price that the Parent Company Rekeep has paid to its controlling company MSC for the acquisition of the property lease agreements of the registered office with MPS Leasing & Factoring S.p.A., equal to € 5,370 thousand (including VAT), as set due to the positive differential between the value of the real estate complex and the outstanding debt arising from lease agreements.

18. CONTINGENT LIABILITIES

As at the date of approval of the Consolidated Financial Statements at 31 December 2022 no contingent liabilities had arisen for the Rekeep Group, which had not been recognized in the accounts, for which the Management believes that the related financial risks can be regarded as possible but unlikely or for which these risks cannot be quantified and recognized in the financial statements at 31 December 2022. The changes in the potential liability in 2022, as reported above, is described below.

ANAC's disqualification order - Santobono Pausilipon

On 10 November 2017 ANAC, after the completion of proceedings initiated in November 2016 following a report made by A.O.R.N. Santobono Pausilipon in Naples, imposed a sanction (the "ANAC Order") on Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at that time), raising objections concerning the failure to provide a declaration relating to the absence of criminal proceedings against one of the Company's proxy holders in the documentation submitted for the tender for cleaning services at Santobono Pausilipon itself, which took place in 2013. On the other hand, this proxy holder met the legal requirements in full. The ANAC order provided, in addition to a fine of € 10 thousand, for the Company to be excluded from all public tenders for a period of 6 months as from the date of entry in the computerized records of economic operators in public contracts. The Company successfully challenged the order before the Regional Administrative Court, but, within appellate proceedings brought by ANAC, the disqualification order was confirmed by the Council of State; at the end of the procedure for application of extraordinary means of appeal (appeal for review and judicial appeal to the Supreme Court), it became final on 4 December 2020 with the filing of the Supreme Court's judgment no. 27770/2020. As a result of this judgment, any suspension effect of ANAC Resolution no. 1106/2017 was therefore removed, which entails, in addition to a fine of € 10 thousand, the exclusion of Rekeep S.p.A. from public tender procedures and subcontracting of public contracts for a period of 6 months in accordance with

Legislative Decree 50 of 2016 (the "Public Contracts Code"). The entry, which had been previously blacked out by ANAC, was therefore re-inserted in the computerized records of economic operators in public contracts relating to works, services and supplies as from 25 December 2020 and until 17 June 2021. Rekeep S.p.A. had formally asked ANAC to postpone the immediate new reinstatement of the entry in the records until the conclusion of the proceedings initiated by ANAC on the Application for Re-examination submitted on 20 October 2020 and, subordinately, to specify that the disqualifying effects of these records, as provided for by Article 38, paragraph 4, of the "Rules for the management of the Computerized Records of public contracts for works, services and supplies, in accordance with Article 213, paragraph 10, of Legislative Decree no. 50 of 18 April 2016", are only limited to exclusion "from tender procedures or from access to qualification if the expiry of the time limit set for submitting bids or the application for qualification falls within the effective period of the entry". ANAC replied to this notice with an additional memo sent on 5 January 2021, whereby it also notified that it rejected the Company's request and intended to reinstate the entry in question, as any other wording would not be in line with the principle according to which tendering requirements must necessarily be met on an ongoing basis". The Company lodged an appeal against this order before the Lazio Regional Administrative Court which declared the appeal as inadmissible by a judgment dated 29 March 2021. The Company filed an appeal against this judgment together with an application for preliminary request, which was accepted by the Council of State by an order dated 23 April 2021.

In light of this, any effect of the ANAC order had to be regarded as suspended at the time. It was also ordered to proceed with blacking out the entry in the computerized records. Moreover, following the summary examination of the precautionary proceedings phase, the Council of State held that "the principle of strictly legal typicality of the sanctions (....) has been breached, given that (...) the failure to make a statement with which the Company has been charged under the order does not coincide with a false statement”. The hearing for discussing the substance of the matter was scheduled on 25 November 2021, at the end of which the Council of State, by judgment no. 491/2022, filed on 25 January 2022, granted the appeal submitted by the Company against the Lazio Regional Administrative Court’s judgment no. 3754/2021, annulling any effect of the order adopted by ANAC, which had already been previously suspended on a precautionary basis. Against the Council of State's ruling the Company was served with a notice of appeal before the Supreme Court.

19. TRADE PAYABLES, CONTRACT LIABILITIES AND OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item at 31 December 2022 and 31 December 2021:

	31 December 2022	of which to related parties	31 December 2021	of which to related parties
Trade payables	412,860		372,513	
Trade payables due to third parties	**412,860**	**0**	**372,513**	**0**
Trade payables to MSC S.p.A.	1,312	1,312	4,683	4,683
Trade payables to associates, affiliates and joint ventures	44,061	44,061	17,240	17,240
Trade payables to the Group	**45,373**	**45,373**	**21,923**	**21,923**
Advances from customers, including contract liabilities	22,575		18,938	2
Trade payables and contract liabilities	**480,808**	**45,373**	**413,374**	**21,925**
Fees due to directors and statutory auditors	255		301	
Tax payables	8,409		9,103	
Payables to social security institutions within 12 months	17,113		19,575	
Other payables to TJA ("Associazione temporanea di imprese")	7,833		5,556	
Payables to employees within 12 months	53,087		48,566	
Other payables within 12 months	79,462		81,919	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**168,335**	**0**	**167,196**	**0**
Other current payables to MSC S.p.A.	23	23	36	36
Other payables to associates, affiliates and joint ventures	42	42	97	97
Other current payables to the Group	**65**	**65**	**133**	**133**
Accrued expenses	111		61	
Deferred income	1,156		67	
Accrued expenses and deferred income	**1,267**	**0**	**128**	**0**
Other current operating payables	**169,667**	**65**	**167,457**	**133**

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

Trade payables and contract liabilities amounted to € 480,808 thousand at 31 December 2022 against a balance of € 413,374 thousand at 31 December 2021, showing an increase of € 67,434 thousand, mainly due to an increase in the prices, especially energy prices.

Other current operating payables showed a balance of € 169,667 thousand at 31 December 2022 (€ 167,457 thousand at 31 December 2021) and are mainly made up of the following items:

- payables to employees of € 53,087 thousand (€ 48,566 thousand at 31 December 2021) including the current monthly salaries to be paid in the months after the end of the financial period, as well as payables for additional monthly salary to be paid (a portion of the 14th salary, to be paid every year in the month of July, and of the 13th salary, to be paid every year in December). Furthermore, the corresponding payables to social security institutions were recognized for € 17,113 thousand (€ 19,575 thousand at 31 December 2021);
- payables due to tax authorities for € 8,409 thousand mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF (Personal Income) tax payable for employees (€ 9,103 thousand at 31 December 2021);
- collections on behalf of Temporary Associations of Companies (TJA) for € 7,833 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 5,556 thousand at 31 December 2021).

Other current liabilities also include the residual balance of € 66,581 million of the liability recognized by the Parent Company Rekeep S.p.A. following the service of the Competition Authority's updated order concerning the Consip FM4 tender and the subsequent entry of the requested amounts in the taxpayers' list on the part of the Revenue Agency, subject of a payment plan of no. 72 monthly installments sent on 22 December 2020 (for an initial debt equal to € 82.2 million).

20. REVENUES FROM CONTRACTS WITH CUSTOMERS

The table below sets forth the breakdown of the item for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Revenues from product sales	26,720	28,857
Service revenues	1,136,830	978,634
Revenues from construction activities and plant installation	83,090	86,215
Other sales revenues	43,968	25,053
REVENUES FROM CONTRACT WITH CUSTOMERS	**1,290,608**	**1.118,759**

At 31 December 2022 *Revenue from contracts with customers* amounted to €1,290,608 thousand (€ 1,118,759 thousand at 31 December 2021). The item showed an increase of € 171,849 thousand, with a contribution from foreign companies equal to € 30,929 thousand, thanks to the positive performance of the Group controlled by Rekeep Polska and by the French subsidiaries in the healthcare sector.

The Group's result for the period relating to revenues was affected by an increase in the turnover from energy contracts, and therefore, in the Healthcare and Public Authorities markets. The growth trend in revenues, mainly in the Healthcare market which has now reached 61% of the consolidated portfolio of revenues, was contributed to by the acquisition of new orders and the renewal of portfolio contracts due to expire, both in the domestic and foreign areas (mainly Poland and France). The subsidiaries specializing in the sales of PPE, Medical Device e U.Jet, are bucking the trend following the reduction in extraordinary sales of this devices carried out throughout 2021 at the same time as the Covid-19 emergency.

21. OTHER REVENUES

Si The table below sets forth the breakdown of the item for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Grants	620	531
Asset capital gains	256	928
Compensation for damages	579	699
Revenues for leases and rentals	1	12
Other revenues	2,312	1,096
OTHER REVENUES	**3,768**	**3,266**

At 31 December 2022 the balance of *Other revenues* amounted to € 3,768 thousand compared to € 3,266 thousand in 2021, showing an increase of € 502 thousand.

Operating grants, amounting to € 620 thousand in 2022, mainly related to grants on training projects for subordinate staff and development of remote working projects.

Finally, “Otherrevenues” mainly include unsecured grants that the Polish government has disbursed to the companies in the Rekeep Polska.

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

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Fuel consumption	140,807	62,961
Consumption of raw materials	189,329	130,975
Purchase of semi-finished/finished products	631	619
Products of auxiliary materials and consumables	14,212	11,229
Packaging	2,585	2,424
Change in inventories of fuel and raw materials	967	2,347
Other purchases	4,048	4,411
CONSUMPTION OF RAW MATERIALS AND CONSUMABLES	**352,579**	**214,966**
Change in inventories of finished and semi-finished products	(217)	918
CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS	**(217)**	**918**

At 31 December 2022 the item amounted to € 352,579 thousand compared to € 214,966 thousand at 31 December 2021. The increase, equal to € 137,613 thousand, was mainly due to an increase in the prices of fuels and raw materials (mainly electricity), which had arisen in the second half of the previous year and continued throughout 2022. In the financial year ended 31 December 2022 the impact of higher costs was partially offset by the recognition of the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as amended, as partial compensation, with incremental percentages over time, for the higher costs incurred for the purchase of electricity and natural gas as from the second quarter of the year, totalling € 12,203 thousand on the cost of natural gas and € 15,526 thousand on costs for electricity.

Other purchases include costs for other materials such as clothing and PPE for the staff members employed on site at customers' premises.

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

23. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Third-party services	207,911	208,907
Consortia services	11,419	10,264
Equipment maintenance and repair	8,016	8,193
Professional services	40,414	32,961
Statutory Auditors' fees	342	357
Transport	12,638	12,702
Advertising and promotion	560	455
Bonuses and commissions	249	287
Insurance and sureties	7,270	6,368
Bank services	387	390
Utilities	14,166	8,636
Travel expenses and reimbursement of expenses	2,788	2,733
Employee services	7,400	7,493
Other services and contingent items	10,971	11,724
Costs for services	**324,531**	311,470
Rent expense and Hires	5,458	5,700
Hiring of equipment and others	5,888	6,182
Costs for leased assets	**11,346**	11,882
COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS	**335,877**	**323,352**

For the year ended 31 December 2022 *Costs for services and use of third party assets* totaled € 335,877 thousand, marking an increase of € 12,525 thousand compared to the balance of the item recorded in the previous year.

The change was mainly generated by an increase in the cost for utilities of € 5,530 thousand, partially offset by tax credit on electricity as already commented on above, which had an impact on the item for € 235 thousand.

Furthermore, there also was an increase in costs for professional and third-party service: this change was closely related to higher volumes and depending on the structure of the mix of production factors in the performance of some activities, as detailed in note 24 below.

24. PERSONNEL COSTS

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Wages and salaries	333,981	320,106
Social security charges	82,837	78,174
Secondment costs	24,421	30,756
ESI paid to INPS (National Social Security Institute) and to funds	22,978	23,553
Directors' fees	663	949
Other personnel costs	1,970	3,122
Current benefits	466,850	456,660
Employee termination indemnity provision	1,645	739
Subsequent benefits	1,645	739
Employment termination benefits	911	2,797
Employment termination benefits	911	2,797
PERSONNEL COSTS	**469,406**	**460,196**

At 31 December 2022, Personnel Costs amounted to € 469,406 thousand, showing an increase of € 9,210 thousand compared to the previous year (when they amounted to € 460,196 thousand).

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

The ratio between *Revenues from sales and services* and the total amount of costs for internal personnel ("make") and services costs ("buy") relating to third-party services, services provided by consortia and professional services, came to 177% at 31 December 2022 against 156% at 31 December 2021. The "make-or-buy ratio" shows that the Group is continuing to implement an organizational preference for producing by greater recourse to internal production factors than to purchasing services from external sources.

The cost of personnel related to the work performed in Italy was € 354,524 thousand (€ 358,812 thousand at 31 December 2021).

25. OTHER OPERATING COSTS

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Capital losses on disposals of assets	72	55
Losses on receivables	25	14
Other taxes	2,273	2,083
Fines and penalties	1,980	1,815
Credit Discount on assignments of receivables	146	213
Other operating costs and contingent items	6,427	9,426
OTHER OPERATING COSTS	**10,923**	**13,606**

Other operating costs amounted to € 10,923 thousand, showing a decrease of € 2,693 thousand compared to the balance for the previous year (€ 13,606 thousand at 31 December 2021).

While analyzing he details of the item, we must note an increase in other duties, fine and penalties, while there was a drop in other operating costs, which had also included non-recurring charges in the previous year for the termination of business relationships with shareholders of a subsidiary.

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

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Amortization of intangible assets	5,789	6,325
Depreciation of owned property, plant and equipment	23,932	22,680
Amortization of Rights of use	9,860	8,767
Write-downs of receivables, net of releases	2,181	3,619
Write-down of property, plant and equipment	128	76
Other write-downs	22	10
AMORTIZATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACK OF ASSETS	**41,912**	**41,477**

At 31 December 2022 *Amortization/depreciation, write-downs and write-backs of assets* amounted to € 41,477 thousand, showing an increase of € 435 thousand compared to the balance of item in the previous year.

Specifically the following changes must be noted in the financial year:

- an increase in amortization/depreciation for a total of € 1,809 thousand, mainly attributable to property, plant and equipment, both owned and leased;
- a reduction in write-downs of receivables made for € 1,438 thousand.

27. DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Dividends	490	302
Capital gains (capital losses) from sale of equity investments	(968)	1,196
DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS	**(478)**	**1,498**

In 2022, dividends were collected from other companies not included under the scope of consolidation for € 490 thousand, relating to investee companies of the Parent Company Rekeep S.p.A..

Capital gains (capital losses) from sale of equity investments included a capital loss generated by the deconsolidation of the Turkish company Rekeep United Yönetim Hizmetleri A.Ş. following the sale to the minority shareholder, which took place in the last quarter of 2022 (however, there was no effect on the separate Financial Statements of the direct controlling company Rekeep World S.r.l.). As at 31 December 2021, on the other hand, this item included net capital gains obtained by Servizi Ospedalieri S.p.A. following the sale of the associate Fratelli Bernard S.r.l. on 28 December 2021, and by Rekeep S.p.A. on the sale of an associate on 4 January 2021, which generated a net capital gain of € 638 thousand in the consolidated financial statements.

28. FINANCIAL INCOME

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Interest on bank current accounts	28	210
Interest on non-property and intercompany current accounts	255	163
Interest on trade receivables	1,977	318
Interest from discounting of non-interest bearing loans	3	3
Interest and other income from securities	1	1
Other financial income	509	360
FINANCIAL INCOME	**2,773**	**1,055**

Financial income recorded an increase equal to € 1,718 thousand compared to the previous year through the recognition of default interest income to a customer in court for € 1,498 thousand.

29. FINANCIAL COSTS

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	31 December 2021
Interest on bank loans and current account overdrafts	1,834	413
Other financial costs	29,058	30,230
Financial costs for leases	1,070	1,782
Financial costs on intercompany loans	24	67
Interest discount on assignments of receivables without recourse	3,360	5,259
Interest on trade payables	535	224
Other financial costs	7,687	31,706
FINANCIAL COSTS	43,568	69,681
Exchange rate adjustments	(876)	(424)
PROFIT (LOSS) ON EXCHANGE RATE	**(876)**	**(424)**

Financial costs showed a total decrease of € 26,113 thousand in 2022 compared to the previous year, when non-recurring financial costs were recognized for a total of € 25,240 thousand.

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

With reference to the Senior Secured Notes, *Financial charges on other loans* included financial costs on the coupons of the Notes (payable with a coupon on a six-monthly basis on 1 February and 1 August), which accrued for € 26,850 thousand in 2022, down by € 664 thousand compared the balance recorded in the previous year (€ 27,514 thousand, of which € 2,254 thousand related to interest accrued on previous notes before the sale). On the other hand, *Other financial costs* included financial charges for amortized cost accrued in 2022 for € 1,516 thousand, against costs of € 1,358 thousand (excluding € 5,818 thousand related to the write-off of the residual additional costs to the issue in 2017, which was included under other non-recurring costs mentioned above).

Other financial costs also included amortization charges of the initial costs for the new facility *Super Senior Revolving Credit Facility* ("RCF"). These costs, which were initially equal to € 1,260 thousand, were also amortized on a straight-line basis throughout the term of the credit facility and gave rise to amortization charges of € 280 thousand in 2022 against € 258 thousand in the previous year (to which must be added € 264 thousand related to the reversal through profit or loss of the residual portion of the costs concerning the previous RCF facility, as already included among non-recurring costs). Other financial charges incurred for the Super Senior Revolving Facility included commitment fees charged by banks equal to € 536 thousand in 2022 (€ 673 thousand at 31 December 2021). Finally, with regard to the facility, interest on temporary partial uses accrued for € 982 thousand in 2022, which was included in the item *Charges on other loans*, while the facility had been used only from the second half of the previous year, thus generating financial costs equal to € 223 thousand.

For the sake of completeness, it should be noted that *Other financial costs* in 2021 included additional non-recurring financial costs of € 17,592 thousand related to the refinancing transaction, of which € 15,026 thousand related to early redemption costs on the basis of the redemption premium set in the rules of the Senior Secured Noted and € 2,567 thousand due to bank fees correlated to the new issue.

Finally, the Group recorded charges correlated to the assignments of trade receivables without recourse and VAT made during the year for € 3,360 thousand at 31 December 2022, of which € 220 thousand related to the assignments of VAT receivables requested for refund (totaling € 5,259 thousand at 31 December 2021, of which an amount of € 1,566 thousand against a non-recurring spot assignment of a portfolio of NPLs), financial costs for assignment with recourse and reverse factoring for € 1,640 thousand and financial costs accrued on lease financial liabilities equal to € 1,070 thousand (€ 1,782 thousand in 2021).

30. CURRENT AND DEFERRED TAXES

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Current IRES tax	8,362	12,685
Current IRAP tax	5,132	5,447
(Income) costs from tax consolidation	(1,513)	(2,237)
Adjustments to current taxes of previous years	(7,027)	413
Current taxes	**4,954**	**16,308**
Deferred IRES tax	(618)	1,520
Deferred IRAP tax	(73)	(56)
Deferred taxes relating to previous years	(513)	(29)
Deferred taxes	**(1,204)**	**1,435**
CURRENT AND DEFERRED TAXES	**3,750**	**17,743**

In 2022 the Group recorded taxes totaling € 3,750 thousand, marking a decrease of € 13,993 thousand compared to the taxes recognized at 31 December 2021.

More specifically, the main changes are as follows:

- a decrease of € 4,323 thousand in the current IRES tax balance;
- a decrease of € 315 thousand in the current IRAP tax balance;
- a decrease of € 7,440 thousand in the balance of income from tax consolidation;
- positive adjustments to current taxes relating to previous years for € 7,027 thousand against negative adjustments equal to € 413 thousand at 31 December 2021;
- the recognition of a net income of € 1,204 thousand, relating to the total balance of prepaid and deferred taxes against a net charge of € 1,435 thousand at 31 December 2021. The future recovery of deferred tax assets has been assessed on the basis of the same forecasts as those used by the Management for the impairment test on goodwill (see note 7).

In 2022 the parent company Rekeep S.p.A. and its subsidiaries H2H Facility Solutions S.p.A. and Servizi Ospedalieri S.p.A. submitted the supplementary tax returns of Income 2017-2022 and IRAP (Regional Production Activity Tax) 2017 – 2022, recording income totaling € 6.2 million.

At 31 December 2022 the Group recognized Current tax receivables for a total amount of € 8,671 thousand and Current tax payables equal to € 21 thousand, relating to the netbalance of the excess IRES tax advances paid to the Tax Office or receivables from parent company MSC, which arose within the scope of the national tax consolidation in force with some Group companies.

The reconciliation between current income taxes accounted for and the theoretical tax resulting from the application of the IRES tax rate in force for the years ended 31 December 2022 and 31 December 2021 to pre-tax profit is set out below. The theoretical IRES tax rate applicable in Italy is 24% of taxable income for the financial period. The table includes the effects on current IRES tax arising from the recognition of income from participation in the tax consolidation scheme. The theoretical IRAP tax rate applicable in Italy varies by region and business sector. The taxes of foreign companies are calculated on the basis of rates that are applicable at local level.

	31 December 2022		31 December 2021	
		%		%
PRE-TAX PROFIT	31,247		(3,259)	
of which Discontinued operations	0		*16*	
Current taxes calculated in Italy – IRES tax	7,419		11,368	
(Income)/ costs from national tax consolidation	(1,514)		(2,237)	
Current taxes calculated in Italy - IRAP tax	5,132		5,447	
Current taxes calculated abroad	943		1,316	
Taxes for previous years	(7,027)		413	
EFFECTIVE TAX / RATE	**4,954**	**15.85%**	**16,307**	**N/A**

Deferred tax assets and liabilities

As at 31 December 2022 the Group recorded deferred tax assets of € 17,968 thousand, net of deferred tax liabilities of € 15,819 thousand, as shown below:

	Tax effect on thebalance sheet			Tax effect through P&L	Tax effect on equity
	31 December 2021	of which Business Combinations	31 December 2022	31 December 2022	31 December 2022
Deferred tax assets:					
Expected credit losses	2,751		2,539	(206)	
Provisions for risks and charges	4,663		5,180	517	
Amortization	891		1,351	460	
Interest expense	3,086		3,090	0	
Cash cost deduction	35		17	5	
Other consolidation adjustments	380		291	69	
Other temporary adjustments	3,977		5,500	(324)	2,620
Foreign exchange effect					(956)
Total deferred tax assets	**15,783**	**0**	**17,968**	**521**	**1,664**
Deferred tax liabilities:					
Goodwill amortization	(11,528)		(11,605)	(77)	
Purchase Price Allocation	(1,472)		(1,405)	67	
Cash cost deduction	(665)		(25)	640	
Employee benefit discounting	3				
Other consolidation adjustments	(203)		(63)	141	
Other temporary differences	(2,520)		(2,721)	(85)	(5)
Foreign exchange effect					(115)
Total deferred tax liabilities	**(16,384)**	**0**	**(15,819)**	**685**	**(120)**
NET DEFERRED TAXES	**(601)**	**0**	**2,149**	**1,206**	**1,544**

31. EARNINGS PER SHARE

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

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

	For the year ended	
	31 December 2022	**31 December 2021**
Net profit /(loss) attributable to shareholders (in thousands of Euro)	27,131	(22,588)
Number of ordinary shares (excluding own shares) for the purpose of basic earnings per share	109,149,600	109,149,600
BASIC AND DILUTED EARNINGS PER SHARE (IN EURO)	**0.249**	**N.A.**

	For the year ended	
	31 December 2022	**31 December 2021**
Net profit /(loss) from continuing operations (in thousands of Euro)	27,499	(21,001)
Net profit /(loss) from continuing operations pertaining to minority interests (in thousands of Euro)	(368)	(1,603)
Net profit from continuing operations pertaining to the Group (in thousands of Euro)	27,131	(22,604)
Number of ordinary shares for the purpose of basic earnings per share	109,149,600	109,149,600
BASIC AND DILUTED EARNINGS PER SHARE OF CONTINUING OPERATIONS (IN EURO)	**0.249**	**N.A.**

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

32. OPERATING SEGMENTS

The services provided by the Rekeep Group can be divided into two primary areas of business, which coincide with the Strategic Business Units (SBU) where business is channeled. The latter is not affected by significant seasonality factors. The SBUs identified coincide with the CGUs where the Group's activities are conducted. See note 7 for details.

Information on the operating segments for the financial year ended 31 December 2022

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment revenues	1,158,704	144,503	(8,832)	1,294,376
Segment costs	(1,091,373)	(140,892)	8,832	(1,223,433)
Operating income (loss) by segment	**67,331**	**3,612**	**0**	**70,943**
Share of net profit of associates	496	206		702
Net financial income (costs)				(40,398)
Profit (loss) before taxes				**31,247**
Income taxes				(3,747)
NET PROFIT (LOSS) FOR THE YEAR ENDED 31 DECEMBER 2022				**27,499**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	634,684	147,886	(7,882)	774,688
Goodwill	388,752	16,183		404,935
Investments	11,797	4,321		16,118
Other assets not allocated and related taxes				145,203
SEGMENT ASSETS AT 31 DECEMBER 2022	**1,035,233**	**168,391**	**(7,882)**	**1,340,945**
Liabilities allocated to the segment	649,059	67,943	(7,882)	709,120
Other liabilities not allocated and related taxes				558,867
SEGMENT LIABILITIES AT 31 DECEMBER 2022	**649,059**	**67,943**	**(7,882)**	**1,267,987**

	Facility management	Laundering & Sterilization	Total
OTHER SEGMENT INFORMATION AT 31 DECEMBER 2022			
Investments in segment assets	35,178	22,740	**57,918**
Amortization/depreciation and write-downs of segment assets	20,381	21,531	**41,912**

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

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

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

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

Geographical areas

The Group conducts its core business in Italy. At 31 December 2022 the activities conducted abroad were still marginal for the Group, although on the rise, and generated revenues amounting to € 186,204 thousand (€ 154,484 thousand at 31 December 2021).

The information by geographical area required by IFRS 8 is shown below for the years ended 31 December 2022 and 2021.

INFORMATION BY GEOGRAPHICAL AREA AT 31 DECEMBER 2022	Italy	Foreign countries	Eliminations	Total
Revenues	1,108,172	186,204		**1,294,376**
Non-current operating assets	548,150	26,052		**574,202**

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

33. COMMITMENTS AND GUARANTEES

The Group has commitments in place which arise from the execution of lease agreements.

Specifically, the Group signed lease agreements primarily for plant and equipment used in the production processes of the Laundering & Sterilization SBU, as well as property lease agreements and commitments to the execution of property lease agreements for the Group's offices, as well as long-term hire agreements for the Group companies' corporate fleets and agreements for the hiring of equipment used in performing some work contracts, accounted for in accordance with the accounting standard IFRS16.

The tables below report the breakdown of the amount of future payments under lease agreements and their present value at 31 December 2022 and 31 December 2021:

	31 December 2022		31 December 2021	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	21,243	20,180	10,555	8,946
From one year to five years	25,720	23,833	29,536	25,976
After 5 years	6,325	4,943	10,323	9,184
TOTAL LEASE PAYMENTS	**53,288**	**48,956**	**50,413**	**44,107**
Financial charges	(4,332)		(6,306)	
PRESENT VALUE OF LEASE	**48,956**	**48,956**	**44,107**	**44,107**

Furthermore, as at 31 December 2022, the Group granted sureties to third parties fo:

- guarantees for financial obligations of € 9,652 thousand (€ 10,459 thousand at 31 December 2021), of which € 789 thousand issued in the interest of associates for overdrafts and other financial obligations (€ 2,420 thousand at 31 December 2021);
- sureties issued to third parties to ensure the correct fulfillment of contract obligations in place with customers amounting to € 376,420 thousand (€ 342,774 thousand at 31 December 2021), of which € 1 thousand issued in the interest of associates (unchanged compared to 31 December 2021);
- other guarantees issued by third parties in favor of associates, joint ventures and other shareholdings amounting to € 9,993 thousand (€ 6,619 thousand at 31 December 2021);

- other guarantees granted to third parties to replace security deposits required to activate utilities or for lease contracts, as well as to the Inland Revenue Agency for VAT refunds, for a total amount of € 109,193 thousand (€ 76,889 thousand at 31 December 2021).

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

On 18 January 2021, Rekeep S.p.A. announced the launch of an offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

At the same time as the issue of 28 January 2021, Rekeep S.p.A. finally signed a new revolving loan agreement that will guarantee a senior secured line of credit ("RCF") for an amount of up to € 75 million, to be used for general purposes and to manage the working capital of the Issuer and Servizi Ospedalieri S.p.A..

The payment obligations connected to both the Bond Issue and the Super Senior Revolving facility (RCF) are backed by the following collateral provided:

- a first-degree pledge over the total shares of Rekeep S.p.A., granted by the controlling company MSC Società di Partecipazione tra Lavoratori S.p.A.;
- pledge over the total shares of the subsidiary Servizi Ospedalieri S.p.A;
- an assignment, by way of security, involving receivables held by Rekeep S.p.A, arising from intercompany loans granted by it to some of its subsidiaries.

Rekeep S.p.A. has also provided, in favor of the subscribers of the Super Senior Revolving facility only, a special lien pursuant to Article 46 of Legislative Decree 385 of 1 September 1993 on some of the personal properties held by it.

The guarantees listed above may be enforced by the counterparties only in the case that one of the events of default envisaged in the above mentioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Rekeep Group companies. At 31 December 2022 no events of default had occurred.

34. TRANSACTIONS WITH RELATED PARTIES

Related party transactions were performed under normal market conditions, i.e. in line with conditions that would be applied between aware and independent parties. Market prices are applied to both commercial and financial transactions.

Non-interest bearing loans are only disbursed in the case of pro-quota financing granted by syndicated shareholders to consortium companies. These loans were, however, discounted in the financial statements of the Parent Company Rekeep S.p.A..

The Parent Company has some sub-lease agreements in place with its parent company MSC Società di Partecipazione tra Lavoratori S.p.A..

Finally, in certain cases the Parent Company provides and performs technical services and works for individuals who hold top management positions within the Group, according to contracts entered into at arm's length. As at 31 December 2022 no advances had been recognized, which had been previously collected in consideration of these services (€ 188 thousand at 31 December 2021).

The main contracts in place with other Rekeep Group companies, controlled by MSC Società di Partecipazione tra Lavoratori S.p.A., with the latter and its subsidiaries, are shown below:

- Until 12 December 2022 MSC S.p.A. leased to the Parent Company Rekeep S.p.A. the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The lease, which had a term of five years and an expected annual rent of € 1,320 thousand to be paid in 12 monthly installments, was terminated as a result of the withdrawal by the lessee under an agreement signed between the same parties for the assignment of the property leases previously existing between MSC S.p.A. and MPS Leasing & Factoring S.p.A. (for more details, reference should be made to the information already provided in the notes reported above);
- MSC S.p.A. also sub-leased to Rekeep S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use. The lease has a term of six years and is tacitly renewable. Annual rent is expected to be € 325 thousand to be paid in 12 monthly installments.
- Rekeep S.p.A. disbursed to the controlling company MSC Società di Partecipazione tra Lavoratori S.p.A. a short-term interest-bearing upstream loan on the basis of the agreement signed on 5 November 2021; this loan, which constitutes a profitable alternative for the Parent Company to use available cash, has a term of one year and accrues interest at 3-month EURIBOR plus a spread;

- Sacoa S.r.l., a subsidiary of MSC S.p.A., is committed, on the basis of contracts entered into with Rekeep S.p.A. and other companies of the Rekeep Group, to prepare pay packets; the transaction was completed on 1 January 2023, at the same time as the effectiveness of the acquisition of the "Major Customers" business unit, as detailed in the paragraph on "Subsequent events");
- Rekeep S.p.A. signed agreements with MSC and the other Group companies for the provision of tax consultancy services.

The breakdown of the balances relating to the transactions carried out by the Group's Companies with related parties is provided in Annex III attached to the Consolidated Financial Statements.

The Rekeep Group is subject to the management and coordination activities of MSC Società di Partecipazione tra Lavoratori S.p.A..

Pursuant to art. 2497-bis, paragraph 4 of the Italian Civil Code, the highlights of the latest set of approved financial statements are provided below:

	31 December 2021	31 December 2020
BALANCE SHEET		
ASSETS		
A) Subscribed capital unpaid	6	27
B) Fixed assets	96,514	127,428
C) Current assets	12,289	10,409
D) Accrued income and prepaid expenses	542	733
TOTAL ASSETS	**109,351**	**138,596**
LIABILITIES		
A) Shareholders' equity:		
Share capital	3,608	4,564
Reserves	98,906	285,866
Profit/(Loss) for the year	(26,768)	(186,960)
B) Provisions for risks and charges	129	315
C) Employee Severance Indemnity	683	878
D) Payables	32,763	33,343
E) Accrued expenses and deferred income	30	590

	31 December 2021	31 December 2020
TOTAL LIABILITIES	**109,351**	**138,596**
INCOME STATEMENT		
A) Value of production	30,821	30,447
B) Costs of production	(29,698)	(28,917)
C) Financial income and costs	700	1,331
D) Value adjustments to financial assets	(28,449)	(189,046)
Income taxes for the year	(142)	(776)
Profit/(Loss) for the year	**(26,768)**	**(186,960)**

Remuneration of members of the Governing and Control Bodies, as well as of other executives with strategic responsibilities

Fees paid to members of governing and control bodies reported below include the total fees paid to the members of these corporate bodies in 2022, as well as those paid to executives with strategic responsibilities in the Parent Company, including for roles held in other Group companies:

	31 December 2022	31 December 2021
Board of Directors		
Short-term benefits	296	463
Post-employment benefits	0	0
TOTAL BOARD OF DIRECTORS	**296**	**463**
Executives with strategic responsibilities		
Short-term benefits	2,918	4,281
Post-employment benefits	111	125
TOTAL EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**3,029**	**4,406**
Board of Statutory Auditors		
Short-term benefits	92	102
TOTAL BOARD OF STATUTORY AUDITORS	**92**	**102**

The table below reports the fees accounted for in the 2022 consolidated income statement for audit and non-audit services rendered by EY S.p.A. and by other entities in its network:

	31 December 2022	31 December 2021
Audit services	653	698
Certification services	33	20
Other services	68	909
TOTAL FEES DUE TO EY S.P.A. NETWORK COMPANIES	**753**	**1,627**

Audit services include the fees paid for the audit of annual and interim consolidated financial statements, as well as of the separate Financial Statements of the Parent Company and of some subsidiaries.

Certification services relate to the fees paid for the issue of tax compliance certificates and the engagements for performance of agreed-upon procedures.

Other services mainly concerned advice services concerning the start-up of the Group's foreign operations.

35. MANAGEMENT OF FINANCIAL RISKS

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

On 18 January 2021, Rekeep S.p.A. completed the issue at par of Senior Secured Notes for a total nominal amount of € 350 million due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The stock was admitted for listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

The transaction enabled the Parent Company Rekeep S.p.A. to early repay the previous high-yield bond issue named “€360,000,000 9.0% Senior Secured Notes due 2022”.

The other traditional financing instruments used by the Group Companies are made up of:

- short-term loans and revolving assignments of trade receivables without and with recourse, as well as reverse factoring, with the aim of funding working capital;
- very short-term credit lines used for contingent cash requirements;
- medium and long-term loans with long-term amortization plans to cover investments in non-current assets and in acquisitions of companies and business units.

The Group also uses trade payables deriving from operations as financial instruments. It is not Group policy to trade in financial instruments.

The Group’s financial instruments involve a classification at the three levels stated in IFRS 7. The fair value hierarchy has the following three levels:

- Level 1: prices quoted on active markets for similar liabilities and assets;
- Level 2: prices calculated through information obtained from observable market data;
- Level 3: prices calculated through information other than observable market data.

The table below shows the hierarchical levels for each class of financial asset measured at fair value on 31 December 2022 and 31 December 2021:

	Hierarchy Levels				Hierarchy Levels			
	31 December 2022	**Level 1**	**Level 2**	**Level 3**	**31 December 2021**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss								
Financial assets, securities and other non-current financial assets	**1,101**	101		1,000	**101**	101		
- of which securities	**1,101**	101		1,000	**101**	101		
Available for sale financial assets								
Financial assets and other current financial assets	**0**				**0**			
- of which securities	**0**				**0**			
- of which hedging derivatives	**0**				**0**			
- of which non-hedging derivatives	**0**				**0**			
TOTAL FINANCIAL ASSETS	**1,101**	**101**		**1,000**	**101**	**101**		

The other financial assets posted in the Statement of financial position are not measured at fair value and the Group has no financial liabilities measured at fair value at 31 December 2022 and 31 December 2021. During the year under consideration there were no transfers between fair value measurement levels.

There were no changes in allocation of financial assets that led to a different classification of asset. The Group does not hold instruments to warrant amounts receivable to mitigate credit risk. The carrying amount of financial assets, therefore, represents its potential credit risk.

Classes of financial assets and liabilities

The following table shows the classification of financial assets and liabilities recorded in the consolidated Financial Statements of the Rekeep Group, as required by IFRS 7, and the associated economic effects for the year ended 31 December 2022:

	31 December 2022	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
NON-CURRENT FINANCIAL ASSETS			
Other investments	5,996	5,996	
Non-current financial assets	24,202		24,202
Other non-current assets	3,104		3,104
Total non-current financial assets	**33,302**	**5,996**	**27,306**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	537,227		537,227
Current tax receivables	8,671		8,671
Other current assets	59,211		59,211
Current financial assets	7,017		7,017
Cash and cash equivalents	84,243		
Total current financial assets	**696,369**	**0**	**612,126**
TOTAL FINANCIAL ASSETS	**729,671**	**5,996**	**639,432**
FINANCIAL INCOME (COSTS)	**3,171**	**(478)**	**3,649**

	31 December 2022	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	408,608		408,608
Financial liabilities for non-current derivatives	0		0
Other non-current liabilities	1,991		1,991
Total non-current financial liabilities	**410,599**	**0**	**410,599**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	480,808		480,808

	31 December 2022	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
Current tax payables	21		21
Other current liabilities	169,667		169,667
Bank borrowings and other financial liabilities	132,428		132,428
Total current financial liabilities	**782,924**	**0**	**782,924**
TOTAL FINANCIAL LIABILITIES	**1,193,523**	**0**	**1,193,523**
FINANCIAL INCOME (COSTS)	**(46,928)**	**0**	**(46,928)**

The same information is reported below for the financial year ended 31 December 2021:

	31 December 2021	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
NON-CURRENT FINANCIAL ASSETS			
Other investments	7,140	7,140	
Non-current financial assets	4,702		4,702
Other non-current assets	3,232		3,232
Total non-current financial assets	**15,074**	**7,140**	**7,934**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	443,248		443,248
Current tax receivables	5,278		5,278
Other current assets	24,133		24,133
Current financial assets	14,799		14,799
Cash and cash equivalents	99,512		
Total current financial assets	**586,970**	**0**	**487,458**
TOTAL FINANCIAL ASSETS	**602,044**	**7,140**	**495,392**
FINANCIAL INCOME (COSTS)	**2,977**	**752**	**2,225**

	31 December 2021	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	412,883		412,883
Financial liabilities for non-current derivatives	0		0
Other non-current liabilities	1,391		1,391
Total non-current financial liabilities	**414,274**	**0**	**414,274**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	413,374		413,374
Current tax payables	0		0
Other current liabilities	167,457		167,457
Bank borrowings and other financial liabilities	82,077		82,077
Total current financial liabilities	**662,908**	**0**	**662,908**
TOTAL FINANCIAL LIABILITIES	**1,077,182**	**0**	**1,077,182**
FINANCIAL INCOME (COSTS)	**(74,940)**	**0**	**(74,940)**

Liquidity risk

The Group's objective is to maintain a balance between funding and flexibility through the use of current account overdrafts, short-term bank loans (hot money and advances), leases and medium/long-term loans.

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

For this purpose the Group may make use of committed credit lines in the form of loans or of assignments without recourse of trade receivables and reverse factoring in order to meet financial requirements (if any).

On 17 January 2022, the Parent Company Rekeep S.p.A. and other subsidiaries signed a new agreement with BFF Bank S.p.A. for the non-recourse assignment of its own trade receivables for an amount of up to € 300 million. The agreement has a term of three years and provides for the possibility of assigning, without recourse and on a revolving basis, the amounts claimed from

Entities in the National Health System and Public Authorities. The new agreement replaces the previous one, which was also signed with BFF Bank S.p.A. in 2018 and which provided for an annual ceiling of up to € 200 million for the assignment of receivables of the same type.

Within the context of the abovementioned refinancing transaction, the Parent Company Rekeep S.p.A. also signed a Super Senior Revolving (RCF) loan agreement for a total amount of € 75 million, governed by English law. Specifically, the RCF loan agreement was entered into between, among others, Rekeep S.p.A., on the one hand, and Credit Suisse AG Milan Branch, Goldman Sachs Bank Europe SE, JP Morgan AG and Unicredit S.p.A. (as Mandated Lead Arrangers), Unicredit S.p.A. as Agent and Security Agent, and the Original Lenders, on the other hand. No amount arising from uses under the Super Senior Revolving Loan Agreement may be used, directly or indirectly, in order to,among other things, proceed with the repurchase or redemption of the Bond Issue or the purchase of shares in Rekeep S.p.A..

The Group's management believes that the structure of the financial debt maturity, as well as the availability of the abovementioned committed credit lines, allow the Group to meet its financial requirements in an adequate manner.

Price risk

Risks of this nature which the Group is exposed to could involve changes in the price:

- of oil products relating to heat management activities,
- of cotton, the raw material in the linen used for laundering activities.

However, concerning oil products, these changes are, for the most part, accommodated by the conditions of contracts in place with customers, given that price revision is provided for both by contract, and by art. 115 of Decree Law no. 163 of 12 April 2006. In fact, these clauses were activated during 2022, which was characterized by a sharp rise in energy prices, allowing the Group to mitigate their effects to a significant extent.

Credit risk

The Group's portfolio mix, which, in the past, was made up mainly of contracts with the Public Administration, a situation that did not present insolvency problems, but which required constant contact with customers in order to minimize delays caused by the Authority's red-tape and jointly resolve problems relating to their financial management. At present the portfolio mix also includes some large Italian industrial, commercial and banking groups, mainly organized as a network all over the country.

There are no significant credit concentration risks to report, which are carefully monitored by the Group. Furthermore, the Group has equipped itself over time with specific procedures and structures aimed at a more efficient management of its working capital, as well as of debt collection.

Fair value

The carrying amount of the Group's financial instruments recorded in the consolidated Financial Statements does not deviate from the fair value, including the value of those classified as assets held for sale. Market interest rates were applied to financial assets and liabilities as at the balance sheet date.

The comparison between the carrying amount and fair value of the main financial assets and liabilities is shown below:

	Carrying Amount		Fair value	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
FINANCIAL ASSETS				
Cash and cash equivalents	84,243	99,512	84,243	99,512
Receivables and other current financial assets	7,017	14,799	7,017	14,799
Other minority interests	5,996	7,140	5,996	7,140
Non-current financial receivables	24,202	4,702	24,202	4,702
FINANCIAL LIABILITIES				
Loans:				
- Variable rate loans	42,100	21,387	42,100	21,387
- Fixed rate loans	439,478	411,919	439,478	411,919
Other current financial liabilities	59,459	61,654	59,459	61,654

Interest rate risk

With the refinancing transaction carried out by the Parent Company Rekeep S.p.A., the Group has requalified its own financial structure, extending the maturity of the medium/long-term debt and keeping a short-term debt portion balanced with respect to the financing requirements of its working capital.

The main source of financing of the Rekeep Group consists of the Senior Security Notes bond issue with a coupon at a fixed rate of 7.25%.

In addition to the bond issue the Group uses, as medium/long-term financing, bank loans subject to the application of fixed interest rates and lease agreements subject to the application of variable interest rates.

The forms of short-term financing used by the Group, which are mainly subject to the application of variable rates which can be identified as the EURIBOR rate, include current account overdrafts, short- and very short-term (hot money) bank loans and assignments of receivables and reverse factoring.

The Group's indebtedness mix is then mainly linked to medium/long-term fixed interest rates.

The breakdown of financial instruments of the Group exposed to interest rate risks is listed in note 17, to which reference should be made as regards Loans, and in notes 9 and 12 to which reference should be made as regards *Non-current financial assets* and *Cash and cash equivalents*, *Receivables and other current financial assets*, respectively.

Interest rate sensitivity analysis

The structure of the consolidated debt is affected, to a marginal extent, by the changes in market rates, as it is mainly based on forms of financing subject to the payment of interest calculated on the basis of fixed rates, as described above. For the remaining amount, the Group makes recourse to variable rate loans, which are linked to the EURIBOR performance.

The table below shows the sensitivity of pre-tax profit for the year to reasonably possible variations in interest rates, all the other variables being kept constant.

	Increase / Decrease	Effect of the profit (loss) gross of taxes
Financial year ended 31 December 2022	+ 150 bps	(2,178)
	- 30 bps	436
Financial year ended 31 December 2021	+ 150 bps	(2,756)
	- 30 bps	551

The sensitivity analysis confirms the rigidity of the financial structure adopted by the Rekeep Group, which is mainly based on medium/long-term fixed-rate loans, as already detailed above.

Exchange rate risk

The Group companies have limited dealings with countries in different currencies; however, some companies operate in countries that are not part of the Eurozone. In relation to exchange rate risk, it should be noted that the amount of accounting balances denominated in currencies other than the functional currency is to be regarded as not significant compared to the Group's total revenues (15% at 31 December 2022).

Therefore, the Group remains exposed to exchange rate risk on the balances of assets and liabilities denominated in foreign currency at the end of the year.

The Group has neither entered into nor is planning to enter into hedging instruments against exchange rate fluctuations in the future.

Capital management

The key objective of the Group's capital management is to guarantee that a solid credit rating is maintained as well as adequate capital ratios to support operations and to maximize value for shareholders.

The Group manages the capital structure and amends it on the basis of changes in economic conditions. In order to maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay principal or issue new shares.

The Group checks its debt ratio, by assessing the ratio of net debt to the total of own equity and net debt: interest-bearing loans, trade payables, other payables and provisions for employee severance indemnity net of cash and cash equivalents.

	31 December 2022	31 December 2021
Employee termination indemnity	9,970	10,483
Interest-bearing loans	481,577	433,306
Trade payables and contract liabilities	480,808	413,374
Other current payables	169,667	167,457
Other current financial payables	59,459	61,654
Cash and cash equivalents	(84,243)	(99,512)
Other current financial assets	(7,017)	(14,799)
Total Net Debt	**1,110,221**	**971,963**
Group shareholders' equity	66,862	46,746
Undistributed net profit (loss)	(27,131)	22,588
Total Capital	**39,731**	**69,334**
EQUITY AND NET DEBT	**1,149,952**	**1,041,297**
INDEBTEDNESS RATIO	**96.5%**	**93.3%**

The debt ratio showed an increase compared to 31 December 2022 as a result of the twofold effect of: (i) a decrease in the share capital, eroded by a reduction in the Group's equity against the recognition of the loss carried forward at 31 December 2022 and the recognition of the negative equity reserve for a total value of € 6,866 thousand arising from the transaction under common control for the transfer of the "Personnel Activities" business unit (for more details, see note 3 above); (ii) an increase in indebtedness during 2022.

36. OTHER INFORMATION

In 2022 some Group companies received financial benefits from Public Authorities or entities treated as such as referred to in Law no. 124 of 4 August 2017 bearing "*Annual Act on market and competition".*

Specifically, during the 2022 financial year proceeds were achieved from tax credits, equal to a total amount of € 27.7 million for the Group, as partial compensation for higher costs incurred for the purchase of electricity and natural gas, granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented.

Furthermore, the Parent Company Rekeep S.p.A. and Medical Device S.r.l. entered into soft loans named "Artigiancassa Loan" and "Sabatini Loan", respectively, as described in note 17 above.

Finally, additional financial benefits were obtained for a lower amount, for which reference should be made to the information provided in the "Register of State Aids" published on-line at the website www.rna.gov.it, s section "TRANSPARENCY - PERSONAL AID".

37. SUBSEQUENT EVENTS

Acquisition of the "Major Customers" business unit

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

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

In accounting terms, the transaction is carried out between parties subject to common control ("Transaction Under Common Control"), as both companies belong to the same Group controlled by MSC S.p.A.. Therefore, the transaction is excluded from the scope of application of IFRS 3, while the "Preliminary Guidelines on IFRS" issued by Assirevi (Italian Association of Auditors) are ultimately applicable, and, specifically, OPI Preliminary Guideline no. 1R - "*Accounting treatment of BCUCCs in separate and consolidated financial statements*" -, which, as regards "transactions that do not have a significant influence on the future cash flows of the net assets transferred" within the Group, i.e. for which the economic substance of the transaction understood as the generation of added value for all the parties involved, as in this case, is not evident, considers the principle of continuity of values to be applicable. As a result of the accounting treatment adopted, the difference emerging between the book value of the business unit at the date of transfer and the price paid to the transferor on the basis of the appraisal value of the business unit has been recorded in the separate financial statements of Rekeep S.p.A. in a negative equity reserve for a total value of € 167 thousand (€ 232 thousand, net of the tax effect for deferred tax assets generated by the different accounting and tax treatment of the transaction, amounting to € 65 thousand).

The table below summarizes the effects of the transaction on the Consolidated Financial Statements of the Group controlled by Rekeep S.p.A. as at the effective date of the transaction, 1 January 2023:

	Recognized value	Book value
ASSETS		
NON-CURRENT ASSETS		
Other non-current assets	1	1
TOTAL NON-CURRENT ASSETS	**1**	**1**
CURRENT ASSETS		
Trade receivables and advances to suppliers	687	687
TOTAL CURRENT ASSETS	**687**	**687**
TOTAL ASSETS	**688**	**688**
LIABILITIES		
NON-CURRENT LIABILITIES		
Employee termination indemnity	75	75
TOTAL NON-CURRENT LIABILITIES	**75**	**75**
CURRENT LIABILITIES		

	Recognized value	Book value
Trade payables and contract liabilities	25	25
Other current liabilities	33	33
TOTAL CURRENT LIABILITIES	**57**	**57**
TOTAL LIABILITIES	**132**	**132**
FAIR VALUE OF NET ASSETS	**555**	**555**
EQUITY RESERVE OF THE BUYER FROM BUSINESS COMBINATION	**232**	
Total cost of business combination:		
Consideration paid to the transferor	787	
TOTAL COST OF BUSINESS COMBINATION	**787**	

The fair value of assets and liabilities acquired through the business combination was positive and set at € 232 thousand, while the overall cost of the business combination was equal to € 787 thousand (of which an amount of € 627 thousand was paid in January 2023).

Zola Predosa, 23 March 2023

The Chairman and CEO

Giuliano Di Bernardo

ANNEX I

GROUP COMPANIES

PARENT COMPANY

	Currency	Registered Office	City
Rekeep S.p.A.	Euro	Via Ubaldo Poli no. 4	Zola Predosa (BO)

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name	Registered Office	City	% Held	Currency
Bologna Strade Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	54.37%	Euro
Catermed Sp. z o.o.	ul. Traktorowa n. 126/201, 91-204	Lodz (Poland)	100%	PLN
Cefalù Energia S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
CO.GE.F. Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	80%	Euro
Consorzio Igiene Ospedaliera Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	66.66%	Euro
Consorzio Stabile CMF	Via Bolzano no. 59	Trento (TN)	97.83%	Euro
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, no. 4	Çankaya/ Ankara	51%	TRY
Ferraria Soc. cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	69%	Euro
H2H Facility Solutions S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
H2H Cleaning S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
ISOM Lavori Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.71%	Euro
ISOM Gestione Soc.Cons. a r.l.	Via Ubaldo Poli no.. 4	Zola Predosa (BO)	52.97%	Euro
IZAN+ sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
JOL-MARK sp. z o.o.	ul. Portowa n. 16G, 44-100	Gliwice (Poland)	100%	PLN
KANARIND Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.43%	Euro
Kolumna Transportu Sanitarnego Triomed sp. z o.o.	ul. Północna n. 22, 20-064	Lublin (Poland)	100%	PLN
Infrastrutture Lombardia Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Logistica Sud Est Soc.Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Medical Device S.r.l.	Via della Tecnica no.52	Montevarchi (AR)	60%	Euro

Name	Registered Office	City	% Held	Currency
Naprzód Catering sp. z o.o.	ul. Stefana Banacha 1A, 02-097	Warsaw (Poland)	100%	PLN
Naprzód Cleaning sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Hospital sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Inwestycje sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód IP sp. z o.o. in liquidation	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Marketing sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Service sp. z o.o.	ul. Traktorowa n. 126/202, 91-204	Lodz (Poland)	100%	PLN
Progetto Sintesi Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Rekeep Digital S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Facility S.a.s.	52, Boulevard de Sebastopol	Paris	100%	Euro
Rekeep Facilities Management LLC	Rasis Business Centre, Makani No, 18353 78040 - Al Barsha First	Dubai (United Arab Emirates)	100%	AED
Rekeep FM sp. z o.o.	ul. Traktorowa 126/201, 91-204	Lodz (Poland)	100%	PLN
Rekeep France S.a.s.	52, Boulevard de Sebastopol	Paris	70%	Euro
Rekeep Mobilites S.a.s.	11 bis Rue de Moscou	Paris	100%	Euro
Rekeep Santè S.a.s.	11 bis Rue de Moscou	Paris	100%	Euro
Rekeep Polska S.A.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	80%	PLN
Rekeep Rail S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Saudi Arabia Ltd	P.O Box 230888, K.S.A., 28th floor, Kingdom Tower	Riyadh (Saudi Arabia)	100%	SAR
Rekeep Transport S.a.s.	4 place Louis Armand-Tour de l'Horloge	Paris	100%	Euro
Rekeep World S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
S.AN.CO S.c.a.r.l. in liquidation	Via Aurelio Saffi, no. 51	Bologna	100%	Euro
S.AN.GE S.c.a.r.l.	Viale Sarca 336 – Strada Privata Breda – Edificio 12	Milan	100%	Euro
San Gerardo Servizi Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Servizi Brindisi Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52%	Euro
Servizi Ospedalieri S.p.A.	Via Calvino no. 33	Ferrara	100%	Euro
Servizi Sanitari Sicilia Soc. Cons. a r.l.	Via Calvino no. 33	Ferrara	70%	Euro
Telepost S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Treviso GS4 Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50.10%	Euro
U.Jet Romania Private Limited Company	str. Garii no. 10	Sighetu Marmatiei, Romania	100%	RON
U.Jet S.r.l.	Via San Francescuccio dè Mietitori no. 32	Bastia Umbra (PG)	60%	Euro
Vendi Service sp. z o.o. in liquidation	ul. Traktorowa n.126, 91-204	Lodz (Poland)	100%	PLN

JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
AMG S.r.l.	SS Laghi di Avigliana 48/a	frazione Roata Raffo Busca (CN)	50%	Euro
CO. & MA. Soc. Cons. a r.l. in liquidation	Via del Parco no. 16	Tremestieri Etneo (CT)	50%	Euro
DUC Gestione Sede Unica Soc.cons.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	49%	Euro
Legnago 2001 Soc.cons.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Servizi Sportivi Brindisi Soc.cons.r.l.	Via Licio Giorgieri no. 93	Rome	50%	Euro

ASSOCIATES AND OTHER COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
2High S.r.l.	Via Farini no.6	Bologna	20.09%	Euro
Alisei S.r.l. in liquidation	Via Cesari 68/1	Modena	100%	Euro
ARIENES Soc. Cons. a r.l.	Via Nubi di Magellano no. 30	Reggio Emilia	35%	Euro
BGP2 Soc. Cons. r.l.	Via Giovanni Papini no. 18	Bologna	41.17%	Euro
Bologna Global Strade Soc. Cons. r.l.	Via Zanardi no. 372	Bologna	59.65%	Euro
Centro Europa Ricerche S.r.l.	Via G. Zanardelli no. 34	Rome	21.38%	Euro
Consorzio Servizi Toscana Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati no. 84	Padua	60%	Euro
Consorzio Sermagest Soc. Cons. a r.l. in liquidation	Via Filippo Corridoni no. 23	Rome	60%	Euro
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	Via Altura, no. 3	Bologna	21.08%	Euro
Gestione Servizi Taranto Soc. Cons.a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	47%	Euro
Gestione Strade Soc. Cons.a r.l.	Strada Manara n. 64/B	Parma	25%	Euro
Global Oltremare Soc. Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Global Vicenza Soc. Cons. a r.l.	Via Grandi no. 39	Concordia Sulla Secchia (MO)	41.25%	Euro
Gymnasium Soc. Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa no. 76	Bologna	29.926%	Euro
Imola Verde e Sostenibile Soc. Cons. a r.l.	Via S. Allende no. 39	Bologna	30%	Euro

Name	Registered Office	City	% Held	Currency
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi no. 18	Turin	24.75%	Euro
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa 23/I	Caltanissetta (CL)	45%	Euro
Manutencoop International Services LLC in liquidation	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	QAR
MCF servizi Integrati Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
MSE Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	56%	Euro
Newco Duc Bologna S.p.A.	Via M.E. Lepido 182/2	Bologna	24.90%	Euro
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	P.O Box 230888, Riyadh, 11321, K.S.A., 28th floor, Kingdom tower.	Riyadh (Saudi Arabia)	100%	SAR
Roma Multiservizi S.p.A.	Via Tiburtina 1072	Rome	45.47%	Euro
San Martino 2000 Soc. Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Euro
S.E.I. Energia Soc. Cons. a r.l.	Via Emilia no. 65	Palermo (PA)	49%	Euro
Servizi Napoli 5 Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	45%	Euro
Steril Piemonte S.r.l.	Corso Einaudi no. 18	Turin	25%	Euro
Yougenio S.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro

ANNEX II

EQUITY-ACCOUNTED INVESTMENTS

	%	Net assets 31 December 2021	Changes for the financial year					Net assets 31 December 2022	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
2HIGH S.r.l.	20.09%	90						90	90	0
Alisei S.r.l. in liquidation	100%	(110)				(8)		(118)	0	(118)
A.M.G. S.r.l.	50%	2,373		(91)	88			2,371	2,371	
ARIENES Soc. Cons. a r.l.	35%	0	18					18	18	
BGP 2 Soc. Cons. a r.l.	41.47%	62			0			62	62	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidation	27.58%	0	(6)		6			0	0	
Bologna Global Strade Soc. Cons. a. r.l.	60%	60			0			60	60	
Bologna Più Soc. Cons. a r.l.	25.68%	5	(5)					0	0	
Centro Europa Ricerche S.r.l.	21.38%	66			0			66	66	
Co. & Ma. Soc. Cons.r.l.	50%	5						5	5	
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	60%	6	(6)					0	0	
Consorzio Sermagest in liquidation	60%	0						0	0	
Consorzio Servizi Toscana a r.l.	60%	6						6	6	
DUC Gestioni Soc.Cons. a r.l.	49%	10						10	10	
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	21.08%	0	35					35	35	
Gestione Servizi Taranto Soc. Cons. r.l.	47%	9						9	9	
Gestione Strade Soc. Cons. a r.l.	25%	13						13	13	
Global Oltremare Soc. Cons. a r.l. in liquidation	60%	6						6	6	

	%	Net assets 31 December 2021	Changes for the financial year					Net assets 31 December 2022	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Global Provincia di Rimini Soc.Cons. a r.l.	42.40%	4	(54)		50			0	0	
Global Vicenza Soc.Cons. a r.l.	41.25%	4						4	4	
GR.A.AL Soc. Cons. a r.l.	29.93%	3						3	3	
Gymnasium soc. Cons. a r.l. in liquidation	68%	7						7	7	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	30%	6						6	6	
IPP S.r.l.	24.75%	399			111			510	510	
Legnago 2001 Soc. Cons. a r.l. in liquidation	50%	5						5	5	
Logistica Ospedaliera Soc. Cons. a r.l	45.00%	5						5	5	
Manutencoop International Services LLC	49.00%	(96)					(32)	(128)	0	(128)
MCF Servizi integrati Soc. Cons. a r. l. in liquidation	60.00%	6			0			6	6	
MSE Soc. Cons. a r.l. in liquidation	56.00%	0	6					6	6	
Newco DUC Bologna S.p.A.	24.90%	2,189			170		642	3.001	3.001	
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	60%	0	6					6	6	
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	100%	(0)			0		0	(0)	(0)	
ROMA Multiservizi S.p.A.	45.47%	2,701		0	14		86	2,801	2,801	
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
S.E.I. Energia Soc. Cons. a r.l.	49.00%	5						5	5	
Serena S.r.l.	50%	9	(9)					0	0	
Servizi Taranto Soc.Cons. a r.l. in liquidation	60.08%	0	(1)		1			0	0	
Servizi Napoli 5 Soc. Cons. a r.l.	45%	5						5	5	

	%	Net assets 31 December 2021	Changes for the financial year					Net assets 31 December 2022	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Servizi Sportivi Brindisi Soc. Cons. a r.l.	50%	5						5	5	
Simagest 2 Soc.Cons.a r.l. in liquidation	90%	45	(45)					0	0	
Simagest 3 Soc.Cons.a r.l. in liquidation	89.99%	45	(45)					0	0	
Società Consortile Adanti Manutencoop a r.l. in liquidation	50%	10	(53)		43			0	0	
Steril Piemonte S.r.l.	25%	986			7			994	994	
Yougenio S.r.l. in liquidation	100.00%	(169)	(212)		212	(0)		(169)	0	(169)
NET BOOK VALUE		**8,778**	**(371)**	**(91)**	**703**	**(8)**	**695**	**9,708**	**10,123**	**(415)**

ANNEX III

RELATED PARTY TRANSACTIONS

PARENT COMPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
MSC S.p.A.	31-Dec-21	197	29,531	37	725	31-Dec-21	77	15,159	4,702	14,924
	31-Dec-22	112	15,364	126	616	31-Dec-22	477	8,232	1,312	11,100

ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
2HIGH S.r.l.	31-Dec-21		217			31-Dec-21			182	
	31-Dec-22		296			31-Dec-22			176	
Alisei s.r.l. in liquidation	31-Dec-21					31-Dec-21	3			1
	31-Dec-22					31-Dec-22	3			1
AMG S.r.l.	31-Dec-21		248			31-Dec-21			210	
	31-Dec-22		577			31-Dec-22			722	
ARIENES Soc. Cons. a r.l.	31-Dec-21					31-Dec-21				
	31-Dec-22	21,678	20,528			31-Dec-22	21,678		20,528	
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Bologna Gestione Patrimonio 2 Soc.Cons. a r.l.	31-Dec-21	60	242			31-Dec-21	110	3	523	2
	31-Dec-22		639			31-Dec-22	18	25	785	
Bologna Global Strade Soc. Cons. a r.l	31-Dec-21	247				31-Dec-21	148	383	1	
	31-Dec-22		(50)			31-Dec-22	39	383	(159)	
Como Energia Soc.Cons.a r.l. in liquidation	31-Dec-21		3			31-Dec-21				
	31-Dec-22					31-Dec-22				
Centro Europa Ricerche S.r.l.	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Imolese Pulizie soc.Cons. in liquidation	31-Dec-21					31-Dec-21		36	12	
	31-Dec-22					31-Dec-22				
Consorzio Polo Sterilizzazione Integrata a r.l.	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Consorzio Sermagest Soc.Cons.a r.l in liquidation	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Consorzio Servizi Toscana Soc.Cons.a r.l in liquidation	31-Dec-21					31-Dec-21	282		177	
	31-Dec-22					31-Dec-22	282		177	
CO.& MA. Soc. Cons. a r.l	31-Dec-21	270	1,166			31-Dec-21	90	20	1.163	
	31-Dec-22		(73)			31-Dec-22		20	676	
DUC Gestione Sede Unica Soc. Cons. a r.l.	31-Dec-21	7,356	3,444			31-Dec-21	4,303		1,843	
	31-Dec-22	8,492	4,166			31-Dec-22	7,085		3,673	
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Fr.lli Bernard s.r.l.	31-Dec-21	24	29			31-Dec-21				
	31-Dec-22					31-Dec-22				
Gestione Servizi Taranto Soc.Cons.a r.l.	31-Dec-21	4,544	4,220			31-Dec-21	5,684	23	5,019	
	31-Dec-22	5,189	4,866			31-Dec-22	6,975	42	5,658	
Gestione Strade soc.cons.r.l.	31-Dec-21	64	1,187			31-Dec-21	44	63	398	
	31-Dec-22	177	1,365			31-Dec-22	122	63	800	
Global Oltremare Soc.Cons.a r.l in liquidation	31-Dec-21		7			31-Dec-21			92	
	31-Dec-22		7			31-Dec-22			99	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	31-Dec-21					31-Dec-21		70	13	
	31-Dec-22					31-Dec-22		70		
Global Riviera Soc.Cons.a r.l.	31-Dec-21		(6)			31-Dec-21			4	
	31-Dec-22					31-Dec-22				
Global Vicenza Soc.Cons. a r.l.	31-Dec-21					31-Dec-21		10	17	
	31-Dec-22					31-Dec-22		10	17	
GR.A.AL. Soc. Cons. a. r.l.	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Gymnasium Soc. cons. a r.l in liquidation	31-Dec-21					31-Dec-21	1	8	33	
	31-Dec-22					31-Dec-22	1	8	33	
	31-Dec-21	211	203			31-Dec-21	50		45	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	31-Dec-22	297	292			31-Dec-22	211		198	
IPP S.r.l.	31-Dec-21		233			31-Dec-21	12	35	148	
	31-Dec-22	4	325			31-Dec-22	16	35	305	
Legnago 2001 Soc. Cons. r.l. in liquidation	31-Dec-21		8			31-Dec-21	158		67	
	31-Dec-22		4			31-Dec-22	158		71	
Logistica Ospedaliera Soc. Cons. a r.l.	31-Dec-21		8			31-Dec-21			18	
	31-Dec-22		2			31-Dec-22			20	
Manutencoop International Services LLC in liquidation	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
MCF Servizi integarti Soc. cons. a r.l. in liquidation	31-Dec-21					31-Dec-21	689		322	
	31-Dec-22					31-Dec-22	365		5	
MSE Soc. cons. a r.l. in liquidation	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Newco DUC Bologna S.p.A	31-Dec-21		15			31-Dec-21			66	
	31-Dec-22					31-Dec-22			58	
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	31-Dec-21					31-Dec-21				
	31-Dec-22		5			31-Dec-22	75		5	
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Roma Multiservizi S.p.A.	31-Dec-21	361	63			31-Dec-21	261		93	
	31-Dec-22	593	415			31-Dec-22	361		312	
San Martino 2000 Soc.Cons. r.l.	31-Dec-21	1,414	2,539			31-Dec-21	416		859	
	31-Dec-22	1,700	2,314			31-Dec-22	561		1,609	
S.E.I. Energia Soc. Cons. a r.l.	31-Dec-21	49	3,553	22		31-Dec-21	103	780	2,799	
	31-Dec-22	49	7,055	22		31-Dec-22	184	880	5,395	
Serena S.r.l. - in liquidation	31-Dec-21					31-Dec-21		3		
	31-Dec-22					31-Dec-22				
Servizi Taranto Soc.Cons. a r.l. in liquidation	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Servizi Napoli 5 Soc.Cons. a r.l.	31-Dec-21	1,375	1,284			31-Dec-21	4,310		2,896	
	31-Dec-22	836	754			31-Dec-22	3,439		2,038	
	31-Dec-21					31-Dec-21		75	13	2

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	31-Dec-22					31-Dec-22				
S.I.MA.GEST3 Soc. Cons. r.l in liquidation	31-Dec-21					31-Dec-21		3	6	
	31-Dec-22					31-Dec-22				
Società Consortile Adanti Manutencoop in liquidation	31-Dec-21					31-Dec-21			53	
	31-Dec-22					31-Dec-22				
Steril Piemonte S.r.l.	31-Dec-21					31-Dec-21	7		104	
	31-Dec-22					31-Dec-22	7		104	
Yougenio S.r.l. in liquidation	31-Dec-21	45	3	88		31-Dec-21	42		4	43
	31-Dec-22	21	0	101		31-Dec-22	1		4	40

SUBSIDIARIES OF MSC S.P.A.

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cerpac S.r.l. in liquidation	31-Dec-21					31-Dec-21	1			
	31-Dec-22					31-Dec-22	1			
Holmo S.p.A.	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
NRE S.r.l.	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Nugareto Società Agricola Vinicola S.r.l.	31-Dec-21	1	38			31-Dec-21		6	16	
	31-Dec-22	1	49			31-Dec-22	1	6	72	
Puglia Multiservizi S.r.l.	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Sacoa S.r.l.	31-Dec-21	41	6			31-Dec-21	12		1	
	31-Dec-22	51	836			31-Dec-22	25		663	
Sacoa Servizi Telematici S.r.l.	31-Dec-21		24			31-Dec-21			25	
	31-Dec-22		26			31-Dec-22			15	
Segesta servizi per l'Ambiente S.r.l.	31-Dec-21	5				31-Dec-21	2			
	31-Dec-22	6				31-Dec-22	2	1		

ASSOCIATES OF MSC S.P.A. OR OTHER RELATED PARTIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Soc. Cooperativa	31-Dec-21	73				31-Dec-21	19			
	31-Dec-22	63	1			31-Dec-22	21		1	
Consorzio Karabak Due Società Cooperativa	31-Dec-21	5				31-Dec-21	1			
	31-Dec-22	4				31-Dec-22	1			
Consorzio Karabak Quattro Società Cooperativa	31-Dec-21		1			31-Dec-21			1	
	31-Dec-22		1			31-Dec-22			1	
Consorzio Karabak Cinque Società Cooperativa	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Consorzio Karabak Sei Società Cooperativa	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL	**31-Dec-21**	**16,342**	**48,265**	**147**	**725**	**31-Dec-21**	**16,825**	**16,677**	**21,925**	**14,972**
	31-Dec-22	**39,273**	**59,764**	**249**	**616**	**31-Dec-22**	**42,109**	**9,775**	**45,373**	**11,141**

ANNEX IV

STATEMENT OF RECONCILIATION OF THE RECLASSIFIED STATEMENT OF CASH FLOW AND THE STATUTORY SCHEDULE ITEM

	For the year ended 31 December			
		2022		2021
Cash and cash equivalents at the beginning of the year		**99,512**		**90,464**
Cash flow from current operations:		**80,841**		**29,301**
Profit before tax	31,249		(3,242)	
Profit (loss) from discontinued operations	0		16	
Capital gains from disposal of discontinued operations	0		(16)	
Amortization, depreciation, write-downs and (write-backs) of assets	41,912		41,477	
Accrual (reversal) of provisions for risks and charges	13,505		5,471	
Employee termination indemnity provision	1,645		739	
Share of net profit of associates, net of dividends collected	356		388	
Financial charges (income) for the period	39,919		68,202	
Net interests received (paid) in the period	(30,308)		(53,625)	
Income taxes paid in the period	(7,830)		(13,401)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*(9,606)*		*(16,724)*	
Cash flow from current operations of discontinued operations	*0*		*16*	
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR):		**(4,976)**		**(4,539)**
Payments of employee termination indemnity	(1,976)		(2,002)	
Use of provisions for risks and charges	(2,999)		(2,537)	
CHANGE IN NWOC:		**(21,588)**		**(11,595)**

	For the year ended 31 December			
		2022		2021
Decrease (increase) in inventories	645		3,041	
Decrease (increase) in trade receivables	(96,670)		(14,964)	
Increase (decrease) in trade payables	74,437		329	
INDUSTRIAL AND FINANCIAL CAPEX:		**(83,316)**		**(36,447)**
(Purchase of intangible assets, net of sales)	(4,586)		(4,110)	
(Purchase of property, plant and equipment)	(53,331)		(30,813)	
Proceeds from sale of property, plant and equipment	1,219		1,080	
(Acquisition of investments)	(507)		2,633	
Decrease (increase) of financial assets	(7,446)		(6,336)	
Financial effects of business combinations	(12,793)		(3,764)	
Reclassifications:				
Change in current financial assets	*(10,798)*		*5,909*	
Debt for the acquisition of investments and business combinations	*(1,950)*		*(1,046)*	
Non-cash elements on net acquisitions of fixed assets	*6,877*		*0*	
CHANGE IN NET FINANCIAL LIABILITIES:		**53,858**		**55,370**
Lease payments	(8,711)		(7,533)	
Non-current borrowings	0		370,000	
Repayment of non-current borrowings	(266)		(334,203)	
Net opening (repayment) of short-term bank credit lines	9,153		(2,734)	
Other net changes in borrowings	33,227		12,674	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*9,606*		*16,724*	
Net change in current financial assets	*10,798*		*(5,909)*	
Non-cash elements on acquisitions of rights of use	*(1,022)*		*4,443*	
Debt for the acquisition of investments and business combinations	*1,950*		*1,046*	
Financial effects of discontinued operations	*0*		*16*	
Dividend authorized and not distributed in the year/ Dividend distribution authorized in the previous year	*(878)*		*878*	

	For the year ended 31 December			
		2022		2021
OTHER CHANGES:		**(40,088)**		**(23,043)**
Decrease (increase) in other current assets	(35,152)		1,699	
Increase (decrease) in other current liabilities	1,563		(15,681)	
Dividends distributed	(918)		(293)	
Acquisition/sale of minority interests in subsidiaries	(655)		(1,968)	
Differences from translation of financial statements in foreign currency	51		(1,479)	
Reclassifications:				
Non-cash elements on acquisitions of rights of use	*(5,856)*		*(4,443)*	
Dividend authorized and not distributed in the year / Dividend distribution authorized in the previous year	*878*		*(878)*	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**84,243**		**99,512**

Indipendent auditor's report

rekeep

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Rekeep S.p.A.

Consolidated financial statements as of December 31, 2022

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

EY S.p.A.
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Sole Shareholder of
Rekeep S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rekeep Group (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.
We are independent of the Rekeep S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note *"15. Provisions for Risks and Charges"* and to Note *"19. Trade Payables, Contract Liabilities and Other Current Liabilities"* of the consolidated financial statements, which describe the Directors' evaluation regarding the sanction imposed on Rekeep S.p.A. by the *Autorità Garante della Concorrenza e del Mercato* (Antitrust Authority) on May 9, 2019 and the related effects on the consolidated financial statements. Our opinion is not modified in respect of this matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

EY S.p.A.
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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 Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Rekeep S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Rekeep S.p.A. are responsible for the preparation of the Report on Operations of Rekeep Group as of December 31, 2022, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of Rekeep Group as of December 31, 2022 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Rekeep Group as of December 31, 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Bologna, April 13, 2023

EY S.p.A.
Signed by: Elisa Vicenzi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

Separate financial statements

at 31 december 2022

rekeep

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2022 SEPARATE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(in Euro)	NOTES	31 December 2022	31 December 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	8,123,360	8,198,741
Property, plant and equipment under lease	5	30,032,660	24,210,322
Goodwill	7	326,421,263	326,421,263
Other intangible assets	6	15,712,000	16,261,997
Investments in Subsidiaries, Joint-ventures, Associates	8	140,995,042	139,925,360
Other investments	8	5,980,427	7,108,964
Non-current financial assets	9	55,904,153	35,324,236
Other non-current assets	10	2,134,030	2,377,117
Deferred tax assets	33	12,408,480	9,866,752
TOTAL NON-CURRENT ASSETS		**597,711,414**	**569,694,752**
CURRENT ASSETS			
Inventories	11	345,014	350,795
Trade receivables and advances to suppliers	12	340,789,043	286,310,673
Current tax receivables		3,241,533	4,289,212
Other current assets	13	43,394,101	10,762,352
Current financial assets	14	65,949,123	58,543,179
Cash and cash equivalents	15	55,290,940	47,897,256
TOTAL CURRENT ASSETS		**509,009,755**	**408,153,467**
Assets held for sale		0	0
TOTAL NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,106,721,169**	**977,848,219**

(in Euro)	NOTES	31 December 2022	31 December 2021
SHAREHOLDERS' EQUITY			
Share capital		109,149,600	109,149,600
Share premium reserve		145,018,390	145,018,390
Reserves		(98,828,228)	(92,251,565)
Retained earnings		(75,379,120)	(62,589,869)
Profit/(loss) for the year		40,783,196	(12,789,251)
TOTAL SHAREHOLDERS' EQUITY	**16**	**120,743,839**	**86,537,306**
NON-CURRENT LIABILITIES			
Employee termination indemnity	17	3,630,550	4,297,670
Provisions for risks and charges, non-current	18	25,053,689	22,735,889
Long-term financial debt	19	378,326,236	385,787,851
Deferred tax liabilities	33	11,323,166	11,389,849
Other non-current liabilities		578,171	52,500
TOTAL NON-CURRENT LIABILITIES		**418,911,811**	**424,263,759**
CURRENT LIABILITIES			
Provisions for risks and charges, current	18	11,806,543	10,374,154
Trade payables and contract liabilities	21	327,246,704	274,744,021
Current tax payables		23,415	14,498
Other current liabilities	22	126,926,279	129,002,302
Bank borrowings, including current portion of long-term debt, and other financial liabilities	19	101,062,577	52,912,180
TOTAL CURRENT LIABILITIES		**567,065,519**	**467,047,155**
Liabilities directly associated with non-current assets held for sale		0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL SHAREHOLDES' EQUITY AND LIABILITIES		**1,106,721,169**	**977,848,219**

STATEMENT OF PROFIT OR LOSS

	NOTES	31 December 2022	31 December 2021
REVENUE			
Revenue from contracts with customers	23	787,161,221	684,099,168
Other revenue	24	3,252,544	1,344,224
TOTAL REVENUE		**790,413,765**	**685,443,392**
OPERATING COSTS			
Costs of raw materials and consumables	25	(238,450,856)	(144,221,977)
Costs for services and use of third-party assets	26	(220,650,539)	(213,073,827)
Personnel costs	27	(242,268,708)	(259,935,092)
Other operating costs	28	(5,309,147)	(5,490,643)
Amortization, depreciation, write-downs and write- backs of assets	29	(12,841,815)	(15,549,863)
Accrual (reversal) to provisions for risks and charges		(5,957,471)	(3,707,293)
TOTAL OPERATING COSTS		**(725,478,537)**	**(641,978,693)**
OPERATING INCOME		**64,935,227**	**43,464,698**
FINANCIAL INCOME AND EXPENSES			
Dividends and net income/(loss) from sale of investments	30	10,729,733	11,987,772
Financial income	31	6,804,830	4,309,953
Financial expenses	32	(38,208,518)	(63,817,957)
Gains / (losses) on exchange rate		(147)	(206)
Profit/(loss) before taxes		**44,261,127**	**(4,055,740)**
Income taxes, current, prepaid and deferred	33	(3,477,931)	(8,749,277)
Profit/(loss) from continuing operations		**40,783,196**	**(12,805,016)**
Profit (loss) from discontinued operations		0	15,765
NET PROFIT (LOSS)		**40,783,196**	**(12,789,251)**

STATEMENT OF OTHER COMPREHENSIVE INCOME

(in Euro)	NOTES	31 December 2022	31 December 2021
Profit/(Loss) for the year		**40,783,196**	**(12,789,251)**
Other components of the comprehensive income for the period, which will be subsequently reclassified under profit/(loss) for the year		**0**	**0**
Other components of the comprehensive income, which will not be subsequently reclassified under profit/(loss) for the year:			
Actuarial gains/(losses) on defined benefit plans		289,712	107,056
Income taxes		0	0
Net effect of actuarial gains/(losses)	**17**	**289,712**	**107,056**
Other components of the comprehensive income for the year, which will not be subsequently reclassified under profit/(loss) for the year		**289,712**	**107,056**
Total profit/(loss) in the statement of comprehensive income, net of taxes		**289,712**	**107,056**
Total comprehensive income/(loss), net of taxes		**41,072,908**	**(12,682,195)**

STATEMENT OF CASH FLOWS

(In thousands of Euro)	For the year ended	
	31 December 2022	31 December 2021
Net profit (loss) from continuing operations for the year	**40,783**	**(12,805)**
Income taxes for the year	3,478	8,749
Profit (loss) before taxes	**44,261**	**(4,056)**
Profit (loss) from discontinued operations	0	16
Amortization, depreciation, write-downs and (write-backs) of assets	12,842	15,550
Accrual (reversal) of provisions for risks and charges	5,957	3,707
Employee termination indemnity provision	78	27
Payments of employee termination indemnity	(745)	(1,345)
Utilization of provisions for risks and charges	(2,065)	(1,458)
Financial charges (income) for the year	31,404	59,508
Operating cash flows before movements in working capital	**91,732**	**71,949**
Decrease (increase) of inventories	6	166
Decrease (increase) of trade receivables	(56,292)	(3,114)
Decrease (increase) of other current assets	(32,376)	1,954
Increase (decrease) of trade payables	52,503	63
Increase (decrease) of other current liabilities	(1,550)	(13,340)
Change in Working Capital	**(37,710)**	**(14,272)**
Net interest received (paid) in the year	(21,472)	(44,695)
Income tax paid in the year	(7,045)	(7,962)
Net cash flow from operating activities	**25,506**	**5,019**
(Purchase of intangible assets, net of sales)	(4,184)	(3,503)
(Purchase of property, plant and equipment)	(1,553)	(2,084)
Sales of property, plant and equipment	38	28
(Acquisition) Disposal of investments	263	(26,370)
(Decrease) increase of financial assets	(26,057)	(17,261)
Financial effects of business combinations	(13,750)	0
Net cash flow used in investing activities	**(45,244)**	**(49,190)**
Proceeds from non-current borrowings	(462)	(16)
Repayment of non-current borrowings	0	36,100

(In thousands of Euro)	For the year ended	
	31 December 2022	**31 December 2021**
Proceeds from / (Repayment of) short term bank debt	(1,516)	(4,748)
Proceeds from / (Repayment of) intercompany loans	1,156	2,354
Payment of lease fees	(2,166)	(1,827)
Proceeds from / (Repayment of) other loans	30,120	6,382
Net change in loans	**27,132**	**38,245**
Net cash flow from / (used in) financing activities	**27,132**	**38,245**
Changes in cash and cash equivalents	**7,393**	**(5,926)**
Cash and cash equivalents at the beginning of the year	47,897	53,823
Changes in cash and cash equivalents	7,393	(5,926)
Cash and cash equivalents at the end of the year	**55,291**	**47,897**
Details of cash and cash equivalents:		
Cash and bank current accounts	55,291	47,897
TOTAL CASH AND CASH EQUIVALENTS	**55,291**	**47,897**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the year ended	
	31 December 2022	**31 December 2021**
Interest paid	(26,324)	(47,711)
Interest received	4,853	3,015
Dividends received	10,519	11,164

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands of Euro)	Share Capital	Share premium reserve	Other reserves	Retained earnings	Result for the year	Total shareholders' equity
1 January 2021	**109,150**	**145,018**	**(92,359)**	**3,809**	**(66,399)**	**99,220**
Allocation of profits				(66,399)	66,399	**0**
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**
Allocation of profits				(12,789)	12,789	0
Business combinations "under common control"			(6,866)			**(6,866)**
Comprehensive profit/(loss) for the year			290		40,783	41,073
31 December 2022	**109,150**	**145,018**	**(98,829)**	**(75,379)**	**40,783**	**120,744**

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 2022 were approved by resolutions of the Board of Directors' meeting held on 23 March 2023 and the Shareholders' Meeting held on 28 April 2023.

At 31 December 2022 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 also 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 (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:

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

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

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

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

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

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The Separate Financial Statements at 31 December 2022 comprise the Statement of financial position, the Statement of Profit or Loss, the Statement of other Comprehensive Income, the Statement of cash flows, the Statement of changes in Shareholders' equity, and the related Explanatory Notes.

The 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 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 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 2022 have been presented in Euro. All values showed in the statements and in the Explanatory Notes are in thousands of Euro, unless otherwise stated.

2.1 Statement of compliance with international accounting standards (IFRS)

The Separate Financial Statements at 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS). The Company is subject to Letter f) of Article 2 under Legislative Decree no. 38 of 28 February 2005, which rules the exercise of the options provided for by 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 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 2022, 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 2022

The following IFRS accounting standards, amendments and interpretations were applied by the Company for the first time as from 1 January 2022:

› On 14 May 2020 the IASB published the following amendments:

- *Amendments to IFRS 3 Business Combinations*: 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: the amendments were made to (i) IFRS 1 "*First-time Adoption of International Financial -Reporting Standards – Subsidiary as a first-time adopter*"; they allow 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 Examples*.

All amendments became effective from 1 January 2022. The adoption of these amendments did not entail 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 2022

On 18 May 2017 the IASB published IFRS 17 – *Insurance Contracts*, which is intended to replace IFRS 4 – *Insurance Contracts* Furthermore, amendments to IFRS 17 were issued on 25 June 2020.

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

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

The main features of the General Model are:

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

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

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

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

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 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 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.

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"; on 31 October 2022 the IASB published "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants" and on 15 July 2020 the IASB published "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective date". The documents aim to clarify how to classify debts and other short- or long-term liabilities. The amendments will become effective from 1 January 2024 with early adoption permitted. The directors do not expect any material effect on the Company's financial statements from the adoption of these amendments.
- On 22 September 2022 the IASB published "*Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback*". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognize any income or loss that relates to the retained right of use. The amendments will become effective from 1 January 2024, with early adoption permitted. The directors do not expect any material effect on the Company's Financial Statements from the adoption of this amendment.
- 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 Separate Financial Statements requires directors to make discretionary assessments, estimates and assumptions that affect the amounts of revenues, costs, assets and liabilities, and the indication of contingent liabilities at the date of the financial statements. 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 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 reporting date of the Separate 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 2022 the carrying amount of the goodwill stood at € 326,421 thousand (unchanged compared to 31 December 2021): for more details see note 7.

Provisions for risks and charges and Allowance for doubtful accounts

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

Recognition of revenues and costs relating to contract activities

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

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

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

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

The cost of defined-benefit pension plans and of any other post-employment medical benefit, as well as the present value of the defined-benefit liability, are determined on the basis of actuarial assumptions. Actuarial assessments require various assumptions to be made which can differ from actual developments in the future. These assumptions also include the calculation of the discount rate, future pay rises, the mortality rate and future increases in pensions.

Owing to the complexity of the assessment and its long-term nature, these estimates are extremely sensitive to changes in assumptions. All the assumptions are reviewed on an annual basis.

Other items of financial statements

The management has also used estimates in determining assumptions applied to the valuation of obligations arising from Rights of use, in particular with regard to the determination of the marginal lending rate and duration in the presence of renewal options.

2.4 Summary of the main accounting criteria

Property, plant and equipment

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

Depreciation is calculated on a straight line basis in line with the estimated useful life of the asset, starting from the date the asset becomes available for use, until the date it is sold or disposed of.

The carrying amount of the property, plant and equipment is subject to impairment test when events or changes suggest that the carrying amount may not be recoverable.

A tangible asset is eliminated from the financial statements at the moment of sale or when no future economic benefits are expected from its use or disposal. Any profits or losses (calculated as the difference between net income from the sale and the carrying amount) are included in the income statement in the year of the aforementioned elimination.

The residual value of the asset, useful life and method applied are reviewed annually and adjusted, if necessary, at the end of each financial year.

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

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

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

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

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 values	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.

Lease agreements, including lease and long-term hire contracts, give rise to a lease liability and are measured by the lessor at the effective date, at the fair value of the leased asset or, if lower, at the present value of lease payments outstanding at that date. Lease payments must be discounted back by using the interest rate implicit in the lease if it is determinable reliably. If it is not possible, the lessee must use its marginal borrowing rate. The underlying asset, which consists of the Right Of Use (ROU), must be reported among assets must be recognized against an entry for this liability, in addition to additional costs, amounts paid on the spot, advances and maxi-installments of lease payments (if any). After the effective date, the lessee must measure the asset consisting of the right of use by applying the cost model, unless the fair value model or the revaluation model is applied. The Company does not apply such alternative models . Capitalized leased assets are amortized over the estimated useful life of the asset and the lease term, whichever is the shorter, if there is no reasonable certainty that the ownership of the asset will be obtained at the end of the contract. Rental fees are split between the portions of principal and interest so as to obtain the application of a constant interest rate on the residual debt balance. Financial costs are charged directly to the income statement.

Finally, the Company has adopted some exceptions allowed by the accounting standard, excluding any lease with a term of less than 12 months, as well as any lease and hire of low value (less than Euro 5,000) from the related scope of application. Furthermore, the Company has exercised its right to not review whether a contract is, or contains, a lease on the date of first-time adoption (IFRS16.C3).

In fact, as regards the lessor, the accounting method of lease and long-term hire agreements is substantially unchanged with respect to the provisions laid down under the previous IAS17.

Revenues recognition

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

Provision of services

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

- management and maintenance of properties and plants, often associated with the provision of an energy service;
- cleaning and environmental hygiene services;
- landscaping;
- design services.

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

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

Revenues billed at the balance sheet date, which exceed the amount accrued on the basis of the progress status of the service, are suspended under contract liabilities, and classified under trade payables.

The considerations, also as part of multi-service contracts, are, as a rule, defined separately by service type and the amount of revenues to be attributed to the individual services is quantified at fair value.

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

Plant construction activities

The Company records the revenues deriving from building contracts on the basis of the progress status of the job order, measured as a percentage of the costs incurred with respect to the total estimated costs for completing the work.

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

Sales of assets

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

Interest

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

Dividends

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

Government grants

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

Income taxes

Current taxes

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

Deferred taxes

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

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

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

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

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

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

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

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

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

VAT

Revenues, costs and assets are recorded net of VAT, with the exception of the case in which said tax applied to the purchase of goods or services is non-deductible, in which case it is recognized as part of the purchase cost of the asset to the income statement.

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

Earnings per share

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

Conversion of foreign currency items

The financial statements are presented in Euro, the Company's functional currency.

Statements of financial position and income statements stated in foreign currency are converted to Euro using the year-end exchange rates for financial position items and average exchange rates for items in the income statement.

Changes in accounting estimates and errors

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

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

Restatement is not applied and errors are recognized prospectively if the errors and omissions are considered immaterial.

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that the users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

3. BUSINESS COMBINATIONS

3.1 Acquisition of “Personnel Activities” business unit

On 30 June 2022 the Company signed the deed of acquisition from its parent company MSC Società di Partecipazione tra Lavoratori S.p.A. of a "Personnel Activities" business unit concerning a unitarily organized set of legal relationships, assets, persons and activities for the provision of specialist consulting services on personnel management, administration, recruitment and selection, personnel placement consulting and intermediation in payroll processing, in addition to the organized group of people including top management and heads of functions.

The transfer of the business unit became effective from 1 July 2022 for a total amount of € 13,750 thousand, in line with the business unit’s economic value that emerges from the expert’s report prepared on the relevant position as at 31 March 2022, subject to an adjustment calculated on the final value of the business unit at the date of transfer (1 July 2022).

Within this transaction work proceeded with the insourcing of the know-how and skills belonging to its executives, as well as the activities and competencies pertaining to the area of Human Resources (HR), which until now MSC had put at the service of the Company, thus also achieving savings linked to the intermediation costs that have been paid to MSC for the work performed until now.

Accounting effects of the acquisition

In accounting terms, the transaction is carried out between parties subject to common control ("Transaction Under Common Control"), as both companies belong to the same Group controlled by MSC S.p.A.. Therefore, the transaction is excluded from the scope of application of IFRS 3, while the "Preliminary Guidelines on IFRS" issued by Assirevi (Italian Association of Auditors) are ultimately applicable, and, specifically, OPI Preliminary Guideline no. 1R - "*Accounting treatment of BCUCCs in separate and consolidated financial statements*" -, which, as regards "transactions that do not have a significant influence on the future cash flows of the net assets transferred" within the Group, i.e. for which the economic substance of the transaction understood as the generation of added value for all the parties involved, as in this case, is not evident, considers the principle of continuity of values to be applicable. As a result of the accounting treatment adopted, the difference emerging between the book value of the business unit at the date of transfer and the price paid to the transferor on the basis of the appraisal value of the business unit has been recorded in the financial statements in a negative equity reserve for a total value of € 6,866 thousand (€ 9,523 thousand, net of the tax effect for deferred tax assets generated by the different accounting and tax treatment of the transaction, amounting to € 2,657 thousand).

The Balance sheet subject of the transfer is reported below:

	Recognized value	Book value
ASSETS		
NON-CURRENT ASSETS		
Other non-current assets	41	41
TOTAL NON-CURRENT ASSETS	**41**	**41**
CURRENT ASSETS		
Trade receivables and advances to suppliers	5,765	5,765
Current tax receivables		
Other current assets	1	1
TOTAL CURRENT ASSETS	**5,766**	**5,766**
TOTAL ASSETS	**5,808**	**5,808**
LIABILITIES		
NON-CURRENT LIABILITIES		
Employee termination indemnity	597	597
TOTAL NON-CURRENT LIABILITIES	**597**	**597**
CURRENT LIABILITIES		
Other current liabilities	984	984
TOTAL CURRENT LIABILITIES	**984**	**984**
TOTAL LIABILITIES	**1,581**	**1,581**
FAIR VALUE OF NET ASSETS	**4,227**	**4,227**
EQUITY RESERVE OF THE BUYER FROM BUSINESS COMBINATION	**9,523**	
Total cost of business combination:		
Consideration paid to the transferor	13,750	
TOTAL COST OF BUSINESS COMBINATION	**13,750**	
Net cash of acquisition:		
Price paid to the transferor	11,800	
Additional costs to the contribution	304	
NET CASH OF ACQUISITION	**12,104**	

The fair value of assets and liabilities acquired through the business combination was positive and provisionally set at € 4,227 thousand, while the overall cost of the business combination was equal to € 13,750 thousand (of which an amount of € 11,800 thousand was already paid at 31 December 2022 and the remaining amount of € 1,950 thousand was recognized among financial liabilities), including additional costs of € 304 thousand. The net cash used in the period amounted to € 12,104 thousand.

4. PROPERTY, PLANT AND EQUIPMENT

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

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

The increases in the year, for a total amount of € 1,553 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 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)**
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**

5. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

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

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

	Rights of use of properties	Rights of use of plant and equipment	Total
At 31 December 2022			
Historical cost	40,911	19,898	**60,809**
Accumulated depreciation and impairment losses	(15,961)	(14,815)	**(30,776)**
NET BOOK VALUE	**20,950**	**5,083**	**30,033**

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 € 18,270 thousand. Of these an amount of € 16,326 thousand related to the execution of new real estate and property lease agreements, including the Company's takeover in the property lease agreement of the building located in Zola Predosa (BO) at Via Ubaldo Poli no.4 where the Company's registered office is based, through the acquisition of the contracts entered into by the parent company MSC S.p.A. with Monte dei Paschi di Siena Leasing & Factoring S.p.A., for a fair value of € 14,900 thousand (of which a plot of land for € 2,980 thousand) as per the expert's report prepared by CBRE.

The building hosting the Parent Company's headquarters was previously held on lease by MSC itself; therefore, at the same time as the takeover transaction, Rekeep formalized the withdrawal from the lease agreement, thus resulting in the early extinguishment of the related right of use equal to € 6,877 thousand. Furthermore, there was the early termination of some lease and long-term hire agreements for € 1,995 thousand in 2022.

The remaining increases in "Rights of use of properties" relate to new property leases for the operating offices located throughout Italy for € 1,048 thousand and, furthermore, rentals were increased for the leases already in place following ISTAT (Italian Statistics Institute) index adjustments for € 378 thousand.

There were also increases related to the execution of new long-term hire agreements for company fleet vehicles in the amount of € 1,944 thousand.

Cases of early termination for the year, equal to € 7,422 thousand, refer to leases for € 7,060 thousand, of which an amount of € 6,877 thousand relates to the lease agreement between MSC and the Company as a result of the transaction described above, and an amount of € 362 thousand relates to additional early terminations of long-term hires.

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

	Rights of use of properties	Rights of use of plant and equipment	Total
At 1 January 2021, net of accumulated depreciation	**21,211**	**5,927**	**27,138**
Additions from acquisitions	550	2,180	**2,730**
Decreases and early redemptions	(329)	(273)	**(602)**
Depreciation for the year	(2,863)	(2,194)	**(5,056)**
At 31 December 2021	**18,569**	**5,641**	**24,210**
At 1 January 2021			
Historical cost	37,793	19,856	**57,649**
Accumulated depreciation and impairment losses	(16,582)	(13,929)	**(30,511)**
NET BOOK VALUE	**21,211**	**5,927**	**27,138**
At 31 December 2021			
Historical cost	37,570	18,865	**56,435**
Accumulated depreciation and impairment losses	(19,001)	(13,223)	**(32,225)**
NET BOOK VALUE	**18,569**	**5,642**	**24,210**

6. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the year ended 31 December 2022:

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

Other intangible assets, amounting to € 15,712 thousand at 31 December 2022 (€ 16,262 thousand in 2021), mainly consist of investments in software carried out as part of the projects aimed at upgrading and enhancing the company IT systems. The additions from acquisitions for the year, equal to € 4,189 thousand, were due almost entirely to the investments in software used in the company IT systems.

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

Amortization allowances for the year amounted to € 4,734 thousand compared to € 5,298 thousand in the previous year.

Backlog, stated among other intangible assets, amounted to € 1,916 thousand at 31 December 2022 (€ 2,155 thousand at 31 December 2021).

At 31 December 2022 goodwill amounted to € 326,421, without reporting any changes during 2022.

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**
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)	0	**(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)	0	**(82,908)**
NET BOOK VALUE	**16,262**	**326,421**	**342,683**

7. IMPAIRMENT TEST OF GOODWILL

Pursuant to IAS 36, goodwill is not amortized for accounting purposes, but is tested for any possible impairment on an annual basis, or should specific events or circumstances arise which provide evidence of this impairment. The impairment test, prepared by the Management and presented to the Board of Directors at the time of the approval of the draft financial statements, was carried out through the comparison between the goodwill net book value and the recoverable value of the individual CGUs/SBUs, to which it was allocated.

The cash flows of the Facility Management CGU, used for the impairment test, were taken from the 2023-2027 Business Plan approved by the Board of Directors' meeting of Rekeep S.p.A. held on 23 March 2023 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 2022. 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 2022 is based on the following assumptions:

- the expected future cash flows, for the period from 2023 to 2027, extrapolated from the Business Plan, are derived from projected cash flows obtained through :
  - determination of the value of the forecast gross margins according to the projection of the backlog of existing service contracts, augmented by the 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 2027 EBIT adjusted by the average expected depreciation and amortization and investments, net of a nominal tax rate. As regards long-term growth rates an assumption of 1% was considered.
- the expected future cash flows were discounted back at a discount rate (WACC) of 9.14% (2021: 7.95%). 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 146 basis points in each period of time.

For the CGU under consideration, the analysis confirmed that the recoverable value exceeds the associated carrying amount, therefore not requiring any write-downs. On a prudential basis, "Worst Case" scenarios were outlined with reference to the WACC, the growth rates applied and a deterioration in operating cash flows compared to forecasts, both with reference to the plan time frame and with reference to the terminal value. In simulating nil or negative growth rates, also in combination with WACC exceeding by two percentage points those applied (and, then, equal to 11.14%) there would be no need to make write-downs in both CGUs/SBUs, as the recoverable value would exceed the related book value.

8. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

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

The table below summarizes the information regarding their name, registered office and the amount of share capital held, corresponding to the percentage of votes held at shareholders' meetings, as at 31 December 2022:

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. in liquidation (***)	Zola Predosa (BO)	80%
Consorzio Igiene Ospedaliera Soc.Cons. a r.l. in liquidation (***)	Zola Predosa (BO)	66.66%
Consorzio Sermagest Soc.Cons. r.l. in liquidation	Rome (RM)	60%
Consorzio Servizi Toscana Soc.Cons. a r.l. in liquidation	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. in liquidation (***)	Zola Predosa (BO)	60%
M.S.E. Soc. Cons. r.l. in liquidation (*)	Zola Predosa (BO)	56%
MCF Servizi Integrati Soc. Cons. a r.l. in liquidation	Zola Predosa (BO)	60%
Palmanova servizi energetici Soc.Cons. a r.l. in liquidation	Zola Predosa (BO)	60%
Progetto Sintesi Soc. Cons. a r.l. (**)	Zola Predosa (BO)	60%
Rekeep Digital S.r.l.	Zola Predosa (BO)	100%
Rekeep Rail S.r.l.	Zola Predosa (BO)	100%
Rekeep World S.r.l.	Zola Predosa (BO)	100%
S.AN.CO. Soc. Cons. a r.l. in liquidation (***)	Bologna (BO)	100%
S.AN.GE Soc. Cons. a r.l. a Socio Unico	Milan (MI)	100%
San Gerardo Servizi Soc. Cons. a r.l.	Zola Predosa (BO)	60%
Servizi Brindisi Soc.Cons. a r.l.	Zola Predosa (BO)	52%
Servizi Ospedalieri S.p.A.	Ferrara (FE)	100%
Telepost S.r.l.	Zola Predosa (BO)	100%
Treviso GS4 Soc. Cons. a r.l.	Zola Predosa (BO)	50.10%
Yougenio S.r.l. in liquidation	Zola Predosa (BO)	100%

(*) Indirect 11% quota held by Rekeep Digital S.r.l.

(**) Indirect 25% quota held by Servizi Ospedalieri S.p.A.

(***) in liquidation as from 1.01.2023

JOINT VENTURES ***Name***	**Registered office**	**Ownership %**
CO. & MA. Società Consortile a r.l. in liquidation	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%

ASSOCIATES ***Name***	**Registered office**	**Ownership %**
2High S.r.l.	Sasso Marconi (BO)	20%
Arienes Soc. Cons. a r.l.	Reggio Emilia (RE)	35%
Bologna Global Strade soc.cons. r.l.	Sasso Marconi (BO)	59.65%
Centro Europa Ricerche s.r.l.	Rome	21.38%
Fondazione Ricerca Scienze Neurologiche Azienda USL di Bologna E.T.S.	Bologna (BO)	21.08%
Gestione Strade Soc. Cons. a r.l.	Parma	25.00%
Global Vicenza Soc.Cons. a r.l.	Concordia sulla Secchia (MO)	41.25%
GR.A.AL. Soc. Cons. r.l.	Bologna (BO)	29.93%
Imola Verde e sostenibile Soc. Cons a r.l.	Borgo Tossignano (BO)	30%
Logistica Ospedaliera Soc. Cons a r.l.	Caltanissetta (CL)	45%
Newco DUC Bologna S.p.A.	Bologna (BO)	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 2022	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2022
Alisei S.r.l. in liquidation	-					-
Cefalù Energia S.r.l.	1,060					1,060
Co.Ge.F. Soc.Cons. a r.l. in liquidation	8					8
Consorzio Igiene Ospedaliera Soc.Cons. a r.l. in liquidation	7					7
Consorzio Sermagest Soc.Cons. r.l. in liquidation	-					-
Consorzio Imolese Pulizie s.cons.r.l. in liquidation	6		(6)			-
Consorzio Servizi Toscana s.cons.r.l. in liquidation	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. in liquidation	6					6
M.S.E. Soc. Cons. r.l. in liquidation	5					5
MCF Servizi Integrati Soc. Cons. a r.l. in liquidation	6					6
Palmanova servizi energetici Soc.Cons a r.l. in liquidation	6					6
Progetto Sintesi Soc. Cons. a r.l.	-	52				52
Rekeep Digital S.r.l.	1,510					1,510
Rekeep Rail S.r.l.	1,166					1,166
Rekeep World S.r.l.	32,214					32,214
S.AN.CO. Soc. Cons. a r.l. in liquidation	5					5
S.AN.GE Soc. Cons. a r.l. a Socio	9	1,100				1,109

DIRECTLY-CONTROLLED COMPANIES	1 January 2022	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2022
Unico						
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
Treviso GS4 Società Consortile a r.l.	10					10
Yougenio s.r.l. in liquidation	-					-
TOTAL SUBSIDIARIES	**136,814**	**1,152**	**(102)**	**-**	**-**	**137,864**

JOINT VENTURES	1 January 2022	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2022
CO. & MA. Società Consortile a r.l. in liquidation	5					5
DUC Gestione Sede Unica Soc. Cons.a r.l.	10					10
Legnago 2001 Soc. Cons a r.l. in liquidation	5					5
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**	**-**	**(18)**	**-**	**-**	**25**

ASSOCIATES	1 January 2022	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2022
2High S.r.l.	90					90
Arienes Soc. Cons. A r.l.	-	17				17
BGP 2 Soc.Cons. a r.l.	-					-
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. n liquidation	5		(5)			-
Centro Europa Ricerche s.r.l.	69					69
Fondazione Ricerca Scienze Neurologiche Azienda USL di Bologna E.T.S.	-	35				35
Gestione Strade Soc. Cons. r.l.	13					13
Global Provincia di Rimini Soc.Cons. a r.l. in liquidation	4		(4)			-
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
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
TOTAL ASSOCIATES	**3,069**	**52**	**(15)**	**-**	**-**	**3,106**

	1 January 2022	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2022
TOTAL SUBSIDIARIES, JOINT-VENTURES, ASSOCIATES	**139,926**	**1,204**	**(135)**	**-**	**-**	**140,995**

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

Yougenio S.r.l.

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

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

S.AN.GE Soc. Cons. a r.l.

On 27 July 2022 the Company, as well as the majority quotaholder, completed the acquisition from the minority quotaholder Nelsa S.r.l. of its ownership interest in S.AN.GE. Soc.Cons. a r.l.: by doing so, the quotaholder Rekeep increased its percentage of ownership in S.AN.GE. from 89% to 100%, and consequently took the name of "S.AN.GE. soc.cons. a r.l. a Socio Unico", giving appropriate publicity thereto as required by the Italian Civil Code. The increase for the year, as a result of the transaction described above, was € 1,100 thousand.

Progetto Sintesi Soc. Cons. a r.l.

The company was established on 26 May 2022 for the awarding of the contract for the management of integrated support personal services, which substantially consist of cleaning, rental and industrial laundering, moving goods, accompanying users and other activities, which are all essential for the safety, well-being, comfort of reception of patients and users of healthcare and hospital facilities at the University Hospital Trust of Policlinico S. Orsola – Malpighi in Bologna.

The Company paid € 52 thousand corresponding to 35% of its quota capital (thus bringing the controlling interest to 60% due to the 25% quota held through Servizi Ospedalieri S.p.A.).

Consorzio Imolese Pulizie s.cons.r.l. in liquidation

The decrease of € 6 thousand was due to the closure of the company and its deletion from the register of companies.

S.I.MA.GEST2 Soc. Cons.r.l. in liquidation

The decrease of € 45 thousand was due to the closure of the company and its deletion from the register of companies.

S.I.MA.GEST3 Soc. Cons.r.l. in liquidation

The decrease of € 45 thousand was due to the closure of the company and its deletion from the register of companies.

Servizi Taranto Soc. Cons.r.l. in liquidation

The company was put into liquidation on 1 January 2022 and the decrease € 6 thousand was due to the completion of the liquidation activities with the related deletion from the register of companies on 29 December 2022. It should also be noted that the liquidation distribution plan generated tax receivables still to be paid that will be assigned to the quotaholders after the subsequent collection for € 9 thousand and a profit from investment of € 1 thousand.

Arienes Soc. Cons. a r.l.

The company was established on 16 May 2022 for the management of the contract for the services of operation, maintenance, upgrade of systems of the Ligurian Healthcare Facilities, including the supply of energy and other ancillary services involving a number of lots awarded by A.li.sa. Azienda Ligure Sanitaria, which is now S.U.A.R. Stazione Unica Appaltante Regionale.

The Company paid € 17 thousand corresponding to 35% of its quota capital.

Fondazione Ricerca Scienze Neurologiche Azienda USL di Bologna E.T.S.

The non-profit Foundation was established on 20 March 2022 in order to bring significant improvements to the quality of life of patients and their families, pursuing civic, solidarity and socially useful purposes. In collaboration with the Local Health Unit Trust (AUSL) of Bologna, IRCCS SNB, the foundation supports and promotes scientific research in the field of neurology, with particular attention to the support of translational research, in order to enable the transfer of results to clinical settings, through the development of new drugs, new therapies and new measures of intervention in patients, and activities aimed at supporting projects of strategic importance for improving the quality of services provided by the Local Health Unit Trust in the various clinical and healthcare areas.

The Company paid € 35 thousand corresponding to 21.08% of the capital of the Foundation.

SCAM società consortile r.l. in liquidation

The decrease of € 10 thousand was due to the completion of the liquidation on 17 May 2022.

Serena s.r.l. in liquidation

The decrease of € 8 thousand was due to the completion of the liquidation on 4 January 2022.

Bologna Gestione Patrimonio Soc. Cons. a r.l. in liquidation

The decrease of € 6 thousand was due to the liquidation distribution plan carried out on 20 November 2022, which generated tax receivables still to be paid that will be assigned to the quotaholders after the subsequent collection for € 2 thousand and a profit from investment of € 1 thousand.

Bologna più Soc. Cons. a r.l. in liquidation

The decrease of € 5 thousand was due to the liquidation distribution plan that generated a loss from investment of € 8 thousand.

Global Provincia di Rimini Soc.Cons. a r.l. in liquidation

The decrease of € 4 thousand was due to the completion of the liquidation on 17 May 2022.

Other investments

	31 December 2022	31 December 2021
Other investments	5,980	7,109
TOTAL	**5,980**	**7,109**

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 even freely transferred to third parties because they are subject to rules and covenants that actually prevent their free circulation. In any case, it is believed that this valuation method provides an adequate measure of the stock's fair value.

The changes compared to the previous year are the result of the movements in the period within which a decrease of € 1,000 thousand is reported for the reclassification of the amount held as an investment in the Consorzio Cooperativo Finanziario per lo Sviluppo, which became necessary as a result of the exclusion from membership on 2 March 2022.

9. NON-CURRENT FINANCIAL ASSETS

The table below sets forth the breakdown of non-current financial assets at 31 December 2022 and at 31 December 2021:

	31 December 2022	31 December 2021
Loans to Group companies	33,283	32,360
Loans to third parties	166	172
Other financial assets	4,601	2,793
Financial assets held to maturity	17,855	-
TOTAL NON-CURRENT FINANCIAL ASSETS	**55,904**	**35,324**

The balance is mainly composed of loans granted to some investee companies. Some of these are non-interest bearing loans as they are disbursed pro-quota by each member of the consortium and, therefore, they are discounted on the basis of their expected residual term, applying as the reference interest rate the Eurirs plus a spread. The discounted value of non-interest bearing loans at year-end amounted to € 1,349 thousand (€ 1,383 thousand in 2021), net of a provision for discounting-back equal to € 24 thousand (€ 26 thousand in 2021).

In particular, the item includes the subordinated loan in favor of subsidiary Servizi Ospedalieri S.p.A., equal to € 30 million at 31 December 2022 (unchanged compared to 2021), in addition to the long-term receivable of € 2,357 thousand (unchanged compared to 2021), relating to the deferred price paid on the sale of MFM Capital S.r.l. to 3i European Operational Projects SCSp in 2018. This receivable will be collected upon the completion of the phases of incorporation of some project finance companies subject to transfer.

The main changes compared to the previous year included:

- a decrease of € 192 thousand for the partial repayment of the loan disbursed to Logistica Ospedaliera Soc. Cons. a r.l. in 2021, in order to provide it with the necessary financial resources;
- an increase of € 930 thousand for the portion of the loan disbursed to Progetto Sintesi on 5 July 2022, in order to provide it with the financial resources needed to acquire the assets necessary to carry out its activities;
- an increase of € 2,000 thousand for the escrow account deposit provided to Elba S.p.A. (a company that issued sureties in favor of Rekeep for tendering) as exclusive security for the reimbursement to the company of the amount it would have to pay by way of enforcement of one or more of the sureties;
- an increase of € 1,000 thousand for the reclassification of the amount held as an investment in the Consorzio Cooperativo Finanziario per lo Sviluppo, which became necessary as a result of exclusion from membership on 2 March 2022;

- an increase of € 16,855 thousand due to the release of bank guarantees granted by Deutsche Bank to Edison Energia S.p.A. and Axpo Italia S.p.A. (on behalf of the Subsidiary ISOM Gestione Soc. Cons. a r.l.), as security for the correct and proper performance of the obligations arising from the gas supply contracts signed with them. These guarantees will be effective until 31 March 2024.

10. OTHER NON-CURRENT ASSETS

	31 December 2022	31 December 2021
Receivables for caution money	1,511	1,525
Other prepaid expenses	312	574
Other receivables	312	278
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**2,134**	**2,377**

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

11. INVENTORIES

	31 December 2022	31 December 2021
Raw materials (at cost)	345	351
TOTAL	**345**	**351**

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

12. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

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

	31 December 2022	of which from related parties	31 December 2021	of which from related parties
Trade receivables, gross	225,251	3,674	211,997	4,439
Allowance for doubtful accounts	(12,320)		(12,089)	
Advances to suppliers	4,880		3,988	
Trade receivables from third parties	**217,810**	**3,674**	**203,897**	**4,439**
Contract assets	32,271		30,191	
Contract assets	**32,271**		**30,191**	
Trade receivables from Parent Companies	30	30	1	1
Trade receivables from subsidiaries	57,632	57,632	42,928	42,928
Trade receivables from Joint Ventures	7,243	7,243	4,551	4,551
Trade receivables from associates	25,752	25,752	4,706	4,706
Trade receivables from affiliates	51	51	37	37
Trade receivables from the MSC Group	**90,708**	**90,708**	**52,223**	**52,223**
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**340,789**	**94,382**	**286,311**	**56,662**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 340,789 thousand at 31 December 2022, showing an increase of € 54,478 thousand compared to the amount at 31 December 2021, equal to € 286,311 thousand.

The change in question was due to an increase of € 13,914 thousand in trade receivables from third parties and € 38,485 thousand in receivables from MSC Group companies, as well as to an increase in contract assets for € 2,080 thousand, and in the provision for bad debts for € 232 thousand.

In 2022 the Company continued to hold contracts for the assignment without recourse of trade receivables for the conversion into cash of receivables from third parties, including the 3-year maturity factoring agreement without recourse signed by the Company and the subsidiary Servizi Ospedalieri S.p.A. with BFF Bank S.p.A. (formerly Bancafarmafactoring S.p.A.) on 14 January 2022, as a result of a renewal concerning the assignment on a revolving basis of receivables the said companies claimed from Entities in the National Health System and Public Authorities, in an amount of up to € 300 million. Furthermore, there are additional relationships with factoring companies for the disinvestment of specifically-agreed credit positions claimed both from entities in the National Health System and Public Authorities and from private entities.

During the year, the Company made assignments of trade receivables amounting to € 317,287 thousand, of which the balance that the factoring companies had not yet collected from the customer amounted to € 77,013 thousand (€ 182,609 thousand and € 50,295 thousand in 2021, respectively).

In all assignments, the receivables were subjected to derecognition according to IFRS 9 in consideration of the characteristics of the transactions and entailed interest discount costs equal to € 2,550 thousand and credit discount costs of € 132 thousand. Trade receivables generally have contractual maturities of between 30 and 90 days. Most of the customers are either Public Authorities, Local Authorities, Local Health Authorities and Hospitals, who are notorious for payment delays.

With respect to non-performing loans which are difficult to recover in full, a provision for bad debts was set aside, amounting to € 12,320 thousand at 31 December 2022 (€ 12,089 thousand at 31 December 2021) which is regarded as being fair with respect to the litigation known as at the reporting date.

	31 December 2021	Increases	Uses	Releases	Others	31 December 2022
Provision for bad debts	12,089	1,954	(1,582)	(283)	142	12,320

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

The table below shows the analysis of trade receivables from third parties in terms of past due amounts, net of the write-down provision outstanding as at 31 December 2022:

	Total	Trade receivables reaching maturity	Overdue trade receivables				
			< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	beyond 120 days
31 December 2022	212,930	187,040	8,601	2,753	2,187	1,514	10,836
31 December 2021	199,908	164,979	5,844	4,628	2,168	2,133	20,156

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

13. OTHER CURRENT ASSETS

	31 December 2022	31 December 2021
Receivables from employees	26	29
Advances to suppliers	1,341	1,368
Due from social security institutions	131	364
Due from parent company	29	7
Due from subsidiaries	5,881	2,485
Due from associates	220	124
Due from INPDAP	2,171	2,171
Due from INAIL	1,105	994
Due for VAT	1,162	633
Sundry receivables from others	4,497	1,532
Due from tax authorities	331	331
Tax credit to be offset	20,449	725
Receivables for caution money for heat management contracts	6,050	-
OTHER CURRENT ASSETS	**43,394**	**10,762**

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

It should be noted that sundry receivables are recognized net of the provision for bad debts of € 700 thousand (€ 1,033 thousand at 31 December 2021) set aside following specific analysis of these accounts, which was affected by a decrease of € 333 thousand during the year, the result of the use of € 359 thousand following the completion of the bankruptcy with the supplier Electronic Solar S.r.l. and a provision set aside for € 26 thousand for the period.

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 € 3,396 thousand for receivables from Treviso GS4 Soc.Cons. a r.l. and Progetto Sintesi Soc. Cons. a r.l.;
- VAT receivables: there was an increase of € 529 thousand; during 2022 VAT credit refunds were requested for 2021 for € 5,502 thousand, which arose under the annual 2022 VAT return filed on 29 March 2022, as were VAT credits accrued on a quarterly basis for a total of € 16,933 thousand. Assignments were also made without recourse on VAT receivables for a total of € 15,734 thousand;
- Sundry receivables from others: there was an increase of Euro 2,964 thousand, mainly due to the recognition of a receivable of € 1,050 thousand for the *Conciliamo* grant provided, but not yet collected, by the Department for Family Policies of the Presidency of the Council of Ministers aimed at supporting the implementation of company welfare projects, which allow employers to develop actions in favor of their workers in order to support their needs and those of their families. This receivable will be collected in two tranches: one after the first progress of work, 10 months after start-up (end of June 2023) and the second one when the project is completed and after all audits are carried out (the project will be completed on 17 August 2024);
- Tax credit to be offset: an increase of € 19,724 thousand was determined by the tax credit for the third and fourth quarters of 2022 for € 19,840 thousand, as stated to partially offset of higher costs incurred for the purchase of electricity and natural gas. For more details on this receivable, reference should be made to the paragraph on “Consumption of raw materials and consumables”;
- Receivables for caution money for heat management contracts: the increase of € 6,050 thousand related to the payment made as a short-term non-interest bearing security deposit on new annual electricity and gas utility contracts, paid to a supplier. These security deposits were recognized in response to abnormal market trends and the supplier's need to procure in advance the amount of energy to be supplied to the Company.

14. CURRENT FINANCIAL ASSETS

	31 December 2022	31 December 2021
Global Provincia Rimini Soc. Cons. a r.l. in liquidation	70	70
Consorzio Imolese Pulizie Soc. cons. a r.l. in liquidation	0	36
Gymnasium Soc.cons. a r.l. in liquidation	8	8
Gestlotto6 Soc.cons. a r.l. in liquidation	5	5
Bologna Più Soc. Cons. a r.l. in liquidation	0	3
Intercompany receivables from companies in liquidation	**82**	**121**
Servizi Ospedalieri S.p.A.	19,224	14,263
S.AN.GE Soc. Cons. a r.l. a Sole-Quotaholder Company	5,699	5,014
Rekeep World s.r.l.	29,639	22,916
Rekeep Digital s.r.l.	2,350	2,106
H2H Facility Solutions S.p.A.	3,341	1,474
Cefalù Energia S.r.l.	84	0
Receivables from intercompany financial current accounts	**60,336**	**45,772**
Karabak Soc. Cons. a r.l.	4	4
Progetto ISOM Soc. Cons. a r.l.	190	90
MFM Capital S.r.l.	-	46
Dividends to be collected	**194**	**139**
Interest-bearing loan - Parent Company MSC	**126**	**10,037**
Intercompany interest-bearing loans	**531**	**129**
Receivables from exclusion from membership in non-group investments	**119**	**0**
Receivables from factoring agencies	**4,301**	**2,334**
Receivables from others	**259**	**11**
TOTAL CURRENT FINANCIAL ASSETS	**65,949**	**58,543**

This item mainly includes financial current accounts held with Group companies, whereby 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.

"Current financial assets" showed a balance of € 65,949 thousand. The change during the year was mainly due to:

- an increase of € 4,961 thousand in the balance of the interest-bearing loan held with subsidiary Servizi Ospedalieri S.p.A.;

- a decrease of € 10,000 thousand determined by a full repayment of the interest-bearing upstream loan disbursed to the Parent Company MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa) during the previous year. It should be noted that the item showed a balance of € 126 thousand at 31 December 2022 for the interest receivable on the loan just commented on above, which the Company still claims from its parent company;
- an increase of Euro 6,723 thousand in the balance of the financial current account held with subsidiary Rekeep World S.r.l.;
- an increase of € 244 thousand in the balance of the financial current account held with subsidiary Rekeep Digital S.r.l.;
- an increase of € 1,967 thousand in "Receivables from factoring agencies", consisting of the balance of pledged accounts used to manage the collection service.

15. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Bank deposits on demand and cash on hand	54,331	46,615
Consortia – financial current accounts	960	1,282
TOTAL CASH AND CASH EQUIVALENTS	**55,291**	**47,897**

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 € 55,291 thousand (€ 47,897 thousand at 31 December 2021).

16. SHARE CAPITAL AND RESERVES

	31 December 2022	31 December 2021
Share Capital – Ordinary shares	109,150	109,150

Ordinary shares have a nominal value of 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 2021	**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)**
Allocation of profits of previous years				**-**	(12,789)
Business combinations "Under Common Control"			(6,866)	(6,866)	
Economic effects accounted on equity			290	**290**	
At 31 December 2022	**145,018**	**21,830**	**(120,658)**	**46,190**	**(75,379)**

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).

Furthermore, "Other reserves" showed an increase of € 6,866 thousand at 31 December 2022, as a result of the agreement signed with its parent company MSC Società di Partecipazione tra Lavoratori S.p.A. on 30 June 2022, relating to the acquisition of the "Personnel activities" business unit (for more details, see note 3 above).

Nature and purpose of reserves

			Summary of uses in 3 previous years		
NATURE/DESCRIPTION	**Amount**	**Possibility of use**	**Amount available**	**For covering losses**	**For other reasons**
Share Capital	**109,150**				
Capital reserves:					
- Share premium reserve	145,018	**A,B,C**	145,018		
Profit reserves:					
- Legal Reserve	21,830	**A,B**	21,830		
- Extraordinary Reserve	43,967	**A,B,C**	43,967		**13,000**
- Other reserves	(164,626)				
- Profits/(Losses) carried forward	(75,379)	**A,B,C**	-		
- Profits/(Losses) for the year	40,783				
TOTAL	**120,744**				
Non-distributable portion	120,744				
Remaining distributable portion	-				
KEY					
Possibility of use:					
A: for share capital increase					
B: to cover losses					
C: for distribution to shareholders					

17. EMPLOYEE TERMINATION INDEMNITY (TFR)

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

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

	31 December 2022	31 December 2021
Interest expenses on benefit obligation	18	(1)
Net cost of the benefit recognized through profit or loss	**18**	**(1)**
Net actuarial (gains)/ losses recognized in equity	(290)	(107)
TOTAL NET BENEFIT COST	**(272)**	**(108)**

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 2022	31 December 2021
Opening balance of the present value of the defined-benefit obligation	**4,298**	**5,616**
Increases/ (decreases) for business combinations	597	-
Increases/ (decreases) for transfer	23	-
Benefits paid	(1,015)	(1,210)
Interest expenses on benefit obligation	18	(1)
Net actuarial gains (losses) recognized in the year	(290)	(107)
CLOSING BALANCE OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION	**3,631**	**4,298**

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

	2022	2021
Discount rate	3.63%	0.44%
Inflation rate	5.9% for 2023 2.3% for 2024 2.0% from 2025	1.20%
Turnover	6.50%	6.50%

The discount rates used to assess the TFR obligation are defined on the basis of curves of rates of return of high-quality fixed-interest securities, the amounts and maturity dates of which correspond to the amounts and maturity dates of the payments of expected future benefits.

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

Based on the current inflationary trend, it was deemed appropriate to use the above inflation rates and as from 2026 a constant rate of 2%.

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

	Discount rate	Inflation rate	Actuarial assumptions
Financial year ended 31 December 2022	+ 0.25 ppt	+ 0.25 ppt	+ 2.00 ppt
	3,579	3,661	3,647
	- 0.25 ppt	- 0.25 ppt	- 2.00 ppt
	3,683	3,601	3,611
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

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

	2022	2021
Executives	31	32
Office workers	550	548
Manual workers	9,924	11,343
Average number of Employees	**10,505**	**11,923**

Following the transfer of the "Personnel Activities" business unit", as already commented on above, the controlling company MSC S.p.A. ceased its staffing operations: therefore, as at 31 December 2022 there were no leased employees in the Company.

18. PROVISIONS FOR RISKS AND CHARGES

Below is the breakdown of changes in provisions for risks and charges in 2022:

	Risks on job orders	Pending disputes	Risks on investments	Tax disputes	Employee legal disputes	Other provisions for risks and charges	Total
At 1 January 2022	**8,378**	**17,942**	**592**	**447**	**4,337**	**1,414**	**33,110**
Accruals	2,712	300	8	-	1,953	5,393	10,366
Uses	(444)	-	-	-	(1,201)	(70)	(1,715)
Reversals	(4,045)	(159)	-	-	-	(204)	(4,408)
Others	(142)	-	-	-	-	(351)	(493)
At 31 December 2022	***6,460***	***18,083***	***600***	***447***	***5,089***	***6,180***	***36,860***
Current 2022	6,068	-	600	447	-	4,690	11,807
Non-current 2022	392	18,083	-	-	5,089	1,490	25,054
At 31 December 2022	***6,460***	***18,083***	***600***	***447***	***5,089***	***6,180***	***36,860***
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***

Provision for risks on job orders

The provision of € 2,712 thousand was set to cover risks relating to certain job orders in progress for charges that are likely to be incurred, against objections received from the customers. Specifically, provisions for € 377 thousand were recognized in relation to probable non-recurring future additional costs.

Finally, reversals of € 4,045 thousand were recognized against the successful conclusion relating to various positions with sundry customers, of which an amount of € 3,535 thousand related to the partial release of the provision for non-recurring additional costs that are expected to be incurred on some energy contracts set aside in previous years and restated following the issue of a clarification in terms of regulations.

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

Provision for pending disputes

At the reporting date of the financial statements, the risk was assessed for the Company to be required to pay future compensation in the event of losing cases in legal actions pending with customers, suppliers, employees and others. During the year ended 31 December 2022 the provision totaling € 18,083 thousand recorded an increase of Euro 300 thousand due to new disputes that arose during the year and a reversal of € 159 thousand related to positions that had become time-barred at 31 December 2022.

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. By a judgment filed on 30 May 2022, the Civil Court of Rome rejected our summons, while declaring that the termination of the "Consip Scuole" agreements pursuant to Article 1456 of the Italian Civil Code ordered by Consip was legitimate. The Company through its legal counsels has submitted an application for appeal, with the first hearing scheduled on 31 January 2023, which was rescheduled *ex officio* to 25 October 2023. The tender performance bond (initially equal to € 24.5 million) might also be partially enforced if the Company loses the case against Consip S.p.A.. ANAC (Italian Anti-corruption Authority) has proceeded with the entry of the contract termination in 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 the filing of the decision on the part of the Constitutional Court as to a dispute regarding Consip's enforcement of provisional deposits against a competitor, during which objections were raised regarding constitutional legitimacy. On 26 July 2022, the Constitutional Court rejected the objections concerning constitutional legitimacy by judgment 198/2022. Following a request to schedule a hearing, the Council of State met for discussion on 2 February 2023 and ordered the suspension of the proceedings, pending a decision on the part of the European Court of Justice on preliminary issues submitted in another appeal (but overlapping with those raised by the defense counsels to the Company) and referred by the Council of State by order to the European Court. However, a single-member board's Presidential decree suspending the challenged judgments 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: that occasion further preliminary motions submitted by the opposing party were rejected and a hearing was set for the specification of conclusions on 21 June 2023.

Finally, on 6 March 2020 Consip S.p.A. informed the Company of the exclusion from the tender for the cleaning of museum premises ("Consip Musei"), with the intention of sending the document to ANAC, which may proceed with the entry in the electronic criminal records of "Useful information". On 13 March 2020 a request was also sent for the enforcement of the bid bond relating to this tender (equal to € 2.8 million). The Company challenged these 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. At the hearing held on 7 June 2022, the Council of State suspended the proceedings pending the filing of the Constitutional Court's decision, in the same way as in the case of the proceedings described above ("Consip Caserme" and "Consip Sanità"). On 26 July 2022, the Constitutional Court rejected the objections on constitutional legitimacy by judgment 198/2022. Following a request to schedule a hearing, the Council of State met for discussing the substance of the matter on 29 November 2022, while considering the lawfulness of the order of exclusion from the Consip Musei tender and of enforcement of the bid bond. The Company is preparing an appeal for review before the Council of State.

The Consip Sanità, Consip Caserme and Consip Musei tenders did not generate Revenues until 31 December 2022 and were not included in the backlog at 31 December 2022.

In the Financial Statements at 31 December 2022 the Directors decided to maintain the provisions for future charges (equal to € 17.5 million), also taking account of the risk of enforcement of the abovementioned performance bond and bid bonds and despite the fact that Rekeep S.p.A. could submit sound arguments against the enforcement of the bonds in court.

The dispute concerning the fine imposed in relation to the FM4 Tender still continued in 2022.

On 23 March 2017, the Competition Authority notified Rekeep S.p.A. (at the time Manutencoop Facility Management S.p.A.) of the start of an investigation procedure against the Company itself, as well as against CNS – Consorzio Nazionale Servizi Società Cooperativa, Dussmann Service, S.r.l., Engie Servizi S.p.A. (formerly Cofely Italia S.p.A.), ManitalIdea S.p.A., Romeo Gestioni S.p.A. 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. On 20 January 2022, discussion on the merits was held before the Council of State, which rejected the appeal submitted by the Company by a judgment filed on 9 May 2022. Against the ruling, on 10 June 2022 the Company filed an appeal for review before the Council of State, which scheduled the hearing for discussion on 4 May 2023; the Company also filed an appeal before the Supreme Court on 8 July 2022, and is waiting for the Court to hand down its ruling following the hearing held on 4 April 2023.

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified and declares that it is sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender.

As regards the effects on the financial statements, the Directors recognized the debt and the related cost associated with the expected financial outlay for an amount of € 79,800 thousand as early as from the financial statements at 31 December 2020, given the enforceability of the fine and while continuing to rely on the reasonableness of the defense arguments, as stated in the final order of the Competition Authority and entered in the taxpayers’ list on the part of the Revenue Agency. For the payment of the debt, the Company applied for and obtained from the Revenue Agency a payment plan of 72 monthly installments, at an interest rate of 4.5%, which was finally updated on 22 December 2020 and which resulted in the amount of surcharges and collection costs (equal to 3% of the amount of the debt entered in the taxpayers’ list) being added to the debt stated for the fine for € 2,612 thousand. Finally, it should be noted that the Company made use of the suspension of the payment of installments in accordance with Decree Law no. 18 of 17 March 2020, governing “Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID-19 epidemic emergency" ("Cure Italy Decree”); subsequently, following the expiry of the final deadline for the suspension of payment of the amounts entered in the taxpayers’ list (31 August 2021), it resumed operations to pay monthly installments, paying part of the installments suspended during the Covid-19 emergency period, with the burden of higher collection costs, in addition to default interest. See note 18 for details.

Furthermore, on 28 June 2019 Consip S.p.A. served on Rekeep S.p.A. the order providing for its exclusion from the FM4 Tender due to the breach of Article 38, paragraph 1.f, of Legislative Decree 163/2006, as well as of Article 68 of Royal Decree 827/1924 and of Article 38, paragraph 2, of Legislative Decree 163/2006, while notifying the enforcement of the provisional guarantees provided by Rekeep S.p.A. in tendering (equal to € 3.9 million). With regard to this exclusion, ANAC initiated a procedure under Article 38, paragraph 1-*ter*, of Legislative Decree no. 163/2006. On 3 July 2019 Rekeep S.p.A. filed an appeal with the Lazio Regional Administrative Court in order to seek the annulment of the acts of Consip S.p.A.; on 10 July 2019 the administrative court ordered for them to be suspended pending its own ruling on the appeal against the Competition Authority's order, while also 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 13 July 2022. On 18 July 2022 a partial judgment was filed, in which the Regional Administrative Court found that the Company's exclusion from participation in the FM4 tender was legitimate, while it suspended the proceedings regarding the enforcement of the surety bond pending the filing of the Constitutional Court's decision, in the same way as in the case of the other proceedings involving the Company in relation to the enforcement of sureties. On 26 July 2022, the Constitutional Court ruled by rejecting the issue of constitutional legitimacy by judgment 198/2022: therefore, the Regional Administrative Court set the hearing on the merits for the discussion about the enforcement of the surety bond for the hearing on 9 November 2022. On 16 November 2022 the Rome Regional Administrative Court rejected the appeal by "final" judgment no. 15201/22. On 18 January 2023 the Company filed an appeal against this judgment, while submitting a request for precautionary measures for the suspension discussed at the hearing on 2 February 2023 with a favorable outcome for the Company: the Judge, in fact, granted the suspension and rescheduled the hearing for discussing the substance of the matter on 18 May 2023. Furthermore, on 9 November 2022 the Company appealed against the partial judgment whereby the Regional Administrative Court ruled on the lawfulness of the order of exclusion from the tender: the hearing, initially scheduled on 9 March 2023, was adjourned by the Council of State to a date to be set.

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

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

The Company believes that a general delay may actually arise in awarding some tenders attributable to situations of further worsening of the disputes connected with the participation in or the awarding of said tenders. As things stand as regards the abovementioned proceedings, there are no impediments for the Rekeep S.p.A. group companies to the participation and awarding of new 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 investment risks, amounting to € 600 thousand, reported no significant changes during 2022. It should be noted that it refers to: the allocation made in 2019, 2020 and 2022 to cover any future losses of Alisei S.r.l. in liquidation in an amount of € 118 thousand, the allocation made in 2019 for S.AN.CO Soc. cons. r.l. in an amount of € 314 thousand, and the allocation made in 2020 relating to Yougenio S.r.l. in an amount of € 169 thousand.

Provision for tax disputes

At 31 December 2022 the provision amounted to € 447 thousand, having reported no changes during 2022.

Provision for employee legal proceedings

The provision for risks related to employee legal proceedings, amounting to € 5,089 thousand (€ 4,337 thousand at 31 December 2021), refers to the best estimate of liabilities as at 31 December 2022, 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 € 6,180 thousand (€ 1,413 thousand at 31 December 2021), include the best estimate of future charges on some contracts. During the year there were increases of € 5,393 thousand: in particular, an amount of € 1,502 thousand recognized on same 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".

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 2022	Within 1 year	From 1 year to 5 years	Beyond 5 years
Senior Secured Notes	364,541		364,541	
Artigiancassa loan	838	239	599	
Debt for the acquisition of investments/business units	1,956	1,956		
Financial current accounts – Subsidiaries	4,092	4,092		
Financial current account – MSC	25	25		
Share capital to be paid into investee companies	150	150		
Prepaid financial expenses	(1,065)	(623)	(442)	
Accrued financial expenses	11,695	11,695		
Obligations on assignments of receivables with recourse	5,677	5,677		
Due to factoring agencies	24,000	24,000		
Other financial liabilities	5,797	5,797		
Liabilities for reverse factoring	33,813	33,813		
Financial liabilities for leases	27,869	14,241	11,338	2,291
FINANCIAL LIABILITIES	**479,389**	**101,063**	**376,035**	**2,291**

Below is the breakdown of financial liabilities at 31 December 2021:

	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 leases	27,456	4,809	16,245	6,402
FINANCIAL LIABILITIES	**438,700**	**52,912**	**379,386**	**6,402**

Senior Secured Notes

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

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

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

The financial charges accrued on the coupons of the Senior Secured Notes came to € 26,850 thousand during 2022 (€ 27,514 thousand in 2021). The upfront fees relating to the issue of the Senior Secured Notes were accounted for according to the amortized cost method, which, in accordance with IFRS 9, entailed financial amortization charges equal to € 1,516 thousand for the year.

Super Senior Revolving Credit Facility (RCF)

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

The facility was partially activated during 2022 in order to meet temporary cash requirements (if any), and promptly repaid. The impact in terms of financial costs accrued in the meantime amounted to € 982 thousand. The RCF facility had not been used at 31 December 2022.

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 2022; the balance amounted to € 838 thousand at 31 December 2022 (€ 1,077 thousand at 31 December 2021).

Debt for the acquisition of investments/business units

The increase of € 1,950 thousand for the year related to the recognition of the residual debt to the parent company MSC Società di Partecipazione tra Lavoratori S.p.A., relating to the acquisition of the “Personnel Activities” business unit as largely detailed in Note 3 .

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 2022.

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. (€ 3,493 thousand) and Telepost S.r.l. (€ 411 thousand), as well as of interest accrued on these financial accounts and not yet invoiced at the reporting date (€ 180 thousand). The financial debt in current account to the parent company MSC showed a decrease of € 26 thousand at 31 December 2022.

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., unchanged compared to the previous year.

Obligations from assignments of receivables with recourse

During 2020 the Company entered into an agreement for the assignment with recourse of trade receivables with Banca Sistema S.p.A. concerning receivables from Public Authorities and private entities. This agreement superseded the previously applicable agreement for assignment with recourse, which had been executed with Unicredit Factoring S.p.A. in 2015. During 2022 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 27,570 thousand (€ 43,978 thousand in 2021). As at the reporting date of the Financial Statements at 31 December 2022 the exposure was equal to € 5,677 thousand (€ 17,022 thousand at 31 December 2021).

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 € 24,000 thousand at 31 December 2022 (€ 3,966 thousand at 31 December 2021) were transferred to the factor in the first days of the subsequent financial year.

Prepaid financial expenses

At 31 December 2022 the Company recognized prepaid interest expenses of € 1,065 thousand.

The costs incurred during the previous year for entering into the new Super Senior Revolving (RCF) facility agreement were amortized on a straight-line basis throughout the term of the credit facility and showed a remaining balance of € 722 thousand at 31 December 2022.

Accrued financial expenses

At 31 December 2022 the Company recognized accrued interest expenses for € 11,695 thousand relating to the coupon of the Senior Secured Notes due 30 January 2023.

Obligations arising from reverse factoring transactions

As at 31 December 2022 the Company had in place some reverse factoring lines with Unicredit Factoring and Banca Farmafactoring, which ensure a greater amount of overdraft facilities with respect to payments to some suppliers. The exposure was equal to € 33,813 thousand at 31 December 2022 (€ 9,963 thousand at 31 December 2021).

Other financial liabilities

As at 31 December 2022 the balance, equal to € 5,797 thousand (€ 423 thousand in 2021), related for € 200 thousand to the claim submitted by the assignee on disposals of subsidiaries in previous years, the decrease of € 223 thousand was due to the repayment of the financial current account with Consorzio Integra by way of settlement.

The balance of this item at 31 December 2022 also included € 5,597 thousand (including indexing), recognized toward the parent company MSC, following the assignment by MSC of financial lease agreement entered into with Monte dei Paschi di Siena Leasing & Factoring S.p.A. concerning the real estate complex, and its expansion, located in Zola Predosa (BO) at Via Ubaldo Poli no.4, where the registered office of the Company is located (for more details on the transaction reference should be made to note 5).

Lease financial liabilities

Lease agreements entered into are not secured, have a 3-year maturity and monthly payments, and related to contracts on plant and machinery used in some job orders and the balance was equal to € 241 thousand at 31 December 2022 (€ 334 thousand in 2021).

As already commented on above, the recognition of the bond equal to Euro 10,499 thousand was recognized during the year, in relation to the contracts, subject of an assignment by MSC, signed with Monte dei Paschi di Siena Leasing & Factoring S.p.A., concerning the real estate complex, and its expansion, located in Zola Predosa (BO) at Via Ubaldo Poli no.4, where the Company's registered office is located. These contracts will expire in December 2023 and provide for quarterly payments; the balance was equal to € 10,479 thousand at 31 December 2022.

As at 31 December 2022 the financial liability arising from the adoption of IFRS 16 for the property and operating leases amounted to € 17,149 thousand (€ 27,122 thousand at 31 December 2021). Specifically, during the 2022 financial year there was the early termination for € 7,807 thousand of the property lease agreement signed with the parent company MSC for the building located in Zola Predosa (BO) at Via Ubaldo Poli no.4, which hosts the registered office of the Company, as a result of the transaction detailed in note 5. The transaction related to the property where the registered office of the Company is located has a net effect on financial liabilities for leases was equal to a higher debt of € 2.7 million.

The increases for the year for the execution of new agreements concerning property leases and the long-term hire of vehicles and equipment were equal to € 3,370 thousand, in addition to the payment of lease and hire rentals.

20. CONTINGENT LIABILITIES

As at the date of approval of the financial statements, no contingent liabilities had arisen for the Company which had not been recognized in the accounts and for which the Management believes that the related financial risks can be regarded as possible but unlikely or for which these risks cannot be quantified and recognized in the financial statements at 31 December 2022. The changes in the potential liability in 2022, as reported above, are described below.

Disqualification from ANAC - Santobono Pausilipon

On 10 November 2017 ANAC, after the completion of proceedings initiated in November 2016 following a report made by A.O.R.N. Santobono Pausilipon in Naples, imposed a sanction (the “ANAC Order”) on Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at that time), raising objections concerning the failure to provide a declaration relating to the absence of criminal proceedings against one of the Company’s proxy holders in the documentation submitted for the tender for cleaning services at Santobono Pausilipon itself, which took place in 2013. On the other hand, this proxy holder met the legal requirements in full. The ANAC order provided, in addition to a fine of € 10 thousand, for the Company to be excluded from all public tenders for a period of 6 months as from the date of entry in the computerized records of economic operators in public contracts. The Company successfully challenged the order before the Regional Administrative Court, but, within appellate proceedings brought by ANAC, the disqualification order was confirmed by the Council of State; at the end of the procedure for application of extraordinary means of appeal (appeal for review and judicial appeal to the Supreme Court), it became final on 4 December 2020 with the filing of the Supreme Court’s judgment no. 27770/2020. As a result of this judgment, any suspension effect of ANAC Resolution no. 1106/2017 was therefore removed, which entails, in addition to a fine of € 10 thousand, the exclusion of Rekeep S.p.A. from public tender procedures and subcontracting of public contracts for a 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 had to be regarded as suspended at the time. It was also ordered to proceed with blacking out the entry in the computerized records. Moreover, following the summary examination of the precautionary proceedings phase, the Council of State held that "the principle of strictly legal typicality of the sanctions (....) has been breached, given that (...) the failure to make a statement with which the Company has been charged under the order does not coincide with a false statement”. The hearing for discussing the substance of the matter was scheduled on 25 November 2021, at the end of which the Council of State, by judgment no. 491/2022, filed on 25 January 2022, granted the appeal submitted by the Company against the Lazio Regional Administrative Court’s judgment no. 3754/2021, annulling any effect of the order adopted by ANAC, which had already been previously suspended on a precautionary basis. Against the Council of State's ruling the Company was served with a notice of appeal with the Supreme Court and is waiting for the hearing to be scheduled.

21. TRADE PAYABLES AND CONTRACT LIABILITIES

The table below sets forth the breakdown of the item at 31 December 2022 and 31 December 2021:

	31 December 2022	of which with related parties	31 December 2021	of which with related parties
Trade payables	222,711	182	209,474	(173)
Trade payables to Associates and Joint-Ventures	33,490	33,490	9,644	9,644
Trade payables to Subsidiaries	51,378	51,378	34,566	34,566
Trade payables to Parent companies	1,015	1,015	3,501	3,501
Trade payables to Affiliates	692	692	16	16
Contract liabilities for work to be performed	17,960		17,544	
TRADE PAYABLES AND CONTRACT LIABILITIES	**327,247**	**86,757**	**274,744**	**47,553**

At 31 December 2022 trade payables and contract liabilities amounted to € 327,247 thousand compared to a balance of € 274,744 thousand at 31 December 2021; the significant increase was mainly due to the generalized rise in prices of energy, natural gas and, especially, in raw materials, as well as following the generalized rise in inflation at the global level, due to events related to the international geopolitical and social scenario that arose as a result of the beginning of the conflict in Eastern Europe between Russia and Ukraine, which is still ongoing at present.

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 2022 and 31 December 2021:

	31 December 2022	31 December 2021
Payables to employees	33,942	33,678
Payables to social security institutions	6,199	5,507
Tax payables	3,801	4,258
Collections on behalf of ATI	7,424	5,556
Other payables to Subsidiaries	655	992
Other payables to Parent Company	8	22
Other payables to Associates	0	2
Property collection on behalf of customers	2,176	2,176
Payable for notices of payment to be paid in installments (AGCM FM4)	66,581	72,194
Deferred income from others	758	0
Other payables	5,381	4,617
OTHER CURRENT LIABILITIES	**126,926**	**129,002**

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 2022 the item included the residual payable of € 66,581 million relating to the liability recognized by the Parent Company Rekeep S.p.A. following the service of the Competition Authority's updated order concerning the Consip FM4 tender and the subsequent entry of the requested amounts in the taxpayers' list on the part of the Revenue Agency, subject of a payment plan of no. 72 monthly installments sent on 22 December 2020 (for an initial debt equal to € 82.2 million).

23. REVENUE FROM CONTRACTS WITH CUSTOMERS

The table below sets forth the breakdown of the item for the years ended 31 December 2022 and 31 December 2021:

	31 December 2022	31 December 2021
Integrated services - system and building maintenance	130,112	137,538
Cleaning and sanitation services	212,453	233,033
Heat management	150,215	91,330
Construction work, building restructuring	52,875	58,096
Plant construction work	19,645	28,375
Landscaping services	2,872	2,882
Porterage services	30,907	30,817
Asset management	124	118
Other services	187,957	101,910
REVENUE FROM CONTRACTS WITH CUSTOMERS	**787,161**	**684,099**

In 2022 Revenues, equal to € 787,161 thousand, showed an increase of € 103,062 compared to 2021, with a change of 15.1% in percentage terms compared to the value posted in 2021.

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 and telecommunications accounts for more than 50% of the business conducted by the Company.

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

On the one hand, there was an increase in volumes due to the less restrictive closures caused by the Covid-19 pandemic. In fact, it should be noted that the 2020 financial year and until the first half of 2021 the performance in terms of revenues was affected 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). During 2022, there was the start at full working capacity of the contracts acquired in 2020 and 2021 in line with the second half of 2021;

On the other hand, there was an increase in revenues relating to the integrated services contracts as a result of an increase in 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 2022 and 31 December 2021:

	31 December 2022	31 December 2021
Reimbursement of damages	329	622
Gains on sales of property, plant and machinery	19	26
Grants	550	427
Other revenues	2,355	269
OTHER REVENUES	**3,253**	**1,344**

As at 31 December 2022, the balance of “Other Revenues” was € 3,253 thousand, compared to € 1,344 thousand in the previous year. The increase for the year of € 1,909 thousand was mainly due to the recognition of the operating fee for participation in a consortium.

Furthermore, the item is made up of the recovery of personnel costs for an amount of € 226 thousand (€ 176 thousand in the previous year), as well as of operating grants, mainly relating to employee training and smart working development projects equal to € 550 (€ 427 thousand at 31 December 2021).

25. COSTS OF RAW MATERIALS AND CONSUMABLES

The table below sets forth the breakdown of the item for the years ended 31 December 2022 and 31 December 2021:

	31 December 2022	31 December 2021
Change in inventories of raw materials	(6)	(166)
Fuel consumption	(96,108)	(49,198)
Consumption of raw materials	(136,384)	(88,881)
Purchase of auxiliary materials and consumables	(4,152)	(3,880)
Other purchases	(1,801)	(2,097)
COSTS OF RAW MATERIALS AND CONSUMABLES	**(238,451)**	**(144,222)**

“Costs of raw materials and consumables” amounted to € 238,451 thousand at 31 December 2022, up by € 94,229 thousand compared to 31 December 2021. The item included the costs for fuels (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 for the year was affected by higher prices that characterized the raw material market as early as from the second half of the previous year, and then continued throughout 2022, as more fully detailed in the report on operations.

Purchase of raw materials was recognized net of the income granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), which provided, with regard to non-energy-intensive businesses and businesses other than natural gas-intensive businesses, for a tax credit as partial compensation for the higher costs incurred for the purchase of electricity and natural gas incurred in the second quarter of 2022. By subsequent legislative measures, the above tax credits were extended to the third quarter of 2022, the months of October and November, and the month of December 2022. The tax credits are recognized as a percentage, which differs depending on the period in which the expenditure was incurred, of the cost incurred for the purchase of the raw material. In accordance with current regulations, the Company recorded an income in 2022 related to the credit for the purchase of natural gas in the amount of € 10,101 thousand and an income related to the credit for the purchase of electricity in the amount of € 14,084 thousand.

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

The table below sets forth the breakdown of the item for the years ended 31 December 2022 and 31 December 2021:

	31 December 2022	31 December 2021
Third-party services	(109,010)	(120,106)
Professional services	(28,190)	(29,236)
Consortia services	(61,233)	(44,019)
Utilities	(1,849)	(1,758)
Other personnel services	(4,719)	(5,029)
Transport	(205)	(81)
Equipment maintenance and repair	(4,243)	(4,409)
Insurance and sureties	(5,051)	(4,634)
Travel expenses and reimbursement of expenses	(1,438)	(1,509)
Advertising and marketing	(455)	(362)
Statutory Auditors and Committees’ fees	(86)	(86)
Bank services	(97)	(110)
Bonuses and commissions	(10)	(1)

	31 December 2022	31 December 2021
Other services	640	3,591
COSTS FOR SERVICES	**(215,947)**	**(207,748)**
Rent expense	(1,328)	(1,354)
Hires and others	(3,376)	(3,971)
COSTS FOR USE OF THIRD-PARTY ASSETS	**(4,704)**	**(5,326)**
COSTS FOR SERVICES AND USE OF THIRD-PARTY ASSETS	**(220,651)**	**(213,074)**

For the year ended 31 December 2022 the item amounted to € 220,651 thousand, against € 213,074 thousand in 2021. The increase, equal to € 7,577 thousand, was mainly linked to the combined effect of a rise in services provided by investee consortium companies (for € 17,214 thousand) and a reduction in third-party services (€ 11,095 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 2022 and 31 December 2021:

	31 December 2022	31 December 2021
Wages and salaries	(165,923)	(173,108)
Social security charges	(51,485)	(53,367)
Temporary and leased personnel	(14,583)	(20,604)
Other current benefits	(623)	(555)
CURRENT BENEFITS	**(232,615)**	**(247,634)**
Employee termination indemnity	(78)	(27)
DEFINED BENEFITS	**(78)**	**(27)**
Payments to employee pension funds	(9,158)	(9,853)
DEFINED CONTRIBUTION BENEFITS	**(9,158)**	**(9,853)**
EMPLOYMENT TERMINATION BENEFITS	**(419)**	**(2,421)**
PERSONNEL COSTS	**(242,269)**	**(259,935)**

The financial year ended 31 December 2022 showed a decrease of € 17,666 thousand against the balance in 2021. It was due to the lower average number of employees in service in 2022 from 11,923 in 2021 to 10,505 in 2022.

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 2022 and 31 December 2021:

	31 December 2022	31 December 2021
Other operating costs	(2,854)	(2,692)
Fines and penalties	(854)	(835)
Competition Authority's fine for the FM4 Tender	0	(255)
Taxes other than income taxes	(1,450)	(1,484)
Capital losses on disposals of assets	(5)	(11)
Credit losses	(14)	(14)
Securitization credit discount	(132)	(199)
OTHER OPERATING COSTS	**(5,309)**	**(5,491)**

For the financial year ended 31 December 2022 the item amounted to € 5,309 thousand against € 5,491 thousand in 2021.

No significant changes occurred during 2022. There was only a decrease in the item "Competition Authority's fine" (for more details, reference should be made to the other sections of these explanatory notes).

The year saw the recognition of credit discount costs equal to € 132 thousand (€ 199 thousand at 31 December 2021) 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 2022 and 31 December 2021:

	31 December 2022	31 December 2021
Amortization of intangible assets	(4,734)	(5,298)
Depreciation of property, plant and equipment	(1,589)	(1,406)
Depreciation of property, plant and equipment under lease	(5,026)	(5,056)
Write-down of equity investments in Group companies	204	(544)
Write-downs of trade receivables	(1,954)	(3,665)
Transfer of bad debt provision	283	421
Write-downs of other assets	(26)	0
AMORTIZATION/DEPRECIATION, WRITE-DOWNS ANDWRITE-BACKS OF ASSETS	**(12,842)**	**(15,550)**

The item Amortization/depreciation, write-downs and write-backs of assets decreased from € 15,550 thousand for the year ended 31 December 2021 to € 12,842 thousand in 2022.

The item 'Write-down of equity investments in Group companies" showed a positive balance of € 204 thousand, since it included, on the one hand, the reversal of the value adjustment , recognized in previous years, on the investment in Yougenio S.r.l. as a result of losses regarded as not recoverable for € 212 thousand and, on the other hand, the loss on the investment recognized as a result of the winding-up of Bologna Più Soc. Cons. a r.l. in liquidation for € 8 thousand.

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

The item is made up of :

- Dividends from group companies for € 10,635 thousand (€ 11,132 thousand at 31 December 2021)
- Income from disposal of equity investments for € 95 thousand (€ 856 thousand at 31 December 2021)

The breakdown of dividends collected as at 31 December 2022 is shown below compared to 2021:

	31 December 2022	31 December 2021
H2H Facility Solutions S.p.A.	1,330	0
Servizi Ospedalieri S.p.A.	8,000	8,840
Telepost S.r.l.	818	2,000
Sesamo S.p.A.	9	9
Progetto Nuovo Sant'Anna S.r.l.	25	29
Genesi Uno S.p.A.	41	32
MFM Capital S.r.l.	276	69
Progetto ISOM S.p.A.	100	100
Gico System S.r.l.	0	40
Other minor items	36	13
TOTAL DIVIDENDS FROM GROUP COMPANIES	**10,635**	**11,132**

The breakdown of income and costs from investments as at 31 December 2022 is shown below compared to 2021:

	31 December 2022	31 December 2021
Liquidation of Bologna Gestione Patrimonio Soc. Cons a r.l.	1	0
Liquidation of Servizi Taranto Soc. Cons. a r.l.	1	0
Sale of Gico Systems S.r.l.	7	812
Liquidation of SCAM S.r.l.- Soc. Cons. Adanti Manutencoop a r.l.	43	0
Liquidation of Global Provincia di Rimini Soc. Cons. a r.l.	44	0
Other minor items	0	44
TOTAL INCOME AND CHARGES FROM DISPOSAL OF EQUITY INVESTMENTS	**95**	**856**

During 2022 the winding-up of some Group companies was completed, which entailed the recognition of income from equity investments totaling € 89 thousand.

31. FINANCIAL INCOME

Below is the breakdown of this item for the financial years ended 31 December 2022 and 2021:

	31 December 2022	31 December 2021
Interest on trade receivables	1,838	253
Interest on loans and intercompany current accounts	4,803	3,931
Interest from discounting of non-interest bearing loans	3	3
Interest on bank current accounts	2	0
Capital gains on securities	0	0
Other financial income	158	121
FINANCIAL INCOME	**6,805**	**4,310**

Financial income for the year showed an increase of € 2,495 thousand compared to 2021, which was mainly due to the recognition of default interest income to a customer in court for € 1,498 thousand.

32. FINANCIAL CHARGES

	31 December 2022	31 December 2021
Interest on Loans	(27,101)	(27,681)
Financial charges on Group financial accounts	(204)	(176)
Financial costs from securitization	(2,550)	(3,936)
Other financial charges	(7,103)	(30,657)
Financial charges on leases	(1,251)	(1,368)
FINANCIAL CHARGES	**(38,209)**	**(63,818)**

The impact of *financial charges* for the 2022 financial year was equal to € 38,209 thousand, down by € 25,609 thousand compared to 2021, when it was equal to € 63,818 thousand.

The change in this item was significantly affected by the refinancing transaction carried out by the Company, which entailed an early redemption of the Senior Secured Notes issued in 2017, due 2022 and a coupon at an annual fixed rate of 9% (for a nominal value of € 333.9 million at the settlement date), as well as the issue of new Senior Secured Notes due 2026 and a coupon at an annual fixed rate of 7.25% for a total amount of € 370.0 million. At the same time as the bond issue the Revolving

Credit Facility line of € 50.0 million was repaid and a new facility was signed for a maximum amount of € 75.0 million. This transaction entailed the payment of non-recurring financial charges for € 23,674 thousand during 2021.

With reference to the Senior Secured Notes, *Financial charges on other loans* included financial costs on the coupons of the Notes (payable with a coupon on a six-monthly basis on 1 February and 1 August), which accrued for € 26,850 thousand in 2022, down by € 664 thousand compared the balance recorded in the previous year (€ 27,514 thousand, of which € 2,254 thousand related to interest accrued on previous notes before the sale). On the other hand, *Other financial charges* included financial charges for amortized cost accrued in 2022 for € 1,516 thousand, against costs of € 1,358 thousand (excluding € 5,818 thousand related to the write-off of the residual additional costs to the issue in 2017, which was included under non-recurring costs).

Other financial charges also included amortization charges of the initial costs for the new Super Senior Revolving Credit Facility ("RCF"). These costs, which were initially equal to € 1,260 thousand, were also amortized on a straight-line basis throughout the term of the credit facility and gave rise to amortization charges of € 280 thousand in 2022 against € 258 thousand in the previous year (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, as already included among non-recurring costs). Other financial charges incurred for the Super Senior Revolving Facility included commitment fees charged by banks equal to € 536 thousand in 2022 (€ 673 thousand at 31 December 2021). Finally, with regard to the facility, interest on temporary partial uses accrued for € 982 thousand in 2022, while the facility had been used only from the second half of the previous year, thus generating financial costs equal to € 223 thousand.

For the sake of completeness, *Other financial charges* in 2021 included additional non-recurring financial costs of € 17,592 thousand related to the refinancing transaction, of which an amount of € 15,026 thousand related to early redemption costs on the basis of the redemption premium set in the rules of the Senior Secured Notes and an amount of € 2,567 thousand related to bank fees linked to the new issue.

Finally, interest discount costs were recognized for € 2,550 thousand during 2022 in relation to the assignments of trade and VAT receivables without recourse (€ 3,936 thousand at 31 December 2021).

33. CURRENT AND DEFERRED TAXES

The breakdown of the income taxes is shown below for the years ended 31 December 2022 and 31 December 2021:

	31 December 2022	31 December 2021
Current IRES tax	6,431	6,496
Current IRAP tax	3,841	3,625
(Income) charges from tax consolidation	(883)	(2,025)
Adjustments to current taxes of previous years	(5,959)	222
Current taxes	**3,429**	**8,319**
Prepaid/deferred IRES tax	28	498
Prepaid/deferred IRAP tax	21	(67)
Prepaid/deferred taxes relating to previous years	0	0
Prepaid/(deferred) taxes	**49**	**431**
CURRENT, PREPAID AND DEFERRED TAXES	**3,478**	**8,749**

Current taxes

In 2022 the Company submitted the supplementary tax returns of Income 2017-2022 and IRAP (Regional Production Activity Tax) 2017 – 2022 forms, recording income totaling € 5.9 million.

The reconciliation between IRES and IRAP tax recorded and theoretical tax resulting from application of the tax rates applicable for the financial years ended 31 December 2022 and 2021 to pre-tax profit is as follows:

Reconciliation between theoretical and actual IRES tax rate	31 December 2022	%	31 December 2021	%
Pre-tax profit (continuing and discontinued operations)	**44,261**		**(4,040)**	
Ordinary rate applicable		24%		24%
Effect of increases (decreases):				
- Temporary differences	2,427		(527)	
- Permanent differences	(19,892)		23,018	
IRES taxable income	26,796		18,452	
ACTUAL RATE/TAX	**6,431**	**N.A.**	**4,428**	**N.A.**

Reconciliation between theoretical and actual IRAP tax rate	31 December 2022	%	31 December 2021	%
Pre-tax profit (continuing and discontinued operations)	**44,261**		**(4,040)**	
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	242,269		259,935	
- Balance from financial management	20,674		47,546	
- Other difference between taxable base and pre-tax result	(213,203)		(216,259)	
IRAP taxable income	**94,001**		**87,182**	
- of which at 2.68%	2,451		2,241	
- of which at 2.93%	21		19	
- of which at 3.10%	93		56	
- of which at 3.90%	69,526		57,704	
- of which at 4.73%	166		727	
- of which at 4.82%	18,832		23,723	
- of which at 4.97%	2,913		2,712	
ACTUAL RATE/TAX	**3,841**	**4.09%**	**3,625**	**4.16%**

Prepaid and deferred taxes

The breakdown of the prepaid and deferred taxes as at 31 December 2022 and at the end of the previous year is shown below:

Breakdown of Prepaid and deferred taxes	**Tax effect through balance sheet**		**Tax effect through P&L**		**Tax effect through Equity**	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**
Prepaid taxes:						
Presumed losses on receivables	1,817	1,867	50	1,747		
Provisions for risks and charges	4,071	3,713	(358)	(563)		
Fees of Directors, Statutory Auditors and Independent Auditors	57	37	(20)	23		
Amortization	1	1				
Interest expense	3,068	3,068				
Cash cost deduction	4	1	(3)	23		
Effects of IFRS16 recognized in Equity	430	633	203			
Effects of sale/acquisition of Business Unit recognized in Equity	2,509		148		2,657	
Other temporary differences	452	547	96	63		
TOTAL PREPAID TAXES	**12,408**	**9,867**	**115**	**1,293**	**2,657**	
Deferred taxes:						
Goodwill amortization	(9,899)	(9,898)	1	24		
Purchase Price Allocation (PPA)	(1,405)	(1,472)	(67)	(67)		
Other temporary differences	(19)	(20)	(1)	(6)		
Amortized cost	-	-	-	(814)		
TOTAL DEFERRED TAXES	**(11,323)**	**(11,390)**	**(67)**	**(863)**		
NET PREPAID/(DEFERRED) TAXES	**1,085**	**(1,523)**	**49**	**431**	**2,657**	

34. COMMITMENTS AND GUARANTEES

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

The tables below report the breakdown of the amount of future payments under lease agreements and their present value at 31 December 2022 and 31 December 2021:

	Lease obligations at 31 December 2022	
	Lease payments falling due	**Present value of lease payments**
Within 1 year	14,878	14,241
From one year to five years	12,596	11,337
After 5 years	0	0
TOTAL LEASE PAYMENTS	**29,948**	**27,869**
Financial charges	(11,023)	
PRESENT VALUE OF LEASE PAYMENTS	**27,869**	**27,869**

	Lease obligations at 31 December 2021	
	Lease payments falling due	**Present value of lease payments**
Within 1 year	5,981	4,809
From one year to five years	18,905	16,245
After 5 years	0	0
TOTAL LEASE PAYMENTS	**31,781**	**27,456**
Financial charges	(4,325)	
PRESENT VALUE OF LEASE PAYMENTS	**27,456**	**27,456**

Guarantees given

The Company had given the following guarantees as at 31 December 2022:

- guarantees for financial obligations of € 7,112 thousand (unchanged compared to 31 December 2021), wholly issued in the interests of subsidiaries and associates for bank overdrafts and other financial obligations;

- sureties granted to third parties as security for the correct performance of commercial contracts in place with customers, equal to € 311,828 thousand (€ 292,480 thousand at 31 December 2021), of which an amount of € 71,132 thousand issued in the interests of subsidiaries and associates (€ 41,170 thousand at 31 December 2021);
- other guarantees issued by third parties in favor of associates, joint ventures and other equity investments for € 9,993 thousand (€ 7,057 thousand at 31 December 2021);
- 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 € 106,498 thousand (€ 74,241 thousand at 31 December 2021), of which an amount of € 28,447 thousand issued in the interests of subsidiaries and associates (€ 11,697 thousand at 31 December 2021).

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

On 18 January 2021, the Company announced the launch of an offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75%, plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

At the same time as the issue of 28 January 2021, it finally signed a new revolving loan agreement that will guarantee a senior secured line of credit ("RCF") for an amount of up to € 75 million, to be used for general purposes and to manage the working capital of the Issuer and of subsidiary Servizi Ospedalieri S.p.A..

The payment obligations connected to both the Bond Issue and the Super Senior Revolving Facility (RCF) are backed by the following collateral provided:

- a first-degree pledge over the total shares of Rekeep S.p.A., granted by the controlling company MSC;
- 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 2022 no events of default had occurred.

35. RELATED-PARTY TRANSACTIONS

Related-party transactions were performed under normal market conditions, i.e. in line with conditions that would be applied between independent parties. Market prices are applied to both commercial and financial transactions.

Non-interest bearing loans are only disbursed in the case of pro-quota financing granted by syndicated shareholders to consortium companies. If they consisted of long-term loans, they were discounted in the financial statements of the Company.

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

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

PARENT COMPANY		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
MSC Società di Partecipazione tra Lavoratori S.p.a.	31-Dec-22	105	10,695	126	616	30	3,651	1,015	10,870
	31-Dec-21	117	23,031	37	725	1	14,584	3,501	12,747
TOTAL PARENT COMPANY	**31-Dec-22**	**105**	**10,695**	**126**	**616**	**30**	**3,651**	**1,015**	**10,870**
	31-Dec-21	**117**	**23,031**	**37**	**725**	**1**	**14,584**	**3,501**	**12,747**

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-22	-	-	-	-	3	-	-	1
	31-Dec-21	-	-	-	-	3	-	-	1
Bologna Strade soc.cons.a r.l.	31-Dec-22	73	-	-	-	22	-	-	-
	31-Dec-21	71	-	-	-	22	-	-	-
Cefalù Energia S.r.l.	31-Dec-22	3,580	-	1	-	3,014	84	5	150
	31-Dec-21	1,559	-	-	5	1,358	-	-	334
Co.Ge.F. soc.cons.a r.l. in liquidation (**)	31-Dec-22	60	69	-	-	1,081	-	696	-
	31-Dec-21	841	765	-	-	1,426	-	914	-
Cons. Igiene Ospedaliera Soc.Cons.a r.l. in liquidation (**)	31-Dec-22	14	24	-	-	364	-	447	-
	31-Dec-21	63	165	-	-	345	-	471	-
Cons. Imolese Pulizie Soc.Cons.a r.l.	31-Dec-22	-	-	-	-	-	-	-	-
	31-Dec-21	-	-	-	-	-	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-22	3,209	1,439	99	-	3,653	635	178	107
	31-Dec-21	326	1,351	16	-	4,420	165	(177)	-
Cons. Servizi Toscana Soc.Cons.a.r.l. in liquidation	31-Dec-22	-	-	-	-	282	-	177	-
	31-Dec-21	-	-	-	-	282	-	177	-
Gestlotto 6 Soc.Cons.a r.l. in liquidation	31-Dec-22	-	-	-	-	-	5	-	-
	31-Dec-21	-	-	-	-	-	5	-	-
Global Oltremare Soc.Cons.a.r.l in liquidation	31-Dec-22	-	7	-	-	-	-	99	-
	31-Dec-21	-	7	-	-	-	-	92	-
Ferraria Soc.Cons.a r.l.	31-Dec-22	5,940	6,419	-	-	7,200	0	6,792	-
	31-Dec-21	3,661	4,216	-	-	5,257	0	3,876	-
Gymnasium Soc.Cons.a r.l. in liquidation	31-Dec-22	-	-	-	-	1	8	33	-
	31-Dec-21	-	-	-	-	1	8	33	-
Isom Gestione Soc.Cons.a.r.l.	31-Dec-22	22,256	15,791	-	-	12,676	-	8,115	-
	31-Dec-21	12,863	7,898	-	-	11,496	-	5,063	-
Isom Lavori Soc.Cons.a.r.l.	31-Dec-22	20	134	-	-	146	-	187	-
	31-Dec-21	20	-	-	-	559	-	418	-
Infrastrutture Lombardia Servizi Soc. Cons. a r.l.	31-Dec-22	1,164	1,480	-	-	1,614	-	1,420	-
	31-Dec-21	987	1,370	-	-	996	-	1,180	-
H2H Facility Solutions S.p.a.	31-Dec-22	2,235	-	94	-	649	3,345	14	15
	31-Dec-21	2,889	-	72	-	1,142	1,525	2	94
H2H Cleaning S.r.l.	31-Dec-22	162	13	-	-	165	4	35	6
	31-Dec-21	64	19	-	-	93	1	44	27
Medical Device S.r.l.	31-Dec-22	-	-	-	-	-	-	-	-
	31-Dec-21	-	6	-	-	3	-	52	-
M.S.E. Soc. Cons. a r.l. in liquidation	31-Dec-22	-	5	-	-	-	-	9	-
	31-Dec-21	1	5	-	-	-	-	4	-
Palmanova servizi energetici soc.cons. a r.l. in liquidation	31-Dec-22	-	5	-	-	75	-	5	-
	31-Dec-21	-	(150)	-	-	810	-	446	-
Progetto Sintesi Soc. Cons. a r.l.	31-Dec-22	4,011	4,277	-	-	3,646	2,609	4,277	-
	31-Dec-21	-	-	-	-	-	-	-	-

DIRECTLY AND INDIRECTLY-CONTROLLED COMPANIES		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
S.AN.CO. Soc. Conso a r.l. in liquidation (**)	31-Dec-22	38	(10)	-	-	102	861	(288)	627
	31-Dec-21	37	(9)	-	-	56	861	(278)	618
S.AN.GE Soc. Cons. a r.l. a Socio Unico	31-Dec-22	31,187	18,911	209	-	16,643	5,699	15,934	-
	31-Dec-21	25,161	14,530	167	-	10,062	5,014	10,819	-
Servizi Brindisi soc.cons.a r.l.	31-Dec-22	-	(9)	-	-	264	7	(59)	-
	31-Dec-21	-	7	-	-	264	6	(50)	-
Servizi Ospedalieri S.p.A.	31-Dec-22	1,769	14	3,317	-	807	49,295	41	4
	31-Dec-21	1,701	57	2,693	-	693	44,329	8	4
Servizi Taranto Soc. Cons. a r.l. in liquidation (*)	31-Dec-22	-	-	-	-	-	-	-	-
	31-Dec-21	21	10	-	-	395	-	287	-
Simagest 2 Soc.Cons.a r.l. in liquidation (*)	31-Dec-22	-	-	-	-	-	-	-	-
	31-Dec-21	-	-	-	-	-	75	13	2
Simagest 3 Soc.Cons.a r.l. in liquidation (*)	31-Dec-22	-	-	-	-	-	-	-	-
	31-Dec-21	-	-	-	-	-	3	6	-
Telepost S.r.l.	31-Dec-22	633	934	-	7	164	-	336	425
	31-Dec-21	634	656	-	62	156	-	138	742
Logistica Sud-Est Soc. Cons. a r.l. in liquidation (**)	31-Dec-22	96	263	-	-	37	-	45	-
	31-Dec-21	731	1,992	-	-	139	-	597	-
Rekeep Digital S.r.l.	31-Dec-22	315	3,331	76	-	82	2,410	2,103	6
	31-Dec-21	258	2,596	54	-	82	2,147	1,966	96
San Gerardo Servizi Soc. Cons. a r.l.	31-Dec-22	4,035	4,029	-	-	1,528	-	2,821	-
	31-Dec-21	3,376	3,336	-	-	1,786	-	2,493	-
Rekeep World S.r.l.	31-Dec-22	357	-	867	-	22	29,676	4	15
	31-Dec-21	346	-	809	-	10	22,957	4	160
Rekeep Saudi Co.Ltd.	31-Dec-22	707	-	-	-	1,140	-	-	-
	31-Dec-21	-	-	34	(303)	432	-	-	-
Rekeep France S.a.s.	31-Dec-22	-	-	-	-	-	1	-	-
	31-Dec-21	-	-	-	-	-	1	-	-
Rekeep Transport S.a.s.	31-Dec-22	-	-	-	-	-	-	-	-
	31-Dec-21	20	-	-	-	-	-	-	-
MCF Servizi Integrati Soc. Cons. a r.l. in liquidation	31-Dec-22	-	-	-	-	365	-	5	-
	31-Dec-21	-	-	-	-	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-22	10,649	7,218	-	-	3,830	-	3,065	-
	31-Dec-21	10,365	7,443	-	-	4,177	-	3,144	-
YOUGENIO S.r.l. in liquidation	31-Dec-22	21	-	101	-	1	3,417	2	-
	31-Dec-21	44	2	88	-	42	3,637	2	3
Rekeep Rail S.r.l.	31-Dec-22	268	4	-	173	109	10	1	3,671
	31-Dec-21	249	4	-	43	134	20	4	4,139
Treviso GS4 Soc. Cons. a r.l.	31-Dec-22	466	6,753	-	-	1,624	4,003	5,057	-
	31-Dec-21	235	2,786	-	-	41	2,172	2,305	-
TOTAL DIRECTLY AND INDIRECTLY-CONTROLLED COMPANIES	**31-Dec-22**	**93,267**	**71,103**	**4,763**	**180**	**61,306**	**102,069**	**51,556**	**5,027**
	31-Dec-21	**66,523**	**49,062**	**3,933**	**(194)**	**47,369**	**82,961**	**34,388**	**6,220**

(**) In liquidation from 01.01.2023

(*) Investment sold/wound-up in 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-22	8,492	4,166	-	-	7,085	-	3,673	-
	31-Dec-21	7,356	3,444	-	-	4,303	-	1,843	-
Legnago 2001 Soc.Cons.a r.l. in liquidation	31-Dec-22	-	4	-	-	158	-	71	-
	31-Dec-21	-	8	-	-	158	-	67	-
SCAM Soc.Cons. a r.l. in liquidation (*)	31-Dec-22	-	-	-	-	-	-	-	-
	31-Dec-21	-	-	-	-	-	-	53	-
Serena s.r.l. in liquidation (*)	31-Dec-22	-	-	-	-	-	-	-	-
	31-Dec-21	-	-	-	-	-	3	-	-
CO. & MA.Soc. Cons. a r.l in liquidation	31-Dec-22	-	(73)	-	-	-	20	676	-
	31-Dec-21	270	1,166	-	-	90	20	1,163	-
TOTAL JOINT VENTURES	**31-Dec-22**	**8,492**	**4,098**	**-**	**-**	**7,243**	**20**	**4,420**	**-**
	31-Dec-21	**7,626**	**4,618**	**-**	**-**	**4,551**	**23**	**3,126**	**-**

(*) Investment sold/wound-up in 2022

ASSOCIATES		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Arienes Soc.Cons. a r.l.	31-Dec-22	21,678	20,528	-	-	21,678	-	20,528	-
	31-Dec-21	-	-	-	-	-	-	-	-
Bologna Più Soc.Cons. a r.l. in liquidation (*)	31-Dec-22	-	-	-	-	-	-	3	-
	31-Dec-21	-	-	-	-	-	3	3	2
Global Provincia di Rimini Soc.Cons.a r.l. in liquidation (*)	31-Dec-22	-	-	-	-	-	70	-	-
	31-Dec-21	-	-	-	-	-	70	13	-
Global Vicenza soc.cons. a r.l.	31-Dec-22	-	-	-	-	-	10	17	-
	31-Dec-21	-	-	-	-	-	10	17	-
Logistica Ospedaliera Soc.Cons.a r.l.	31-Dec-22	-	2	-	-	-	-	20	-
	31-Dec-21	-	8	-	-	-	-	18	-
Newco DUC Bologna S.p.A.	31-Dec-22	-	-	-	-	-	-	58	-
	31-Dec-21	-	15	-	-	-	-	66	-
Roma Multiservizi S.p.A.	31-Dec-22	91	5	-	-	79	-	5	-
	31-Dec-21	52	63	-	-	50	-	93	-
Servizi Napoli 5 soc.cons. r.l.	31-Dec-22	836	754	-	-	3,439	-	2,038	-
	31-Dec-21	1,375	1,284	-	-	4,310	-	2,896	-
Bologna Global Strade Soc. Cons a r.l.	31-Dec-22	-	(50)	-	-	39	383	(159)	-
	31-Dec-21	247	-	-	-	148	383	1	-
Gestione Strade Soc. Cons. a r.l.	31-Dec-22	177	1,365	-	-	122	63	800	-
	31-Dec-21	64	1,187	-	-	44	63	398	-
S.E.I. Energia Soc. Cons. a r.l.	31-Dec-22	49	7,055	22	-	184	880	5,395	-
	31-Dec-21	49	3,553	22	-	103	780	2,799	-
2High S.r.l.	31-Dec-22	-	283	-	-	-	-	167	-
	31-Dec-21	-	200	-	-	-	-	171	-
Imola Verde e Sostenibile Soc. Cons. a r.l.	31-Dec-22	297	292	-	-	211	-	198	-
	31-Dec-21	211	203	-	-	50	-	45	-
TOTALE ASSOCIATES	**31-Dec-22**	**23,128**	**30,234**	**22**	**-**	**25,752**	**1,406**	**29,070**	**-**
	31-Dec-21	**1,997**	**6,513**	**22**	**-**	**4,705**	**1,308**	**6,518**	**2**

(*) Investment sold/wound-up in 2022

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-22	-	-	-	-	1	-	-	
	31-Dec-21	-	-	-	-	1	-	-	
Nugareto Società Agricola Vinicola S.r.l.	31-Dec-22	1	49	-	-	1	-	72	
	31-Dec-21	1	38	-	-	-	-	16	
Segesta S.r.l.	31-Dec-22	6	-	-	-	2	1	-	
	31-Dec-21	5	-	-	-	2	-	-	
Sacoa s.r.l.	31-Dec-22	40	779	-	-	25	-	619	
	31-Dec-21	41	2	-	-	12	-	-	
TOTAL SUBSIDIARIES OF MSC	31-Dec-22	**46**	**828**	**-**	**-**	**29**	**1**	**692**	
	31-Dec-21	**47**	**40**	**-**	**-**	**15**	**-**	**16**	
Consorzio Karabak Società Cooperativa	31-Dec-22	63	1	4	-	21	-	1	
	31-Dec-21	73	-	-	-	19	-	-	
Consorzio Karabak Due soc.coop	31-Dec-22	4	-	-	-	1	-	-	
	31-Dec-21	5	-	-	-	1	-	-	
Consorzio Karabak Quattro coop	31-Dec-22	-	1	-	-	-	-	1	
	31-Dec-21	-	1	-	-	-	-	1	
SACOA Servizi Telematici S.r.l.	31-Dec-22	-	3	-	-	-	-	2	
	31-Dec-21	-	2	-	-	-	-	3	
TOTAL ASSOCIATES OF MSC	**31-Dec-22**	**66**	**5**	**5**	**-**	**22**	**-**	**3**	
	31-Dec-21	**78**	**3**	**-**	**-**	**19**	**-**	**4**	

		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL RELATED PARTIES	**31-Dec-22**	**125,103**	**16,963**	**4,917**	**795**	**94,382**	**107,146**	**86,757**	**15,897**
	31-Dec-21	**76,389**	**83,267**	**3,993**	**531**	**56,661**	**98,876**	**47,552**	**18,969**

Sometimes technical services and works are performed in favor of individuals who hold top management positions within the Rekeep Group, on the basis of contracts entered into at arm's length. As at 31 December 2022, the advances that had been previously collected against these services had been completely zeroed out against the services delivered during 2022 (€ 188 thousand at 31 December 2021).

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

- Until 12 December 2022, the parent company MSC Società di Partecipazione tra Lavoratori S.p.A. leased to the Company the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The lease, which had a term of five years and an estimated annual rent of € 1,320 thousand to be paid in 12 monthly installments, was terminated as a result of the withdrawal by the lessee under an agreement signed between the same parties for the assignment of the property leases previously existing between MSC S.p.A. and MPS Leasing & Factoring S.p.A. (for more details, reference should be made to the information already provided in the notes reported above);
- MSC 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.
- The Company signed agreements with the Parent Company MSC Società di Partecipazione tra Lavoratori S.p.A. and other Group companies, for the provision oftax consultancy services;
- Sacoa S.r.l., a subsidiary of MSC S.p.A., is committed, on the basis of contracts entered into with Rekeep S.p.A. and other companies of the Rekeep Group, to preparing pay packets. The transaction was completed on 1 January 2023, at the same time as the effectiveness of the acquisition of the "Major Customers" business unit, as detailed in the paragraph on "Subsequent events";
- Starting from 2004, the Company applied the tax consolidation of the Parent Company MSC, pursuant to Article 117 et seq. of the TUIR (Italian Consolidated Law on Income Tax). The option is valid for three years, after which it is tacitly renewed, unless it is revoked. It was renewed for the period from 2022 to 2024. Relations between the consolidating company MSC Società di Partecipazione tra Lavoratori S.p.A. and the consolidated company, deriving from the transfer to the Parent Company of taxable amounts and tax losses, generated by the consolidated company, are regulated contractually.

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

	31 December 2021	31 December 2020
STATEMENT OF FINANCIAL POSITION		
ASSETS		
A) Subscribed capital, unpaid	6	27
B) Fixed assets	96,514	127,428
C) Working capital	12,289	10,409
D) Accrued income and prepaid expenses	542	733
TOTAL ASSETS	**109,351**	**138,596**
LIABILITIES		
A) Shareholders' equity:		
Share capital	3,608	4,564
Reserves	98,906	285,866
Profit/(Loss) for the year	(26,768)	(186,960)
B) Provisions for risks and charges	129	315
C) Employee Severance Indemnity	683	878
D) Payables	32,763	33,343
E) Accrued expenses and deferred income	30	590
TOTAL LIABILITIES	**109,351**	**138,596**
INCOME STATEMENT		
A) Value of production	30,821	30,447
B) Costs of production	(29,698)	(28,917)
C) Financial income and costs	700	1,331
D) Value adjustments to financial assets	(28,449)	(189,046)
Income taxes for the year	(142)	(776)
Profit/(Loss) for the year	**(26,768)**	**(186,960)**

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 2022, as well as those paid to the Executives with Strategic Responsibilities:

	31 December 2022	31 December 2021
BOARD OF DIRECTORS		
Short-term benefits	329	460
TOTAL BOARD OF DIRECTORS	**329**	**460**
BOARD OF STATUTORY AUDITORS		
Short-term benefits	73	73
TOTAL BOARD OF STATUTORY AUDITORS	**73**	**73**
OTHER STRATEGIC EXECUTIVES		
Short-term benefits	2,491	3,843
Subsequent benefits	111	125
TOTAL OTHER STRATEGIC EXECUTIVES	**2,602**	**3,968**

The table below reports the fees accrued in 2022 for the audit and non-audit services rendered by EY S.p.A and by entities in their network:

	31 December 2022	31 December 2021
Audit services	408	460
Other services	2	788
Other certifications	11	-
TOTAL FEES DUE TO THE EY S.p.A. NETWORK	**422**	**1,247**

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 issue directly on the part of

Rekeep S.p.A.. Finally, during 2019 and 2020 some separate buy-back transactions of Senior Secured Notes were carried out for a total amount of € 26.1 million, and, therefore, the outstanding nominal value of the bond was equal to € 333.9 million at 31 December 2020.

On 18 January 2021, Rekeep S.p.A. also announced the launch of a new offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The stock was admitted for listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. On 9 February 2021, the Company also issued additional Senior Secured Notes with a nominal value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and have been formally registered in the same series as the latter ones.

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

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

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

The Company's 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 2022 and 31 December 2021:

		Hierarchy Levels				Hierarchy Levels		
	31 December 2022	Level 1	Level 2	Level 3	31 December 2021	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss								
Financial receivables, securities and other non-current financial assets	1,101	101		1,000	101	101		
of which securities	1,101	101		1,000	101	101		
Available for sale financial assets								
Financial receivables and other current financial assets	0				0			
of which hedging derivatives	0				0			
of which non-hedging derivatives	0				0			
TOTAL FINANCIAL ASSETS	**1,101**	**101**		**1,000**	**101**	**101**		

During 2022 the Company did not make recourse to hedging derivatives. In 2022 there were no transfers between fair value measurement levels.

There were no changes in allocation of financial assets that led to a different class of assets. The Company does not hold instruments to warrant amounts receivable to mitigate credit risk. The carrying amount of financial assets, therefore, represents its potential credit risk.

Classes of financial assets and liabilities

The following table shows the classification of financial assets and liabilities recorded in the financial statements, as required by IFRS 7, and the associated economic effects for the year closed as at 31 December 2022:

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

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

The same information is reported below for the financial year ended 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)**

Liquidity risk

The Company’s objective is to maintain a balance between funding and flexibility through the use of current account overdrafts, short-term bank loans (hot money and advances), leases and medium/long-term loans.

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

For this purpose the Company may make use of committed credit lines in the form of loans or of assignments without recourse of trade receivables in order to meet financial requirements (if any).

On 27 December 2018 Rekeep S.p.A. and its subsidiary Servizi Ospedalieri S.p.A. signed a 3-year maturity factoring agreement with Bancafarmafactoring S.p.A. concerning the non-recourse assignment and on a revolving basis of receivables claimed by the same companies from Entities in the National Health System and Public Administration, in an amount of up to € 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 only from the National Health System.

Within the context of the abovementioned refinancing transaction, the Parent Company Rekeep S.p.A. also signed a Super Senior Revolving (RCF) loan agreement for a total amount of € 75 million, governed by English law. Specifically, the RCF loan agreement was entered into between, among others, Rekeep S.p.A., on the one hand, and Credit Suisse AG, Milan Branch, Goldman Sachs Bank Europe SE, JP Morgan AG and Unicredit S.p.A. (as Mandated Lead Arrangers), Unicredit S.p.A. as Agent and Security Agent, and the Original Lenders, on the other hand. No amount arising from uses under the Super Senior Revolving Loan Agreement may be used, directly or indirectly, in order to, among other things, proceed with the repurchase or redemption of the Bond Issue or the purchase of shares in Rekeep S.p.A..

The management believes that the structure of the financial debt maturity, as well as the availability of the abovementioned committed credit lines, allow the Group to meet its financial requirements in an adequate manner.

Price risk

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

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

Credit risk

The Company has contracts in place with Public Administration, a situation that does not present insolvency problems, but which requires constant contact with customers in order to minimize delays caused by the Authority's red-tape and jointly resolve problems relating to their financial management. At present the portfolio mix also includes some large Italian industrial and banking groups, mainly organized as a network all over the country .

There are no significant credit concentration risks to report, which are carefully monitored by the Company. Furthermore, given the continuing economic downturn, the Company has equipped itself with specific procedures and structures aimed at a more efficient management of its working capital, as well as of debt collection.

Fair value

The Company's financial instruments recorded in the financial statements do not deviate from fair value, given that they are at a variable short/medium-term rate and at market interest rates.

The comparison between the carrying amount and fair value of the main financial assets and liabilities is shown below:

	Carrying amount		Fair value	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Financial assets				
Cash and cash equivalents	55,291	47,897	55,291	47,897
Receivables and other current financial assets	65,949	58,543	65,949	58,543
Other minority interests	5,980	7,109	5,980	7,109
Non-current financial receivables	55,904	35,324	55,904	35,324
Financial liabilities				
Loans:				
- Variable rate loans	9,794	22,161	9,794	22,161
- Fixed rate loans	392,410	390,481	392,410	390,481
Other current financial liabilities	77,184	26,058	77,184	26,058

Interest rate risk

With the refinancing transaction carried out through CMF S.p.A., the Company has requalified its own financial structure, extending the maturity of the medium/long-term debt and keeping a short-term debt portion balanced with respect to the financing requirements of its working capital.

The main source of financing of the Company consists of the Senior Security Notes bond issue with a coupon at a fixed rate of 7.25% (the rate of the previous bond issue was equal to 9%).

In addition to the bond issue the Company uses, as medium/long-term financing, bank loans subject to the application of fixed interest rates, and finance lease agreements subject to the application of variable interest rates. The forms of short-term financing used by the Company, which are mainly subject to the application of variable rates which can be identified as the

EURIBOR rate, include current account overdrafts, short- and very short-term (hot money) bank loans and assignments of receivables.

The Company's indebtedness mix is then mainly linked to medium/long-term fixed interest rates.

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

Interest rate sensitivity analysis

The structure of the debt is affected, to a marginal extent, by the changes in market rates, as it is mainly based on forms of financing subject to the payment of interest calculated on the basis of fixed rates, as described above. For the remaining amount, the Company makes recourse to variable rate loans, which are linked to the EURIBOR performance.

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

	Increase / Decrease	Effect on profit (loss) before tax (in thousands of Euro)
Financial year ended 31 December 2022	+150 bps	170
	-30 bps	(34)
Financial year ended 31 December 2021	+150 bps	(97)
	-30 bps	19

The sensitivity analysis confirms the rigidity of the financial structure adopted by the Company, which is mainly based on medium/long-term fixed-rate loans, as already detailed above.

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 2022	31 December 2021
Employee termination indemnity	3,631	4,298
Interest-bearing loans	479,389	438,700
Trade payables and other payables	454,173	403,746
Cash and current financial assets	(121,240)	(106,440)
Net debt	**815,952**	**740,304**
Capital	109,150	109,150
Reserves and retained earnings	11,594	(22,612)
Total capital	**120,744**	**86,537**
EQUITY AND NET DEBT	**936,696**	**826,841**
INDEBTEDNESS RATIO	**87%**	**90%**

There was a decrease in the debt ratio compared to 31 December 2021, as a result of the twofold effect of :

- on the one hand, there was an increase in indebtedness recorded during 2022;
- on the other hand, there was an increase in the Net worth, precisely against the profit recorded in the period, as well as the recognition of the negative equity reserve for a total value of € 6,866 thousand arising from the transaction under common control for the transfer of the "Personnel Activities" business unit.

37. OTHER INFORMATION

In 2022 the Company received some financial benefits from Public Authorities or entities treated as such as referred to in Law no. 124of 4 August 2017 bearing "*Annual Act on market and competition*".

Specifically, during the 2022 financial year Rekeep S.p.A. achieved income from tax credits of € 24,185 thousand, concerning the tax credit to partially offset higher costs incurred for the purchase of electricity and natural gas**,** granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented, as detailed above.

Furthermore, the Company has 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

Acquisition of the "Major Customers" business unit

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

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

In accounting terms, the transaction is carried out between parties subject to common control ("Transaction Under Common Control"), as both companies belong to the same Group controlled by MSC S.p.A.. Therefore, the transaction is excluded from the scope of application of IFRS 3, while the "Preliminary Guidelines on IFRS" issued by Assirevi (Italian Association of Auditors) are ultimately applicable, and, specifically, OPI Preliminary Guideline no. 1R - "*Accounting treatment of BCUCCs in separate and consolidated financial statements*" -, which, as regards "transactions that do not have a significant influence on the future cash flows of the net assets transferred" within the Group, i.e. for which the economic substance of the transaction understood as the generation of added value for all the parties involved, as in this case, is not evident, considers the principle of continuity of values to be applicable. As a result of the accounting treatment adopted, the difference emerging between the book value of the business unit at the date of transfer and the price paid to the transferor on the basis of the appraisal value of the business unit has been recorded in the separate financial statements of Rekeep S.p.A. in a negative equity reserve for a total value of € 167 thousand (€ 232 thousand, net of the tax effect for deferred tax assets generated by the different accounting and tax treatment of the transaction, amounting to € 65 thousand).

The table below summarizes the effects of the transaction on the Consolidated Financial Statements of the Group controlled by Rekeep S.p.A. as at the effective date of the transaction, 1 January 2023:

	Recognized value	Book value
ASSETS		
NON-CURRENT ASSETS		
Other non-current assets	1	1
TOTAL NON-CURRENT ASSETS	**1**	**1**
CURRENT ASSETS		
Trade receivables and advances to suppliers	687	687
TOTAL CURRENT ASSETS	**687**	**687**
TOTAL ASSETS	**688**	**688**
LIABILITIES		
NON-CURRENT LIABILITIES		
Employee termination indemnity	75	75
TOTAL NON-CURRENT LIABILITIES	**75**	**75**
CURRENT LIABILITIES		
Trade payables and contract liabilities	25	25
Other current liabilities	33	33
TOTAL CURRENT LIABILITIES	**57**	**57**
TOTAL LIABILITIES	**132**	**132**
FAIR VALUE OF NET ASSETS	**555**	**555**
EQUITY RESERVE OF THE BUYER FROM BUSINESS COMBINATION	**232**	
Total cost of business combination:		
Consideration paid to the transferor	787	
TOTAL COST OF BUSINESS COMBINATION	**787**	

The fair value of assets and liabilities acquired through the business combination was positive and set at € 232 thousand, while the overall cost of the business combination was equal to € 787 thousand (of which an amount of € 627 thousand was paid in January 2023).

Indipendent auditor's report

rekeep

minds that work

Rekeep S.p.A.

Financial statements as of December 31, 2022

Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Sole Shareholder of
Rekeep S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rekeep S.p.A. (the "Company"), which comprise the statement of financial position as of December 31, 2022, and the statement of profit or loss, the statement of other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and explanatory 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 of December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 the Note *"18. Provisions for Risks and Charges"* and to the Note *"22. Other Current Liabilities"* of the financial statements, which describe the Directors' assessment regarding the sanction imposed to 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.
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Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
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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 ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Rekeep S.p.A. are responsible for the preparation of the Report on Operations of Rekeep S.p.A. as of December 31, 2022, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the financial statements of Rekeep S.p.A. as of December 31, 2022 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the financial statements of Rekeep S.p.A. as of December 31, 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Bologna, April 13, 2023

EY S.p.A.
Signed by: Elisa Vicenzi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

Minutes of the shareholder's meeting

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

Via Ubaldo Poli n. 4

40069 Zola Predosa (Bologna)

VAT – tax Code and Bologna Register of Companies no. 02402671206

Share capital € 109,149,600 fully paid-up

"Company subject to management and coordination by

MSC Società di Partecipazione tra Lavoratori S.p.A. - Zola Predosa (BO

MINUTES OF THE ORDINARY SHAREHOLDERS' MEETING - APRIL 28, 2023

Today, Friday April 28, 2023 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 29, 2023, 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. ("**MSC**"), 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 and Matteo Tamburini; the Director Paolo Leonardelli justified his absence;
- there is the Board of Statutory Auditors, by conference call, in the persons of Messrs. Germano Camellini (Chairman of the Board of Statutory Auditors) and Marco Benni (Standing Statutory Auditor); Mr Giacomo Ramenghi (Standing Statutory Auditor) justified his absence.

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 – expressly including those attending the meeting via teleconference as per the instructions circulated in advance - 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, 2022, 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 members of the Board of Directors: related and consequent resolutions;**
3. **Appointment of the members of the Board of Statutory Auditors: related and consequent resolutions;**
4. **Determination of fees set for the members of the Board of Directors and of the Board of Statutory Auditors: related and consequent resolutions.**

The Chairman proposes to the Meeting, which approves, the appointment as Secretary to Mr Claudio Bazzocchi, who accepts.

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Item 1. Financial statements as at December 31, 2022, 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 23, 2023 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, 2022, 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, 2022, issued in accordance with art. 2429 of the Italian Civil Code.

The Chairman of the meeting then shows the proposal concerning the allocation of the profit 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, 2022, 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, 2022 issued by the Independent auditors EY S.p.A. in accordance with article 14 of Legislative Decree n. 39, dated January 27, 2010.

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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, 2022, 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, 2022, 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, 2022, together with the Report on Operations;
- the proposal, in view of the fact that the limits provided for in art. 2430 of the Italian Civil Code for the Legal Reserve have been reached, the full use the profit for the year amounting to Euro 40,783,196.13 to partially cover the accumulated losses of previous years, which, as a result of this use, will be reduced to Euro 34,595,923.44.

Item 2. Appointment of the members of the Board of Directors: related and consequent resolutions.

*** *Omissis* ***

Item 3. Appointment of the members of the Board of Statutory Auditors: related and consequent resolutions.

*** *Omissis* ***

Item 4. Determination of fees set for the members of the Board of Directors and of the Board of Statutory Auditors: related and consequent resolutions.

*** *Omissis* ***

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At 9:20 a.m. the Shareholders' meeting is formally dissolved following the approval of these minutes.

The Secretary	**The Chairman**
Claudio Bazzocchi	Giuliano Di Bernardo

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