ANNUAL REPORT

rekeep

minds that work

AT 31 DECEMBER 2020

INDEX

GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

BOARD OF DIRECTORS

Appointed by the Shareholders' Meeting
of 13 October 2017

CHAIRMAN
AND CHIEF EXECUTIVE OFFICER
Giuliano Di Bernardo

VICE CHAIRMAN
Giuseppe Pinna

DIRECTORS
Laura Duò
Rossella Fornasari
Paolo Leonardelli
Gabriele Stanzani
Matteo Tamburini

BOARD OF STATUTORY AUDITORS

Appointed by the Shareholders' Meeting
of 13 October 2017

CHAIRMAN

Germano Camellini

STANDING AUDITORS
Marco Benni
Monica Mastropaolo (holding office until 5 June)

ALTERNATE AUDITORS
Michele Colliva (acting as standing auditor from 5 June)
Antonella Musiani

INDEPENDENT AUDITORS

EY S.p.A.

REPORT ON OPERATIONS

FOR THE YEAR 2020

rekeep

minds that work

INTRODUCTION

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

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

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

During 2016 diversification was further boosted by establishing Yougenio S.r.l., a wholly-owned subsidiary of Rekeep S.p.A. that is active in the provision of services to private consumers through an e-commerce platform. This event led the Group to enter the B2C services market within the scope of a plan that 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 Group. Therefore, on 22 September 2020 the company was put into liquidation with the aim of completing this process in the shortest possible time.

Shareholding structure

Ordinary shares issued by Rekeep S.p.A and fully paid up at 31 December 2020 amounted to 109,149,600 with a par value of Euro 1 each. They are wholly held by Manutencoop Società Cooperativa, which also carries out Management and Coordination activities.

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


MANUTENCOOP
SOCIETÀ COOPERATIVA
Altre società
rekeep
100%
H2H Facility Solutions
+ 1 controllata
100%
Telepost
100%
Rekeep Digital
100%
Rekeep World
+ 9 controllate e 1 branch
100%
Servizi Ospedalieri
+ 2 controllate e 7 jv e collegate
100%
Yougenio in liquidazione
+ 55 controllate, Società consortili, joint venture e collegate
80%
Naprzód
+ 16 controllate

MACROECONOMIC AND MARKET SCENARIO

The year 2020 was inevitably marked by the global recession due to the pandemic emergency, as well as to the containment measures adopted to counter it. After a positive debut in the second half of the year, a new rise in the curve of infections since last autumn led to a slowdown in international operations at the end of 2020, especially in advanced countries. The start of vaccination campaigns as from the end of the year, albeit with different procedures and timing, has a positive impact on the outlook for the medium term, but the speed and intensity of the recovery remain still uncertain.

The economic recovery has been robust with a significant rebound since the beginning of the second half of 2020. However, GDP In the United States, the United Kingdom and Japan came to 3.5%, 4.2% and 9.7% below pre-pandemic levels, while in China the levels recorded before the health emergency were exceeded and growth strengthened. In the latter part of 2020, the acceleration of infections led once again to a slowdown in economic activities all over the world, and the outlook remains negative as a whole, especially in the global tourism and recreational services sectors, which were most affected by the containment measures put in place to counter the pandemic. These trends are reflected in world trade, the fall in which should be at around 9% in 2020.

In the Eurozone too, the trend was similar: in the third quarter, GDP grew in all the main European economies and in all sectors, but in none of them it went back to the levels recorded before the outbreak of the epidemic. The resurgence of the pandemic and the consequent tightening of restrictive measures in the latter part of the year led to a further deterioration of economy. The projections prepared by the Eurosystem in December indicated that the decline in GDP should be 7.3% in the Eurozone in 2020.

Monetary policy remains accommodative on a global scale and the main central banks are continuing their work on expansionary policy actions in order to support economy. In response to the resurgence of the pandemic, the effects of which are expected to be more prolonged and intense than estimated, the Governing Council of the European Central Bank has extended and prolonged monetary stimulus in order to ensure favorable lending conditions for all sectors for as long as it is required to ensure full support to economy and inflation, which is nevertheless expected to remain below 2% over the next three years, and has declared that it is ready to gauge its tools once again, if necessary.

In Italy, higher-than-expected growth highlighted the strong resilience of the economy during the third quarter. However, the second wave of pandemic led, as in other countries in the area, to a new fall in GDP in the fourth quarter: annual contraction can currently be estimated at around 9% on the basis of available indicators. All macroeconomic values have been adversely affected by the crisis linked to the pandemic in progress. As in the rest of the world, the decline in business volumes was pronounced in services and more marginal in manufacturing, but operations resumed for trade in goods and capital inflows in the third quarter of 2020, although this trend continued with less vigor in the last months of the year. The recovery in exports of goods and services was very significant in Italy, well above that recorded by world trade, but the 2020 figure recorded a 14.9% reduction compared to 2019. The performance of the labor market showed a sharp decline in employment, both in terms of hours worked (-11%) and in terms of the number of employed (-1.9%), thus bringing unemployment rate to 9.3%. Likewise, the health emergency combined with the resulting economic crisis led to a 10.4% fall in household consumption. The estimated change in consumer prices remained negative at around -0.1% during 2020, reflecting price trends in the sector of those services that have been most affected by the crisis, the performance of which continue to be affected by weak demand. Inflation forecasts prepared by analysts and companies

still expect very low values for the next twelve months. In response to the health emergency, the Government put in place various expansionary measures in 2020 in order to support households and businesses, leading to a substantial deterioration in public accounts. As a result of this and of a the worsening of the local and international macroeconomic scene, it can be estimated that in 2020 the debt/GDP ratio increased by more than 20 percentage points up to around 156% according to the preliminary data in December.

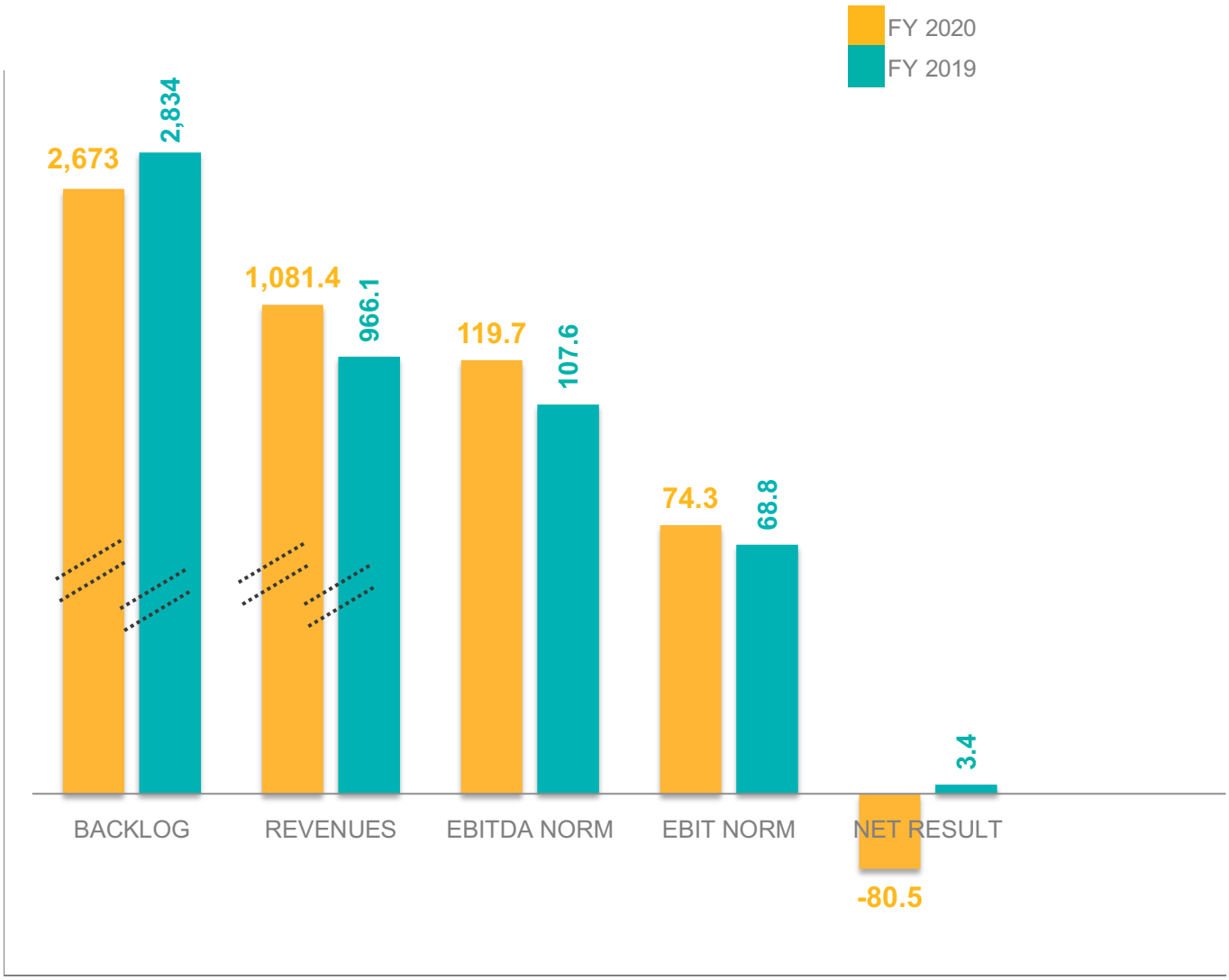
According to OECD's December forecasts, global GDP would return to expand by 4.2% in 2021, thus exceeding pre-pandemic levels by the end of the year. The outlook remains closely dependent on both the evolution of the pandemic and the measures put in place to counter an increase in infections on the one hand, and, on the other, to mitigate their impact on economic activities. The projections are affected by several factors in relation to such a desirable change in climate: the entry into full operation and the very fast pace of the vaccination campaigns that commenced at global level at the end of 2020, the expansive effects of the measures (actually, some of them are still being defined) laid down in budgetary policies planned by the various countries – mainly Next Generation EU and the stimulus to US economy -, a very expansive monetary policy, at least in the medium term, aimed at preventing the increased indebtedness of companies from having adverse effects on their financial stability, the growth in world trade, in line with the trend that began as early as in the summer of 2020 and that only partially slowed down in the last months of 2020.

NON-GAAP FINANCIAL MEASURES

The Rekeep Group's management monitors and assesses the business performance, as well as the consolidated results of operations and cash flows by using a number of financial ratios that are not defined under the international accounting standards IAS/IFRS ("Non-GAAP measures") and that are specified below. The Group's management considers that these financial ratios, which are not explicitly expressed in the accounting standards adopted to prepare the Consolidated Financial Statements, provide information which helps to understand and assess its overall financial and equity performance. These are widely used in the sector in which the Group operates but might not be directly comparable with those utilized by other companies, nor are they intended to replace the economic and financial performance ratios prepared in the application of the international accounting standards IAS/IFRS.

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

	Definition
EBITDA	EBITDA represents the Operating Income before allocations to the accrual of provisions for risks and amortization/depreciation, write-downs and write-backs of assets. EBITDA is a measure used by the Company's management to monitor and assess its operating performance and it is not identified as an accounting measure under IFRS. Therefore, it must not be considered an alternative measurement for evaluating the trend in the Group's profit/loss. Given that the breakdown of EBITDA is not regulated by the accounting standards, the calculation criteria applied by the Group may not be comparable.
Adjusted EBIT or EBITDA	Adjusted EBITDA and Adjusted EBIT do not include non-recurring elements recorded in the consolidated Statement of Profit/Loss for the year, as described in paragraph "Non-recurring events and transactions".
Revenues, Normalized EBITDA or EBIT	Normalized values represent Adjusted measures that also exclude the contribution to the consolidated profit/loss of the start-up activities relating to the subsidiary Yougenio S.r.l. and, until the 2019 financial year, sub-group controlled by Rekeep World S.r.l..
Gross Debt	Gross Debt is defined as the sum of debts for principal referring to: i) Senior Secured Notes; ii) Bank debts; iii) Current bank overdraft, advance payments and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Financial lease obligations.
LTM (Last Twelve Months)	LTM values relate to the economic values or financial flows identified in the last 12 months, or in the last 4 financial reporting years.
Net Cash	Net Cash is defined as the balance of "Cash and cash equivalents" net of: i) Bank overdrafts, advance payments and hot money; ii) Obligations arising from assignments of trade receivables with recourse.
Net Debt	Net Debt is defined as Gross Debt net of the balance of Cash and cash equivalents and Current financial assets.
NFP	Consolidated Net Financial Position represents the balance of Long-term debt, Derivatives, Bank borrowings (including current portion of long-term debt) and other financial liabilities, net of the amount of receivables and other current financial assets and Cash and Cash equivalents. When it is negative, it is equivalent to the "Net Financial Indebtedness".
Adjusted NFP and NWOC	Adjusted NWOC and Adjusted NFP 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.
Restated	On 13 February 2020 a binding agreement was signed for the sale of the total share capital of subsidiary Sicura S.p.A.. According to IFRS5, at the reporting date of the Consolidated Financial Statements at 31 December 2019, the value of assets relating to the sub-group controlled by Sicura SS.p.A. and the associated liabilities was reclassified under "Assets held for sale" and "Liabilities associated with assets held for sale". Again in accordance with the same accounting standard, the transaction was reported as "Discontinued operation" in the Consolidated Financial Statements at 31 December 2020 and results of operations for the period until the date of sale were stated among "Profit (loss) from discontinued operations". Likewise, the respective comparative results of operations were restated and reclassified to the same item of the income statement.



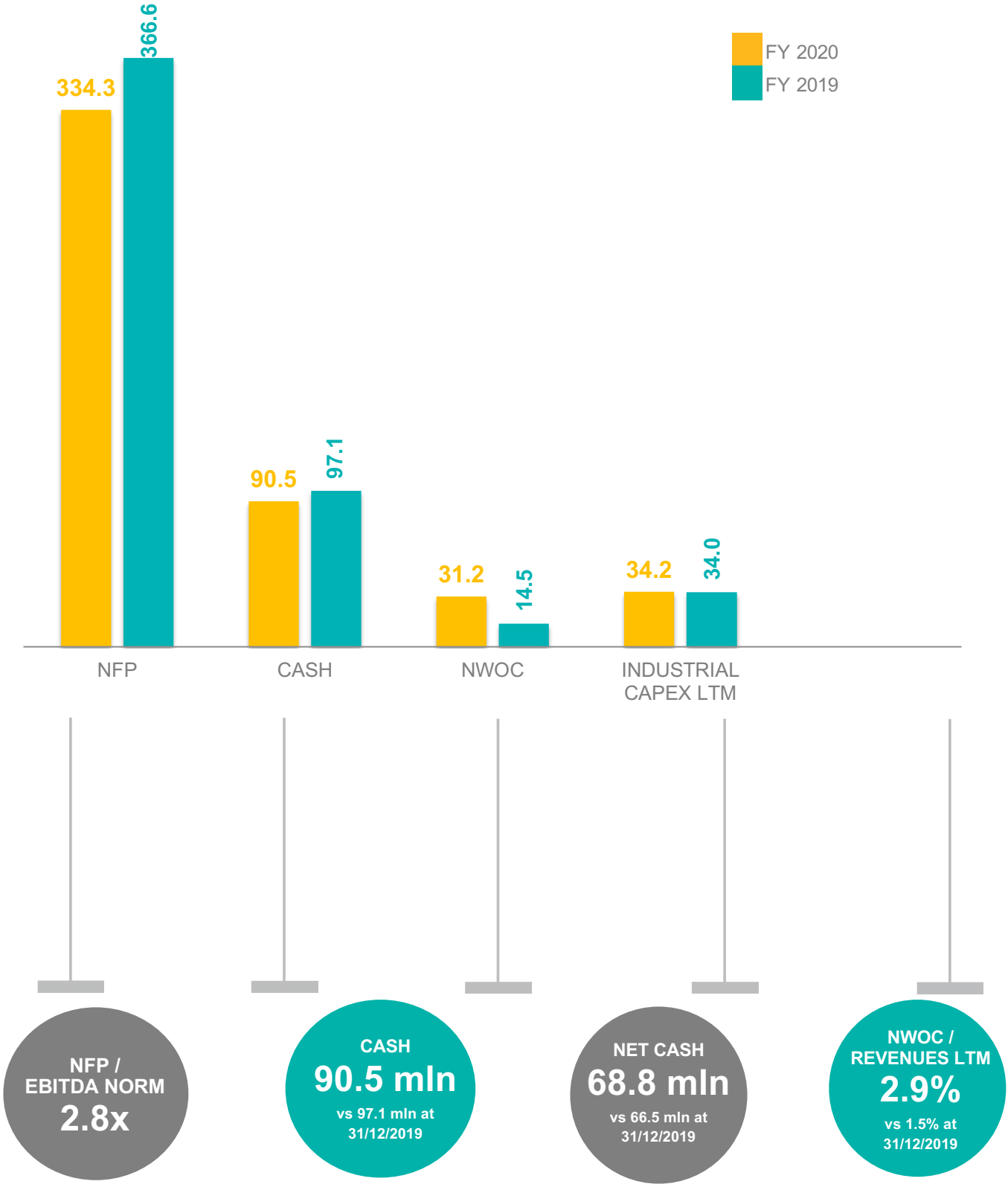
BACKLOG/ REVENUES LTM
2.5x
vs 2.9x at 31/12/2019

REVENUES
+ 11.9 %
vs 1.7% at 31/12/2019 Restated

EBITDA/ REVENUES
2.7%
vs 9.9% at 31/12/2019 Restated

EBITDA NORM/ REVENUES
11.1%
vs 11.5% at 31/12/2019 Restated

EBIT NORM/ REVENUES
6.9%
vs 7.4% at 31/12/2019 Restated


FY 2020
FY 2019
334.3
366.6
90.5
97.1
31.2
14.5
34.2
34.0
NFP
CASH
NWOC
INDUSTRIAL CAPEX LTM
NFP / EBITDA NORM
2.8x
CASH
90.5 mln
vs 97.1 mln at 31/12/2019
NET CASH
68.8 mln
vs 66.5 mln at 31/12/2019
NWOC / REVENUES LTM
2.9%
vs 1.5% at 31/12/2019

REPORT ON OPERATIONS

INTRODUCTION TO THE REPORTING OF CONSOLIDATED RESULTS

As early as from 2016, the Rekeep Group embarked on a significant path to internationalization through the sub-holding company Rekeep World S.r.l. as a vehicle dedicated to business development in international markets. These new projects were regarded as still being in the start-up phase and gave a negative contribution to the consolidated results for the year until the 2019 financial year. However, the acquisition of the Polish group Naprzód on 30 October 2019 was a turning point in international development, with an increase in both consolidated revenue volumes and profit margins in terms of EBITDA and EBIT. As from 2020, therefore, the International Markets are regarded as forming an integral part of the scope of core business operations and the respective results of operations are no longer normalized for the purposes of management's analysis of consolidated results.

Again in 2016 diversification was further boosted by establishing Yougenio S.r.l., which is wholly owned by Rekeep S.p.A. and provides services to private consumers through an e-commerce platform. This event led the Group to enter the B2C services market within the scope of a plan that 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 Group. Despite the interesting potential of the target market, particularly in the fast-growing sector of small accommodation facilities, the rise in volumes needed to reach breakeven would have required a further step to increase fixed costs and investments in order to maintain a high level of service delivery as volumes grew. In addition, the Covid-19 health emergency and the consequent lockdown have substantially reduced the tourism market to zero and consequently have minimized the demand from the segment of small accommodation facilities, as well as any orders from B2C, leading to a concurrent dramatic reduction in Yougenio's business volumes. Therefore, during May 2020, the company's online services were suspended, appropriate considerations were made about the time required in order for the target markets to recover and any possible option was assessed for the Group's exit from the B2C and small accommodation facilities market. On 22 September 2020 the company was put into liquidation with the aim of completing this process in the shortest possible time. As a result, the company was consolidated in the 2020 Consolidated Financial Statements according to the equity method and therefore the Group’s operating results do not include the results of Yougenio S.r.l. for the year.

Finally, the 2020 financial year started with the sale of Sicura S.p.A. and its subsidiaries, which gave rise to a capital gain of € 3.1 million (net of additional transaction costs) in the Consolidated Financial Statements that was stated as “Profit (loss) from discontinued operations” according to IFRS5. Furthermore, the results of these operations were excluded from the scope of “Continuing operations” and classified under the same item of the Statement of Profit or Loss in the Consolidated Financial Statements at 31 December 2020, as well as for the comparative year ended 31 December 2019.

2020 SIGNIFICANT EVENTS

COVID-19 health emergency

As from the second half of February, the international scenario was strongly characterized by the health emergency deriving from the spread of the Coronavirus (COVID-19) epidemic, which had first appeared in China in January and subsequently spread to Europe and Italy, the country of the Company's head office and one of those most affected by COVID-19 impact. This health emergency, and the consequent need to contain the spread of the virus as much as possible, led the Italian Government, as well as many other governments around the world, to adopt urgent legislative measures that entailed a substantial lockdown of the entire economy of the country from the second period of ten days of March and until the end of April, except for essential activities and services, which include the operations carried out by the Group. In addition, the second half of the year saw a new critical phase of the pandemic, known as the "second wave", which once again required restrictive measures on the part of governments, thus resulting in a slowdown in economic and social activities that, however, almost never reached a level of total lockdown.

Rekeep S.p.A. and the companies it controls, in compliance with the aforementioned legislative measures taken by the Italian Government and the instructions given by the Italian Ministry of Health and the Regional Governments involved, have taken preventive measures (such as, for example, the massive adoption of remote working practices for substantially all of the clerical staff members) and issued operating instructions to contain the spreading of the virus and safeguard the users of its services, its workers, its customers and its potential visitors. The Company and Group Management staff members continue to monitor the situation on an ongoing basis so that they can take all the decisions in real time that are necessary to protect the health of the persons they are involved with on any basis.

About 60% of the Group's activities consist of the provision of essential healthcare services, to which are added other customers belonging to sectors that are regarded as being essential, such as large-scale retail trade and telecommunications, and this has led to continuing work even in the context of the emergency.

Both the parent company Rekeep S.p.A., and its subsidiaries Servizi Ospedalieri S.p.A. and Medical Device S.p.A., have received requests for extra services and supplies such as extraordinary sanitization and cleaning, fitting out hospital wards, other non-routine maintenance work, additional bed linen and clothing and other devices and personal protective equipment (PPE) for healthcare personnel. Therefore, the Group companies involved have continued to deliver their services at full working capacity where requested, adopting all the preventive measures necessary to safeguard employees, healthcare personnel and users.

These measures have entailed the additional cost of purchasing medical devices and specialist products against higher business volumes relating to customers in the Healthcare sector.

On the other hand there is a partial reduction in activity in the private domestic market and in the sector of Public non-health Entities owing to the partial or total closure of offices, schools, museums, transport and commercial businesses, in consideration of which the management has adopted all the possible solutions to limit the related costs, including through use of the incentives and social shock absorber measures provided by the Government.

When seen as a whole the results of operations for 2020, compared to 2019, do not therefore show significant losses linked to the effects of the repeated lockdown and, on the contrary, all the main financial KPIs are on the rise.

Disposal of subsidiaries for the year

On 13 February 2020 the binding agreement was signed for the sale of the total share capital of Sicura S.p.A. to Argos Wityu, a pan-European Private Equity fund. The transfer of the investment was executed on 28 February 2020 for a consideration equal to € 55,041 thousand paid to AED S.r.l.. On the same date, Rekeep S.p.A. acquired 5.96% of STARFIRE S.A., a newco with registered office in Luxembourg, which directly controls AED S.r.l., with the aim to maintain an industrial partnership with the group controlled by Sicura S.p.A..

This sale is part of the Rekeep Group's strategy of focusing on its core business, which also includes the sale of non-strategic assets so that financial resources are released for the implementation of the Business Plan, one of whose priority activities is business development in foreign markets.

According to IFRS5, as at the reporting date of the Consolidated Financial Statements at 31 December 2019, the value of the assets of the sub-group controlled by Sicura S.p.A. (€ 70.5 million) and the associated liabilities (€ 26.9 million) was reclassified to "Assets held for sale" and "Liabilities directly associated to assets held for sale". The sale gave rise to a capital gain of € 3.1 million (net of additional transaction costs and price adjustments upon closing required as per contract) in the Consolidated Financial Statements at 31 December 2020, which was stated as "Profit (loss) from discontinued operations" according to IFRS5.

Company acquisitions for the year

On 11 August 2020 there was the completion of the acquisition of ISS HS Sp. Zoo from the Danish international ISS Global A/S group through the Polish subsidiary Naprzód for a consideration of PLN 705 thousand. This transaction is part of a medium-term strategy designed for a general consolidation of the group's catering activities in the hospital segment in Poland. It will enable substantial cost synergies to be obtained through structural rationalization and will also help the Group to gain market shares in areas where currently it is not present, with the possibility of further expansion. ISS HS operates in the hospital catering services sector, has about 160 staff and recorded revenues of € 4.2 million in 2019. Subsequently the company changed its name to Naprzód Catering.

Buy-back transactions of the Notes issued in 2017

In April and May 2020 Rekeep S.p.A. Rekeep S.p.A. formalized the purchase of portions of its bond issue on the open market for a nominal total of € 15.8 million. The book value of the remaining debt for principal of the Senior Secured Notes was then equal to € 333.9 million at the date of approval of the Report on Operations. The Notes that have been repurchased have not been cancelled and are still held in the portfolio at present: for accounting purposes, they have been stated as a direct reduction in the remaining nominal debt of the related financial liability.

Business development

In 2020 the Group brought orders for an overall multi-year amount of € 668 million, of which € 415 million relating to extensions and renewals of contracts already included in its sales portfolio and € 253 million relating to the development of a new portfolio.

The value of contracts acquired in International Markets was equal to about 31% of total orders gained during the period (€ 156 million in Poland, € 43 million in France and € 8 million in Turkey).

New contracts in the Healthcare sector, amounted to € 386 million in 2020 (about 58% of total orders gained), against orders gained for the Public sector for € 104 million (15% of the total) and in the Private sector for € 179 million (27% of the total). In terms of Strategic Business Unit ("SBU"), Facility Management (which also include International Markets) obtained contracts of € 439 million while Laundering&Sterilization obtained contracts of € 75 million.

In the Healthcare market the Group gained, under an Intercenter agreement, orders for the management of energy and maintenance services at Health Care Units (ASL) in Emilia Romagna. Furthermore, the 20-year contract was signed for the award of service concessions concerning the integrated management of services with interventions of redevelopment and energy efficiency improvement of properties available to Fondazione Istituto G. Giglio in Cefalù (PA). The newly-acquired Rekeep Polska (formerly Naprzód) group gained significant orders for hygiene, catering and medical transportation services in the hospital sector, the main target market of the group (totaling € 135 million).

Furthermore, the subsidiary Servizi Ospedalieri S.p.A. gained laundering service contracts at hospital facilities for € 47 million, in addition to contracts for sterilization services and supply of surgical kits for € 53 million.

In the Public market note new orders gained for hygiene services on board trains of SNCF (the main customer of subsidiary Rekeep Transport S.a.S.) in France, in the Normandy – Paris St Lazare area, for a term of six years. On the domestic market, contracts were signed within the scope of two regional agreements, in Tuscany and Veneto, for hygiene services and maintenance of public buildings, respectively. Finally, hygiene service contracts were extended with Trenitalia S.p.A..

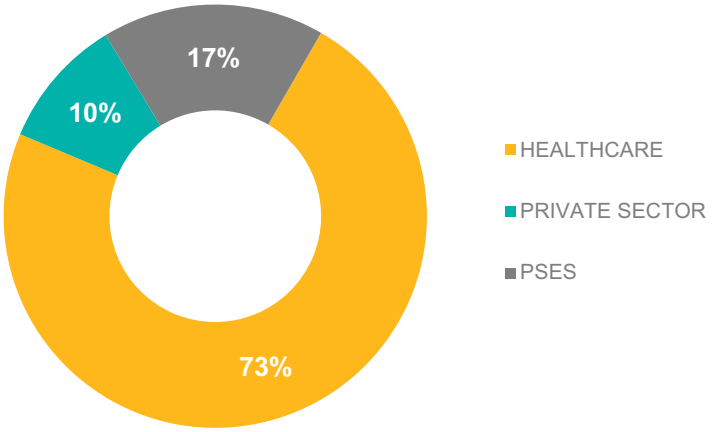
Finally, note renewal of maintenance contracts at Amazon hubs in Italy, as well as the renewal of Global service contracts at Telecom and Wind-Tre properties in the Private sector. The group also finalized an important contract for logistics (replacement) services at Carrefour sales outlets in Italy.

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 :

	2020	2019	2018
Backlog	2,673	2,834	2,599

At 31 December 2020, **Backlog** came to € 2,673 million. Backlog/Revenues ratio showed a decrease (2.5x at 31 December 2020 against 2.9x at 31 December 2019).

BACKLOG BY MARKET



1. SUMMARY OF RESULTS OF THE FOURTH QUARTER OF 2020

	For the quarter ended 31 December			For the financial year ended 31 December		
	2020	2019 restated	%	2020	2019 restated	%
Revenues	308,526	274,518	+12.4%	1,081,390	966,083	+11.9%
Revenues - International Markets	33,612	23,458		133,039	30,062	
Adjusted EBITDA (*)	33,574	28,031	+19.8%	119,732	102,451	+16.9%
Adjusted EBITDA % of Revenues	10.9%	10.2%		11.1%	10.6%	
Normalized EBITDA (*)	33,574	28,122	+19.4%	119,732	107,556	+11.3%
Normalized EBITDA % of Normalized Revenues	10.9%	10.2%		11.1%	11.5%	
Adjusted EBIT (*)	20,549	15,766	+30.3%	74,307	61,628	+20.6%
Adjusted EBIT % of Revenues	6.7%	5.7%		6.9%	6.4%	
Consolidated Net Profit (Loss)	2,277	(2,513)		(80,451)	3,350	

In the fourth quarter of 2020 the Group recorded ***Revenues*** of € 308.5 million compared to € 274.5 million in the same period of the previous year, with a net positive change of € 34.0 million (+12.4%). The International Markets, led by the Polish Rekeep Polska sub-group, which was acquired during the fourth quarter of 2019, contributed revenues of € 33.6 million (of which an amount of € 30.5 million contributed by Rekeep Polska) to the quarter against € 23.5 million in the fourth quarter of 2019 (of which an amount of € 19.2 million contributed by Rekeep Polska). Even after excluding revenues contributed by the Polish group consolidated volumes showed an increase of € 3.4 million during the quarter, which was due, first of all, to a recovery in domestic Facility Management volumes (+ € 8.7 million in the quarter), as a result of the combination of several effects of opposite sign : (i) the adverse effects of the second wave of the pandemic that affected Italy as from the autumn, with a new reduction in business volumes of some operations in private and public markets due to a new lock-down; (ii) additional effects linked to the completion, as early as from the first quarter, involving some major contracts (mainly in the public sector) in terms of volumes; (iii) the positive impact arising from the continuation of non-routine work which was in turn connected to customer needs in relation to the pandemic and the start of operations on new contracts during the period. On the other hand, the positive trend in the Laundering-Sterilization sector continued in the fourth quarter (+ € 18.9 million compared to the same period of the previous year), with specific regard to the supply of PPE to customers in the Healthcare and Private sectors.

(*) Adjusted and Normalized economic figures are described in the following paragraph “Non-recurring events and transactions”. No normalised values have been applied for the year ended 31 December 2020.

In terms of market, growth continued in the Healthcare sector (+€ 35.8 million, which was also due to the significant contribution of € 7.2 million given by the Rekeep Polska group) precisely because of the non-routine work referred to above, which more than offset the reduction in volumes of some routine operations, mainly linked to the sterilization of surgical instruments on the routine surgery and a reduction in days of regular hospitalization for linen rental and industrial laundering operations. The Private market also showed an increase in volumes in the quarter (+ € 11.2 million), which was, in particular, driven by Medical Device S.p.A., which operates in the PPE segment. On the other hand, a decline in the Public sector (- € 13.0 million) was recorded in the fourth quarter, which was mainly due to the loss of revenues on some significant facility management contracts, as mentioned above, which were only partially offset by the start of operations on new orders in the same market. Furthermore, significant closures also occurred once again in the last months of 2020 as the containment measures for the second pandemic were developed.

Adjusted EBITDA for the fourth quarter of 2020 came to € 33.6 million, showing an increase of € 5.5 million compared to the same quarter of the previous year when it was equal to € 28.0 million. The increase was attributable for € 2.9 million to the EBITDA contribution given by the Rekeep Polska group and for € 4.5 million to the Laundering&Sterilization SBU. Finally, there was an improvement in terms of average profit margins (**Adjusted EBITDA/Revenues**), which came to 10.9% for the quarter ended 31 December 2020 against 10.2% for the same period of the previous year.

The positive trend in terms of Adjusted EBITDA was confirmed at **Adjusted EBIT** level for the quarter, which came to € 20.5 million at 31 December 2020 (6.7% of related Revenues), against € 15.8 million for the same period of the previous year (5.7% of related Revenues), up by € 4.8 million (+ 30.3%). The contribution given by the Polish group, equal to € 1.7 million, was significant for EBIT too.

Finally, the **Consolidated net result** for the quarter posted a profit of € 2.3 million against a loss of € 2.5 million for the quarter ended 31 December 2019, in particular as a result of higher dividends and income from equity investments for € 5.1 million, which were also achieved as a result of the sale of Linea Sterile S.r.l. on the part of Servizi Ospedalieri S.p.A. on 29 December 2020, against a capital gain of € 3.5 million. The buy-back transactions of the bond issue carried out for a total nominal value of € 15.8 million in the first half of 2020 also ensured savings in terms of financial charges on the coupons for € 1.4 million.

	31 December 2020	30 September 2020	31 December 2019
Net Working Operating Capital (NWOC)	31,193	63,502	14,532
Net Financial Position (NFP)	(334,327)	(362,398)	(366,627)

From an equity and financial point of view, the figure relating to Net Working Operating Capital (**NWOC**) at 31 December 2020 recorded a normal decrease compared to the value posted during the previous quarter (- € 32.3 million), as well as an increase compared to the value posted at the end of the previous year (+ Euro 16.7 million). Specifically, the end of the fourth quarter of 2020 saw the recognition of lower trade receivables for € 4.2 million and higher trade payables for € 30.8 million, against a Net

Financial Position (**NFP**) that reported a positive change equal to € 28.1 million compared to the end of the previous quarter. During the fourth quarter of 2020 trade receivables were assigned to factoring companies without recourse for a total of € 73.9 million and VAT receivables were assigned without recourse for € 10.8 million. At 31 December 2020 DSO was 159 days (- 4 days compared to 30 September 2020 and – 2 days compared to 31 December 2019). The performance of the DPO, which came to 220 days at 31 December 2020, showed stability that is now in line with the other quarters of the year (and specifically compared to the figure at 30 September 2020, unchanged), on the one hand, and on the other, showed a significant reduction (-15 days) compared to 31 December 2019, when recorded 235 days. The performance of amounts collected from customers and payments to suppliers gave rise to total cash flows for € 32.5 million during the quarter.

The Net Financial Position (**NFP**) showed a decrease of € 28.1 million during the quarter. To the cash flows generated from operating activities during the quarter (€ 14.3 million) must be added the already described cash flow generated by the change in NWOC (+€ 32.5 million), while uses of resources must be deducted for net industrial investments (€ 12.0 million), in addition to uses of provisions for future risks and charges and the provision for Employee Termination Indemnity (TFR) for the quarter (€ 0.5 million). Moreover, cash outflows were reported as a result of changes in other operating assets and liabilities that were recorded during the quarter (- € 6.1 million), due to the net effect of changes in VAT receivables (which generated a cash inflow of € 4.1 million in the quarter) against the flows absorbed by the normal seasonal trend in receivables from and payables to employees that saw the payment of additional monthly salaries in the last quarter (- € 8.7 million).

2. THE REKEEP GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND FINANCIAL POSITION AT 31 DECEMBER 2020

2.1 Consolidated results of operations for FY 2020

Below are reported the main income figures for 2020 compared to the figures of 2019.

As already noted in the introduction, the investment in Sicura S.p.A. was sold on 28 February 2020. According to IFRS5, both the capital gain that arose from the transaction and the results of operations of the company and its subsidiaries until the date of disposal have been stated as "Profit (loss) from discontinued operations". The results of operations for 2019 have been restated as well.

(in thousands of Euro)	For the year ended 31 December		For the quarter ended 31 December	
	2020	2019 restated	2020	2019 restated
Revenues	1,081,390	966,083	308,526	274,518
Costs of production	(1,052,118)	(869,985)	(363,218)	(249,635)
EBITDA	**29,272**	**96,098**	**(54,692)**	**24,883**
EBITDA %	**2.7%**	**9.9%**	**N.A.**	**9.1%**
Amortization, depreciation, write-downs and write-backs of assets	(40,472)	(36,647)	(10,560)	(9,525)
Accrual of provisions for risks and charges	(8,228)	(4,176)	79,204	(2,740)
Operating Income (EBIT)	**(19,428)**	**55,275**	**13,952**	**12,618**
EBIT %	**N.A.**	**5.7%**	**4.5%**	**4.6%**
Share of net profit of associates	(7,441)	(92)	(752)	(430)
Net financial charges	(41,527)	(40,961)	(6,692)	(10,763)
Profit before taxes (EBT)	**(68,396)**	**14,222**	**6,508**	**1,425**
EBT %	**N.A.**	**1.5%**	**2.1%**	**0.5%**
Income taxes	(14,624)	(13,296)	(4,630)	(5,015)
Profit (loss) from continuing operations	**(83,020)**	**926**	**1,878**	**(3,590)**
Profit (loss) from discontinued operations	2,569	2,424	399	1,077
CONSOLIDATED NET PROFIT (LOSS)	**(80,451)**	**3,350**	**2,277**	**(2,513)**
CONSOLIDATED NET PROFIT (LOSS) %	**N.A.**	**0.3%**	**0.7%**	**N.A.**
Minority interests	(2,703)	(65)	(1,289)	86

(in thousands of Euro)	For the year ended 31 December		For the quarter ended 31 December	
	2020	2019 restated	2020	2019 restated
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**(83,154)**	**3,285**	**988**	**(2,427)**
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**ND**	**0.3%**	**0.3%**	**N.A.**

NON-RECURRING EVENTS AND TRANSACTIONS

In 2020 the Rekeep Group recognized, in the consolidated Statement of Profit or Loss, 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 year:

(in thousands of Euro)	For the year ended 31 December	
	2020	2019 restated
Legal advice fees concerning pending administrative disputes	428	615
Competition Authority's fine for the FM4 Tender	82,200	0
Costs from reorganization of company units	6,220	1,966
M&A and non-recurring transactions of Group companies	516	3,199
Costs associated with Covid-19 emergency	1,096	0
Transactions with members of the Temporary Business Grouping	0	574
NON-RECURRING EXPENSES (INCOME) IMPACTING ON EBITDA	**90,460**	**6,353**
Non-recurring provisions for risks on energy contracts	3,275	0
NON-RECURRING CHARGES (INCOME) IMPACTING ON EBITDA AND EBIT	**93,735**	**6,353**

During 2020 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") against which a cost of € 82.2 million relating to the fine imposed by the Competition Authority on the FM4 Tender was recognized at 31 December 2020.

An amount of non-recurring costs for the year also related to costs for the actions taken by the Group companies in favor of their employees, mostly employed at healthcare facilities strongly impacted by the Covid-19 virus health emergency, which occurred

above all during the first half of the year. Costs were also incurred in 2020 for advice on significant projects for the reorganization of company units in Group companies. Finally, additional costs were recognized, which were linked to the acquisition of the Polish group controlled by Naprzód S.A. (now Rekeep Polska S.A.), which took place on 30 October 2019, as were other costs for scouting actions on potential M&A transactions.

Finally, costs relating to the management of business relationships with members of Temporary Business Groupings were recognized during 2019, which involved sums on account of reimbursement on disputes in previous years. Furthermore, some Group companies had started some scouting and due diligence projects aimed at acquiring companies in Italy and abroad, which led, among other things, to the acquisition of the Polish group controlled by Naprzód S.A..

As regards non-recurring costs impacting on EBIT, which were allocated in the 2020 financial year probable future additional costs were recognized for the cogeneration business conducted at two private industrial sites, mainly relating to previous years.

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

(in thousands of Euro)	For the year ended 31 December	
	2020	2019 restated
EBITDA	**29,272**	**96,098**
Non-recurring expenses (income) impacting on EBITDA	90,460	6,353
Adjusted EBITDA	**119,732**	**102,451**
Adjusted EBITDA % on Revenues	**11.1%**	**10.6%**
EBIT	**(19,428)**	**55,275**
Non-recurring expenses (income) impacting on EBITDA and EBIT	93,735	6,353
Adjusted EBIT	**74,307**	**61,628**
Adjusted EBIT % on Revenues	**6.9%**	**6.4%**

As mentioned in the introduction, until 2019 business initiatives in International Markets were still considered to be in the start-up phase and the related negative financial contribution was normalized by the management staff when measuring consolidated results. As from the 2020 financial year, with the acquisition of the Polish Naprzód Group on 30 October 2019 and the resulting significant increase in both revenues and profit margins in terms of EBITDA and EBIT, the International Markets are now regarded as forming an integral part of the scope of core business operations.

Diversification was further boosted in past years by establishing Yougenio S.r.l., which provides services to private consumers through an e-commerce platform. This company, which was also considered in a start-up phase until 2019, has not, however,

guaranteed an increase in volumes and profit margins sufficient to reach breakeven and, furthermore, its business volumes substantially reduced to zero during the lockdown period as a result of the Covid-19 emergency in Spring 2020. In mainly targeting the offer to the small accommodation facilities in the main Italian cities, the management found itself unable to predict the time required in order for the reference market to recover. For this reason, as from 1 May 2020, the company's online services were suspended and some activities were started which were aimed at protecting the corporate assets and considering alternative opportunities, until formally putting the company into liquidation on 22 September 2020. It is believed that the company winding-up process may be completed in a relatively short period of time: therefore, the company was consolidated in the Consolidated Financial Statements at 31 December 2020 according to the equity method and, for this reason, the Group's operating results do not include the results of Yougenio S.r.l..

Therefore, consolidated Normalized EBITDA and EBIT, which exclude the contribution given by start-ups and Yougenio in 2019, are shown below:

(in thousands of Euro)	For the year ended 31 December	
	2020	**2019 restated**
ADJUSTED EBITDA	**119,732**	**102,451**
EBITDA related to start-up activities	0	5,104
NORMALIZED EBITDA	**119,732**	**107,556**
NORMALIZED EBITDA % on Normalized Revenues	**11.1%**	**11.5%**
ADJUSTED EBIT	**74,307**	**61,628**
EBIT related to start-up activities	0	7,191
NORMALIZED EBIT	**74,307**	**68,819**
NORMALIZED EBIT % on Normalized Revenues	**6.9%**	**7.1%**

REVENUES

The Group recorded ***Revenues*** of € 1,081.4 million in the financial year ended 31 December 2020 compared to € 966.1 million in the previous year, with a positive change of € 115.3 million (+11.9%).

First of all, this growth was contributed to by the volumes achieved in international markets, specifically for consolidating the Polish Naprzód sub-group (now Rekeep Polska) that was acquired during the fourth quarter of 2019, which recorded revenues of € 113.2 million in 2020 (€ 19.2 million for the two months of the previous year included in the 2019 consolidated financial statements). Therefore, net of revenues attributable to the acquisition of Naprzód, sales volumes showed a significant increase (+ € 21.3 million

compared to the previous year) due to the combined effects of a shutdown of some operations as from March as a result of the lockdown due to the Covid-19 emergency, specifically in the Public market (as a result of the shutdown of operations at schools and Public Administrations); this was followed, especially in the summer period, by a phase of resumption and normalization of routine work that led to an increase in volumes which was significantly higher than the average recorded in the previous quarters. Moreover, government measures put in place in the last months of the year in relation to the "second wave" included containment measures and targeted lock-downs that did not entail a total closure of offices and public facilities, as well as of large private companies and retail operations; likewise, there was no drastic reduction in public and railway transport as it had occurred during the outbreak of the pandemic in the first months of the year.

On the other hand, the health emergency entailed a positive change in the volumes in the Healthcare sector, in which the Group committed significant resources to meeting a higher demand for sanitation, disinfection and maintenance of the Italian healthcare facilities, as well as an extraordinary supply of PPE.

Finally, the effects of the lockdown and the shutdown of Yougenio S.r.l.'s operations (which was followed by the deconsolidation of the company) entailed a further reduction of € 4.2 million in volumes.

The breakdown of consolidated Revenues in 2020 compared to the figure of the same period in the previous year, as broken down by reference market and restated according to IFRS5.

REVENUES BY MARKET

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2020	% on total Revenues	2019 restated	% on total Revenues	2020	2019 restated
Public Authorities	211,481	19.6%	254,456	26.3%	60,246	73,270
Healthcare	646,384	59.8%	507,845	52.6%	183,928	148,098
Private Customers	223,525	20.6%	203,782	21.1%	64,353	53,150
CONSOLIDATED REVENUES	**1,081,390**		**966,083**		**308,526**	**274,518**

Revenues in the Healthcare sector showed an overall increase of € 138.5 million compared to 2019, from € 507.8 million to € 646.4 million, accounting for 59.8% of total consolidated Revenues for the year (52.6% in 2019). The acquisition of the Polish sub-group led by Rekeep Polska, which took place in the fourth quarter of 2019, further strengthened the central role of the Healthcare market in the development strategies for the services provided by the Group and entailed, in the 2020 financial year, an incremental

contribution of Revenues by market equal to € 83.2 million compared to 2019. Even net of the contribution linked to the above-mentioned acquisition, the market's Revenues therefore increased significantly (+ € 55.4 million) mainly due to the operations linked to the Italian health emergency.

During the period significant non-routine operations were in fact reported, which were requested by hospital trusts as a result of the Covid-19 health emergency, specifically for cleaning, sanitization, fitting out triage areas and new Covid wards on the part of the Parent Company Rekeep, as well as the supplies of linen and bulk materials (gowns) for Covid wards and the sale of PPE on the part of Servizi Ospedalieri and Medical Device. These additional activities more than offset the postponement of scheduled non-routine maintenance work and a sharp reduction in the sterilization operations of surgical instruments, as well as a sharp reduction in routine hospitalization and outpatient operations that the health service system, engaged in dealing with the emergency, has substantially suspended for several months.

In 2020, the Public sector posted Revenues of € 211.5 million, down by € 43.0 million compared to 2019. This sector is the most affected by the Covid-19 emergency in terms of reduction in revenue volumes. In this sector, in fact, a portion of the revenues from cleaning and heat management services at schools, university centers, public offices and museums was no longer recorded as early as from the second 10-day period of March, accompanied by a general postponement of scheduled non-routine maintenance operations. At the same time as the lockdown, the orders for the provision of cleaning services at schools under the Consip Scuole agreement ceased as well, following the re-insourcing of operations on the part of the Ministry of Education, Universities and Research. Furthermore, there was a reduction in volumes in the rail transport sector following the completion of the contract involving "Cleaning services on board night trains" with Trenitalia S.p.A. in January 2020, although with a substantial increase in the demand for sanitation of rolling stock on the other orders that, following the forced shutdown as a result of the lockdown, showed positive signs following the resumption of travel above all at a regional level starting from the summer season. In the last months of the year, as already mentioned above, no restrictive measures were taken to contain the second wave which were as drastic as those concerning the first wave and, therefore, routine operations and operations relating to the energy management of buildings for public use were resumed despite substantial reductions.

Finally, the Private sector showed an increase in volumes (+ € 19.7 million compared to 2019). The effects of lower volumes of routine and non-routine work for the year (above all in the first half of the year) and the postponement of engineering works for private retail customers (local stores and branches that constitute the target market for H2H Facility Solutions) following the lockdown were in fact offset by higher non-routine work with the customer Telecom before the health emergency, as well as by an increase in revenues from picking operations in the large-scale retail trade channel, in particular as a result of a gradual expansion of the scope of operation assigned by the customer Carrefour. Furthermore, again in the retail and large-scale trade sector, non-routine maintenance and cleaning work operations were carried out during the summer period at the same time as reopening stores to the general public.

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	
	2020	**% on total Revenues**	**2019 restated**	**% on total Revenues**	**2020**	**2019 restated**
Facility Management	919,044	85.0%	832,716	86.2%	258,805	239,944
of which International markets	*133,039*	*12.3%*	*30,062*	*3.1%*	*33,612*	*23,458*
Laundering & Sterilization	166,297	15.4%	135,886	14.1%	50,803	35,201
Eliminations	(3,951)		(2,519)		(1,083)	(626)
CONSOLIDATED REVENUES	**1,081,390**		**966,083**		**308,526**	**274,518**

The most often mentioned acquisition of the Naprzód Group showed its effects significantly (+ € 94.0 million), even with reference to consolidated data by SBU, against an overall increase of € 86.3 million in revenues for the Facility Management SBU. Therefore, the SBU showed a decrease of € 7.7 million in the volumes from company operations through internal growth, again due to the effects of lower volumes of work following the lockdown as a result of the Covid-19 emergency referred to above in greater details. In the Facility Management SBU we must also note both the re-insourcing of operations by the competent Ministry involving cleaning services at schools (the effects of which on the period must be added to those of the lockdown) and the completion of the contract concerning "Cleaning services on board night trains" with Trenitalia S.p.A.. The shutdown of Yougenio S.r.l.'s operations also entailed a reduction in volumes in the SBU in question (- € 4.2 million). The significant relative weight of the Facility Management SBU showed a slight decline in total Consolidated Revenues (85.0% in 2020 against 86.2% in 2019).

On the other hand, revenues of the *Laundering&Sterilization* SBU increased from € 135.9 million for the year ended 31 December 2019 to € 166.3 million for the year ended 31 December 2020, with a significant increase up to € 30.4 million (+ 22.4%), which was mainly attributable to higher sales of PPE and the supply of bulk materials (gowns), linen and mattresses by Servizi Ospedalieri and Medical Device, as requested by the hospital trusts as a result of the health emergency.

EBITDA

The Group's EBITDA amounted to € 29.3 million for the year ended 31 December 2020, down by € 66.8 million compared to € 96.1 million in 2019. The contribution to consolidated EBITDA given by the Polish sub-group controlled by Rekeep Polska was equal to € 6.9 million for the year ended 31 December 2020 and, on the other hand, there was the deconsolidation of subsidiary Yougenio in liquidation, which had showed a negative value of EBITDA equal to € 3.8 million for the year ended 30 December 2019.

The EBITDA's performance in 2020 was adversely and strongly affected by the cost of € 82.2 million that was recognized by the Parent Company Rekeep S.p.A. in relation to the fine imposed by the Competition Authority for alleged agreements restricting competition for the Consip FM4 Tender, after the Lazio Regional Administrative Court's judgment published on 27 July 2020, which only partially granted the appeal submitted by the Company against the Competition Authority's Order served on 9 May 2019. Furthermore, EBITDA for the year expensed other non-recurring costs of € 8.2 million, against € 6.4 million at 31 December 2019. Therefore, Adjusted EBITDA, excluding all non-recurring elements, amounted to € 119.7 million for the year ended 31 December 2020, against Adjusted EBITDA of € 102.5 million for the year ended 31 December 2019 (€ 111.3 million assuming the same consolidation perimeter that excludes Yougenio). The relative profit margin (Adjusted EBITDA/Revenues) was equal to 11.1% and 10.6%, respectively.

Below is provided a comparison of EBITDA by business segment for the 2020 financial year compared to 2019, as restated for the effects of IFRS5:

EBITDA BY SEGMENT

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2020	**% on Revenues by segment**	**2019 restated**	**% on Revenues by segment**	**2020**	**2019 restated**
Facility Management	(10,161)	N.A.	63,747	7.7%	(67,605)	16,285
of which International markets	*(14)*		*(3,417)*		*(3,151)*	*(830)*
Laundering&Sterilization	39,431	23.7%	32,351	23.8%	12,912	8,059
CONSOLIDATED EBITDA	**29,270**	**2.7%**	**96,098**	**10.3%**	**(54,694)**	**24,883**

The Facility Management sector showed a negative EBITDA of € 10.1 million for the year ended 31 December 2020 against a positive EBITDA of € 63.7 million in 2019. The non-recurring items which affected the consolidated results recorded during the two comparative periods had an impact of € 90.3 million and € 5.7 million for the year ended 31 December 2020 and 31 December 2019, respectively, on this segment; therefore, Adjusted EBITDA by segment showed an increase of € 10.7 million compared to the previous year. Of these an amount of € 6.9 million was contributed by the consolidation of the Polish subsidiary, while an

amount of € 3.8 million consisted of the positive differential for the deconsolidation of the losses posted by Yougenio. The SBU's performance remains then positive (+ € 7.6 million), even if we consider the net effects of the lockdown on revenues (and consequently on profit margins) from some sectors (mainly linked to public customers) as mentioned above, and that additional costs were incurred during the healthcare emergency period for the purchase of personal protective equipment (PPE) for employees working at hospitals and other customers at which premises work continued.

EBITDA in the *Laundering&Sterilization* business segment came to € 39.4 million in 2020, up by € 7.1 million compared to 2019. The adverse impact of the health emergency was also substantially offset by additional operations to meet customers' demand in the healthcare sector as regards EBITDA in the segment, as well as revenues. Non-recurring items which affected EBITDA during the two comparative periods had an impact of € 0.2 million on this sector for the year ended 31 December 2020 and € 0.7 million for the year ended 31 December 2019; therefore, Adjusted EBITDA by segment showed an increase of € 6.6 million compared to the previous year.

Costs of production

Costs of production, which amounted to € 1,052.1 million for the year ended 31 December 2020, showed an increase of € 182.1 million in absolute terms compared to € 870.0 million posted for the year ended 31 December 2019. The consolidation of the Polish group contributed an amount of € 87.2 million to the consolidated *Costs of production* for the year. “Other operating costs” also include the cost of the above-mentioned fine for to the FM4 tender (€ 82.2 million), and therefore, net of this effect, Costs of production showed an increase in absolute value equal to € 12.7 million, against a growth trend in revenues in the same perimeter (+ € 21.3 million), thus proving the increase achieved in terms of operating margins in the period.

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2020	**% of total**	**2019 restated**	**% of total**	**2020**	**2019 restated**
Costs of raw materials and consumables	191,751	19.8%	154,324	17.7%	59,628	44,726
Change in inventories of finished and semi-finished products	(5,087)	-0.5%	(1,050)	-0.2%	(3,796)	13
Costs for services and use of third-party assets	342,205	35.3%	304,720	35.0%	106,320	85,960
Personnel costs	433,140	44.7%	406,098	46.7%	119,873	116,102
Other operating costs	9,533	1.0%	8,720	1.0%	(442)	3,473
Capitalization of lower internal construction costs	(1,624)	-0.2%	(2,827)	-0.3%	(565)	(639)
Costs of production	**969,918**	**100%**	**869,985**	**100%**	**281,018**	**249,635**

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2020	% of total	2019 restated	% of total	2020	2019 restated
Competition Authority's fine for the FM4 Tender	82,200		0		82,200	0
TOTAL COSTS OF PRODUCTION	**1,052,118**		**869,985**		**363,218**	**249,635**

Costs of raw materials and consumables in 2020 amounted to € 191.8 million, up by € 37.4 million (+24.3%) compared to the value posted in 2019, which entailed an increased incidence on total Costs of production (19.8% for the year ended 31 December 2020 against 17.7% for the year ended 31 December 2019). The increase was mainly related to the consumption of raw materials of the Polish sub-group (+€ 13.8 million). Net of the change in the perimeter the increase in absolute value mainly concerned the cost for consumption of materials against a decrease in fuel consumption (€ 8.4 million equal to -16.2%), mainly due to a reduction in the average price of methane compared to 2019, in addition to lower consumption linked to lower volumes of heat management operations, including for the effects of the restrictive measures put in place to counter the pandemic in relation to the opening of public offices, large retail chains and other places opened to the general public.

A positive change of € 5.1 million in *Inventories of finished and semi-finished products* was recognized in 2020 (€ 1.1 million in 2019), against the higher inventory of products of Medical Device S.p.A., a group company engaged in the production and sale of medical devices and PPE.

Costs for services and use of third-party assets came to € 342.2 million for the year ended 31 December 2020, up by € 37.5 million compared to the value posted for the year ended 31 December 2019 (when they were equal to € 304.7 million), with a substantial lack of changes in terms of impact on total Costs of Production (35.3% against 35.0% in 2019). In this item the incidence for the consolidation of the Polish group was equal to + € 16.1 million (equal to 1.7% of total Costs for services) and, therefore, there was a slight decline in the relative incidence on total Costs of production, the perimeter remaining unchanged (which came to 33.5% in 2020). These impacts are normally linked to the mix of services in progress, as well as to the consequent make or buy choices.

Personnel costs increased in absolute terms by € 27.0 million (+ 6.7%) from € 406.1 million for the year ended 31 December 2019 to € 433.1 million for the year ended 31 December 2020, with a decline in terms of impact on total Costs of Production (44.7% for the year ended 31 December 2020 against 46.7% for the year ended 31 December 2019). The contribution given by the Polish group to the consolidated accounts was significant (€ 67.7 million in 2020, equal to 15.6% of Personnel costs) in this case too, entailing a further lower relative incidence on total Costs of production of the rest of the perimeter, thus coming to 37.7% in 2020).

The average number of employees in service during 2020 was equal to 28,047, while it was 18,198 in the previous year (recognized considering the contribution of 9,805 units of the acquired company Naprzód for the two months of contribution to consolidated accounts). Furthermore, the average number of manual workers was equal to 26,265 in 2020 against 16,821 in 2019. Such a significant increase was due to the fact that the Group's perimeter was extended to include subsidiary Rekeep Polska and its subsidiaries, which provide services in the most labor-intensive facility management segment (cleaning and catering) and contributed an average number of 10,321 employees in 2020 (including 9,892 manual workers). Perfectly symmetrical to what was said for costs for services, the trend in the number of Group employees, and in particular manual workers, was closely related to the mix of services in progress, as is the impact of related costs on total operating costs.

Other operating costs for the year ended 31 December 2020 amounted to € 9.5 million (€ 8.7 million for the year ended 31 December 2019), excluding the cost of the Competition Authority's fine. The increase of € 1.2 million was mostly attributable to higher credit discount costs on assignments of trade receivables without recourse (+ € 0.1 million) and higher duties, penalties and sundry operating charges (+ € 0.6 million). The Polish group's contribution to this item amounted to € 1.6 million, as in the previous year and, therefore, was low in 2020, due to significant government grants obtained by the Polish subsidiary, even in relation to the pandemic in progress in Poland.

Finally, *Lower costs for internal work capitalized* of € 1.6 million were recognized in 2020 (€ 2.8 million in 2019), relating to some service concession agreements managed by Rekeep S.p.A., which provide for the initial construction of long-term works, and in particular due to the service concession agreement with the Municipality of Casalecchio di Reno (Bologna), which started in 2018, for the integrated management of thermal energy and public lighting in the municipal district (through subsidiary Elene Project S.r.l. which was sold in December 2019), as well as to the service concessionagreement with the Municipality of Valsamoggia (Bologna) for the integrated operation of thermal energy and public lighting supply and management services, which was started at the beginning of 2019 through Energy Saving Valsamoggia S.r.l. (which was sold in December 2020).

Operating Income (EBIT)

In 2020, consolidated Operating Income (**EBIT**) posted a loss of € 19.4 million against EBIT that posted profits of € 55.3 million in 2019.

The EBIT's performance in 2020 was adversely and strongly affected by the above-mentioned non-recurring costs impacting on EBITDA (€ 90.5 million) and, specifically, by the cost of € 82.2 million due to the Competition Authority's fine for the FM4 Tender that was recognized by the Parent Company Rekeep S.p.A.. To these costs must be added an additional non-recurring accrual of € 3.3 million that the parent company Rekeep S.p.A. had accounted for against the risk associated with the probable incurrence of additional costs for co-generation operations carried out at two private industrial sites, mainly relating to previous years. Net of these non-recurring charges **Adjusted EBIT** posted a profit of € 74.3 million against € 61.6 million for the year ended 31 December 2019 (which included the loss posted in terms of EBIT by Yougenio S.r.l., equal to € 5.0 million). The relative profit margin (Adjusted EBIT/Revenues) was equal to 6.9% and 6.4%, respectively.

EBIT for the year was affected by the above-mentioned consolidated performance in terms of EBITDA, from which must be also deducted *amortization and depreciation* of € 36.6 million (€ 35.0 million for the year ended 31 December 2019), of which € 6.8 million relating to the amortization of Rights of Use (€ 8.0 million for the year ended 31 December 2019), as well as *write-downs of receivables and reversals* of € 3.3 million (€ 1.6 million for the year ended 31 December 2019) and *other impairment losses* for € 0.5 million relating to the write-down of other non-trade operating receivables (non-significant for the year ended 31 December 2019). Furthermore, *accruals to provisions for risks and charges (net of reversals)* of € 8.2 million were recorded during 2020 (€ 4.2 million for the year ended 31 December 2019), which include the already mentioned non-recurring provisions totaling € 3.3 million.

Below is a comparison of Operating Income (EBIT) by business segment for the year ended 31 December 2020 and that posted in 2019, as restated for the effects of IFRS5:

EBIT BY SEGMENT

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2020	% on Revenues by segment	2019 restated	% on Revenues by segment	2020	2019 restated
Facility Management	(40,649)	-4.4%	39,755	4.8%	5,870	8,670
of which International Markets	*(4,038)*		*(4,302)*		*(4,373)*	*(1,444)*
Laundering&Sterilization	21,039	12.7%	15,520	11.4%	8,082	3,949
CONSOLIDATED EBIT	**(19,430)**	**-4.4%**	**55,275**	**5.7%**	**13,951**	**12,619**

EBIT in the *Facility Management* sector posted a loss of € 40.6 million for the year ended 31 December 2020. The segment result, therefore, expensed the already mentioned non-recurring charges and, specifically, the cost due to the Competition Authority's fine for the FM4 Tender, which was recognized by the Parent Company for € 82.2 million. EBIT by segment would have been equal to € 41.7 million excluding the impact of this fine, against EBIT by segment of € 39.8 million at 31 December 2019, and therefore with an increase in absolute value compared to the previous year (+ € 2.0 million). At EBIT level, the positive contribution given by the Polish group acquired during the last quarter of 2019 was equal to € 4.1 million.

In addition to changes in the perimeter, EBIT by segment reflects the abovementioned performance in terms of EBITDA (+ € 8.3 million excluding the impact of the Competition Authority's fine) and Adjusted EBITDA (+ € 10.7 million) to which must be added higher amortization and depreciation for € 0.5 million (against € 2.4 million of higher amortization and depreciation posted by the Naprzód group compared to 2019, and lower amortization and depreciation for € 0.9 million attributable to Yougenio). Furthermore, there was the recognition of higher write-downs of trade receivables for € 1.6 million and higher impairment losses on non-trade

receivables for € 0.5 million, in addition to higher net accruals on provisions for future risks and charges for € 0.5 million, excluding the non-recurring provisions for risks mentioned above, which impacted entirely on this segment.

To EBITDA in the *Laundering&Sterilization* segment during 2020 (€ 39.4 million, + € Euro 7.1 million compared to the previous year) must be added, at segment EBIT level, amortization and depreciation for € 18.1 million (€ 17.0 million in 2019, and mainly relating to the linen used in the linen rental and industrial laundering segment), in addition to write-downs of trade receivables for € 0.1 million (reversals lower than € 0.1 million in 2019) and accruals to provisions for future risks and charges for € 0.2 million (against a net reversal of € 0.1 million in 2019). The profit margins by segment came to 12.7% in terms of EBIT of related Revenues (11.4% in 2019). No non-recurring items impacting on EBIT by segment (in addition to those described for EBITDA) were reported in the two comparative years.

Profit (loss) before tax from continuing operations

To consolidated EBIT must be added the losses recorded by the companies valued at equity, equal to € 7.4 million (against a loss of € 0.1 million in 2019). This item includes in particular the charges for the year relating to Roma Multiservizi S.p.A. (€ 1.2 million) and to subsidiary Yougenio (€ 6.3 million), which was consolidated according to the equity method as from the 2020 financial year, given the start of the winding-up process.

Net financial charges for the year were also recognized for € 41.5 million (€ 41.0 million in 2019), thus obtaining a Loss before tax from continuing operations equal to € 68.3 million (against a profit of € 14.2 million in 2019).

Below is provided the breakdown by nature of net financial charges for the year ended 31 December 2020 and for the previous year:

(in thousands of Euro)	For the year ended 31 December		For the quarter ended 31 December	
	2020	2019 restated	2020	2019 restated
Dividends and income (loss) from sale of investments	5,227	340	5,080	(442)
Financial income	2,575	3,779	636	1,206
Financial charges	(50,081)	(44,895)	(12,966)	(11,337)
Profit (loss) on exchange rate	752	(185)	558	(190)
NET FINANCIAL CHARGES	**(41,527)**	**(40,961)**	**(6,692)**	**(10,763)**

During 2020 dividends were collected from non-consolidated companies for € 0.4 million (€ 0.2 million for the year ended 31 December 2019). During 2020, the Parent Company also collected € 0.9 million as premium for yield paid for the sale of MFM Capital S.r.l. to 3i EOPF, which took place in December 2018. This income was not recognized at the same time as the disposal

because it was linked to uncertain and unforeseeable future events that occurred during 2020. Furthermore, on December 29, 2020 Servizi Ospedalieri S.p.A. completed the sale of an investment held in Linea Sterile S.p.A. (equal to 15% of the share capital), for a total consideration of € 3.6 million (of which € 1.5 million collected upon closing) and a capital gain from disposal of € 3.5 million.

Finally, during 2019, the Parent Company recorded capital gains on equity investments of € 0.6 million in relation to the collection of the earn-out on the disposal of one of the project finance companies within the scope of the above-mentioned transaction carried out with 3i EOPF in December 2018. Capital losses from sale of investments were also recognized for € 0.5 million, mainly linked to the sale of Elene Project S.r.l..

Financial income amounted to € 2.6 million in 2020, against € 3.8 million in 2019. During 2020 the Parent Company Rekeep S.p.A. recognized a capital gain of € 1.2 million on the purchase of portions of its bond issue on the market for a nominal total of € 15.8 million (€ 1.6 million in the previous year against repurchases of € 10.3 million). Lower default interest from customers was also recognized for € 1.3 million compared to the previous year, which concerned the settlement of some past items in 2019.

The impact of *financial charges* on the consolidated results of operations for the year ended 31 December 2020 was equal to € 50.1 million compared to € 44.9 million in 2019.

The financial charges accrued on the coupons of the Senior Secured Notes came to € 30.5 million in 2020 (€ 31.6 million in 2019). The upfront fees relating to the issue of Senior Secured Notes were accounted for according to the amortized cost method, which entailed financial amortization charges of € 4.0 million, of which € 0.4 million relating to the write-off of the portion relating to the repurchased Notes (€ 3.7 million at 31 December 2019, with a write-off of equal amount).

At the same time as the bond issue of 2017, the issuer CMF S.p.A. also entered, as the Parent Company, into a Super Senior Revolving loan agreement (known as “RCF”) for € 50 million, to which Rekeep S.p.A is a party as Borrower. During 2017 CMF S.p.A. charged all financing costs (initially equal to € 1.0 million) back to Rekeep S.p.A., which will be also amortized on a straight-line basis throughout the entire term of the credit facility. The cost relating to this line of credit amounted to € 0.3 million for the year ended 31 December 2020, including the commitment fees charged by banks (€ 0.7 million for the year ended 31 December 2019), to which must be added the financial cost of the line following the use as from 23 March 2020 until 31 December 2020 (€ 1.7 million).

Interest discount costs were also recognized for € 4.5 million during 2020, against € 3.9 million in 2019, in relation to the assignments of trade receivables and VAT credits without recourse.

Finally, foreign exchange gains of € 0.8 million were recorded in 2020, mainly linked to the fluctuations in Euro/ Turkish Lira and Polish Zloty exchange rates during the year (negative changes for € 0.2 million in 2019).

Consolidated net result

From the Profit (loss) before tax from continuing operations (showing a loss of € 68.4 million) must be deducted taxes of € 14.6 million, thus obtaining a net Loss from continuing operations of € 83.0 million (against a profit of € 1.0 million for the year ended 31 December 2019).

Consolidated net profit (loss) also included a Profit from discontinued operations of € 2.6 million (€ 2.4 million for the year ended 31 December 2019). On 28 February 2020 there was the completion of the sale of the total share capital of Sicura S.p.A. to Argos Wityu, a pan-European Private Equity fund. The transfer of the investment was made for a consideration of € 55.0 million. The sale gave rise to a capital gain of € 3.1 million in the consolidated financial statements, against a net capital gain of € 11.2 million in the separate financial statements of the Parent Company Rekeep S.p.A., including additional costs of € 1.6 million and negative adjustments to the price collected upon closing, equal to € 2.1 million. According to IFRS5, this capital gain is stated as "Profit (loss) from discontinued operations", net of any related tax effect (€ 0.1 million). Furthermore, the results of operations achieved by the sub-group controlled by Sicura S.p.A. have been excluded from the scope of "Continuing operations" and classified under the same item of the Statement of Profit or loss for the year in the Consolidated Financial Statements at 31 December 2020, as well as at 31 December 2019.

Below is the breakdown of consolidated tax rate:

(in thousands of Euro)	For the year ended 31 December	
	2020	**2019 restated**
Profit (loss) before tax from continuing operations	(68,396)	14,222
Competition Authority's fine for the FM4 Tender	82,200	0
Profit (loss) before tax from discontinued operations	2,694	4,084
Consolidated profit (loss) before tax excluding AGCM	**16,498**	**18,306**
Current, prepaid and deferred IRES tax	(9,328)	(8,533)
Current, prepaid and deferred IRAP tax	(4,562)	(4,663)
Tax adjustments for previous years	(733)	(100)
Tax on profit (loss) from discontinued operations	(125)	(1,660)
Total taxes	**(14,749)**	**(14,956)**
Consolidated tax rate excluding AGCM	**89.4%**	**81.7%**

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

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

Compared to the previous year the Group recognized higher current, prepaid and deferred taxes for € 1.3 million against a lower Consolidated Profit (loss) before tax (excluding the cost for the Competition Authority's fine) for € 1.8 million, mainly due to the substantial lack of changes in IRAP (Regional Production Activity) tax, the impact of which increased against a reduction in Profit (loss) before tax, and higher non-deductible items for IRES tax purposes.

Finally, the Group reported a consolidated Net loss equal to € 80.5 million against a Net consolidated profit of € 3.4 million for the year ended 31 December 2019.

2.2 Analysis of the statement of financial position at 31 December 2020

The statement of Sources and Uses is reported below:

(in thousands of Euro)	31 December 2020	31 December 2019
USES		
Trade receivables and advances to suppliers	431,121	412,572
Inventories	12,921	7,910
Trade payables and contract liabilities	(412,849)	(405,950)
Net working operating capital	**31,193**	**14,532**
Other working capital elements	(161,427)	(115,344)
Net working capital	**(130,234)**	**(100,812)**
Property, plant and equipment and assets under finance leases	88,127	87,811
Rights of use for operating leases	34,415	38,680
Goodwill and other intangible assets	424,215	414,601
Investments accounted for under the equity method	9,140	10,376
Other items of non-current assets	34,012	123,603
Fixed assets	**589,909**	**675,071**
Non-current liabilities	(52,812)	(54,826)
NET INVESTED CAPITAL	**406,863**	**519,433**
SOURCES		
Equity attributable to non-controlling interests	3,199	836
Equity attributable to equity holders of the Parent	69,337	151,970

(in thousands of Euro)	31 December 2020	31 December 2019
Shareholders' equity	**72,536**	**152,806**
Net financial indebtedness	334,327	366,627
of which fair value of call options on subsidiaries' non-controlling interests	*13,077*	*231*
FINANCING SOURCES	**406,863**	**519,433**

A financial liability related to measurement at fair value of the options on subsidiary Rekeep Polska (formerly Naprzód S.A.)'s minority shareholdings was recognized at 31 December 2020, in accordance with the Investment Agreement that was signed after the acquisition of 80% of its quota capital, which was completed on 30 October 2019 through the subsidiary Rekeep World S.r.l. against a closing price of € 18.3 million, of which an amount of € 11.2 million was paid on the closing date. The purchase contract also provides for a price adjustment mechanism based on the consolidated balance sheet of the acquiree at the closing date, while the portion of deferred price expired within one year from the acquisition and generated interest until the date of payment. Therefore, a net financial debt relating to said contract provisions, equal to € 5.0 million, was recorded at 31 December 2019, which consisted of a net payment to the assignor for € 6.1 million on 25 November 2020. Furthermore, the Investment Agreement provides for a call option for the purchaser and a put option for the assignor (which may be exercised between 30 October 2024 and 30 October 2025) for the transfer of an additional 20% of the quotas of the company. The strike price of these options will be calculated with reference to the 20% of the equity value updated at the exercise date, for an amount equal to the product between consolidated EBITDA on a 12-month basis for the quarter immediately preceding that exercise date by a multiple equal to 7.5x, as reduced by the consolidated net financial position and adjustments to Net Working Capital set out in the acquisition contract. In applying IFRS, the present value of the exercise price of these options, where they can be determined reliably, should have been recorded as a financial liability as early as from the date of the consolidated financial statements at 31 December 2019. In this report, however, the Parent Company's management did not have sufficient information to reliably determine the amount of the exercise price of the options, although considering it probable that these options would be exercised, and therefore did not recognize the related financial liability and the resulting goodwill. In the consolidated financial statements at 31 December 2020 this valuation was adjusted by using updated company plans and discount rates consistent with those used within the Rekeep Group. Therefore, goodwill of € 12.1 million was accounted for in relation to the business combination, while potential liability totaled € 12.1 million (net of discounting and impact on foreign exchange rates) at 31 December 2019.

The net book value of "Rights of use for operating leases" was stated among the balance sheet assets for € 34.4 million at 31 December 2020 (€ 38.7 million at 31 December 2019), specifically referred to the agreements concerning property leases, the long-term hire for the motor vehicles of the corporate fleet and specific equipment on the part of the Group companies. In 2020 increases for new hire agreements and rental adjustments were recorded for € 5.0 million, of which an amount of € 0.8 million for property leases, in addition to decreases for early withdrawal for € 1.6 million and amortization allowances for € 6.8 million.

At 31 December 2019 *Other non-current assets* included € 94.6 million relating to the deposit to be paid to the Competition Authority in relation to the FM4 dispute. At 31 December 2019, the Company in fact took steps to recognize the liability arising from the notice of payment issued by the Revenue Agency – Collection department whose subject matter concerned the Competition Authority's fine for the FM4 Tender among "Other current liabilities" for the corresponding amount. Following the developments of this dispute, which only partially granted the Company's appeal and provided for new methods of calculating the fine imposed by the Competition Authority, a liability of € 82.2 thousand was recorded in the Financial Statements at 31 December 2020, at the same time as the write-off of the guarantee itself and of the residual debt for installment payments. While continuing to have confidence in the reasonableness of the defence arguments, the Directors, given the enforceability of the fine, recognized the debt relating to expected financial outlay in the financial statements at 31 December 2020 for an amount equal to what is stated in the Competition Authority's order, even in consideration of the uncertainty surrounding the actual outcome of the appeal against the Regional Administrative Court's judgment and the appeal on the merits concerning the Competition Authority's new order of 29 October 2020. The payment of the sums entered in the taxpayers' list may take place, as already occurred for the sums owed as a deposit in the first stage of the litigation, in accordance with Article 19 of Presidential Decree 602/1973 and Ministerial Decree of 6 November 2013, as supplemented by the Directives issued by the Revenue Agency – Collection department. On 22 December 2020, in fact, the Revenue Agency sent the related updated installment plan, deducting the installments already paid as deposit for € 3.0 million. The amount of the debt stated in the accounts also includes surcharges and estimated collection costs (equal to € 2.6 million). Finally, it should be noted that the Company resumed operations concerning the due payment of monthly installments on 24 January 2021.

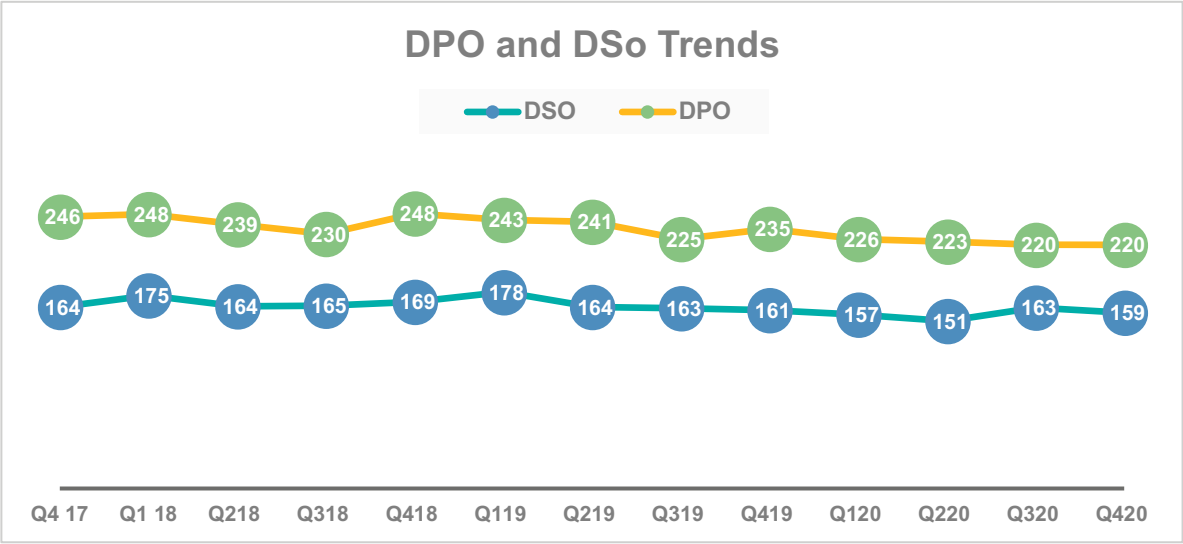
Net working capital

At 31 December 2020, Consolidated Net Working Capital (**NWC**) was negative and equal to € 130.1 million against a negative NWC of € 100.8 million at 31 December 2019.

At 31 December 2020 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 € 31.2 million against € 14.5 million at 31 December 2019. Considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring agencies (equal to € 76.8 million at 31 December 2020 and € 75.1 million at 31 December 2019) the **Adjusted NWOC** came to € 108.0 million and € 89.7 million, respectively.

The change in this latter indicator (+ € 18.3 million) was linked to the change in balance of trade payables (+ € 6.9 million) against a more significant increase in trade receivables (+ € 20.2 million, considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies).

Furthermore, average DPO came to 220 days (- 15 days compared to 31 December 2019) with a more marked reduction compared to DSO (- 2 days compared to 31 December 2019), with a lower use of leverage on payments to suppliers with respect to the benefits of financial flows obtained from receipts and a lower level compared to the data reported on average at the end of the year.



The balance of the other elements in working capital at 31 December 2020 was a net liability of € 161.4 million, up by € 46.1 million compared to a net liability of € 115.3 million at 31 December 2019:

(in thousands of Euro)	**31 December 2020**	**31 December 2019**	**Change**
Current tax receivables	10,010	10,090	(80)
Other current assets	25,636	31,054	(5,418)
Assets held for sale	0	70,500	(70,500)
Provisions for risks and charges, current	(10,550)	(6,392)	(4,158)
Current tax payables	(2,274)	(1,280)	(994)
Other current liabilities	(184,249)	(192,465)	8,216
Liabilities associated with assets held for sale	0	(26,851)	26,851
OTHER WORKING CAPITAL ELEMENTS	**(161,427)**	**(115,344)**	**(46,083)**

The change in the net liability of other working capital elements, compared to 31 December 2019, was due to a combination of factors, mainly including:

- a decrease in the net VAT credit balances of the Group companies that are predominantly subject to a VAT invoicing system based on “Split payment” and “Reverse charge” (- € 6.5 million). These credit balances allowed, during 2020, the performance of assignments without recourse of the balances on account of refund required from the Tax Authorities, for a total amount of € 39.6 million;

- a decrease in the already mentioned payable related to the fine imposed by the Competition Authority in relation to the Consip FM4 Tender (€ 94.6 million at 31 December 2019 on account of debt for the installment payment of the guarantee requested, included among "Other current operating liabilities"), given the outcome of the proceedings in first instance that only partially granted the Parent Company's appeal and provided for new methods of calculating the amount of the fine imposed, which was stated for € 79.4 million in the consolidated financial statements at 31 December 2020;
- the reduction in the balance of net current tax receivables, equal to € 7.7 million at 31 December 2020, against a net receivable of € 8.8 million at 31 December 2019;
- an increase in the short-term portion of provisions for future risks and charges for € 4.2 million, in particular following non-recurring provisions set aside on the Parent Company's energy contracts for € 3.3 million.

Finally, on 28 February 2020 the sale of the total share capital of Sicura S.p.A. to Argos Wityu, a pan-European Private Equity fund was completed through the Italian company AED S.r.l.. According to IFRS5, at the reporting date of the Consolidated Financial Statements at 31 December 2019, the value of balance sheet assets and liabilities relating to the sub-group controlled by Sicura S.p.A. (equal to € 70.5 million and € 26.9 million, respectively) was reclassified under "Assets held for sale" and "Liabilities directly associated with non-current assets held for sale", included among "Other elements of working capital" since they are intended for sale in the short term through their disposal.

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 € 11.3 million and € 12.4 million at 31 December 2020 and 31 December 2019, respectively;
- long-term portion of Provisions for risks and charges for € 24.8 million at 31 December 2020 against € 25.4 million at 31 December 2019;
- deferred tax liabilities of € 16.7 million (€ 16.4 million at 31 December 2019).

Consolidated net financial indebtedness

Details of net financial indebtedness at 31 December 2020 are shown below, compared to the figures at 31 December 2019, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006.

(in thousands of Euro)	31 December 2020	31 December 2019
A. Cash	144	197
B. C/a, bank deposits and consortia, non-proprietary accounts	90,320	96,946
C. Securities held for trading		
D. Liquidity (A) + (B) + (C)	**90,464**	**97,143**
E. Current financial assets	**5,994**	**4,819**
F. Current bank overdraft	5,950	2,446
G. Current portion of non-current debt	3,308	4,395
H. Other current financial liabilities	40,790	64,989
I. Current financial indebtedness (F)+(G)+(H)	**50,048**	**71,830**
J. Current net financial indebtedness (I) - (D) - (E)	**(46,410)**	**(30,132)**
K. Long-term bank debts and Senior Secured Notes	329,205	353,335
L. Other non-current financial liabilities	51,532	43,424
M. Derivatives		
N. Non-current financial indebtedness (K) + (L) + (M)	**380,738**	**396,759**
O. NET FINANCIAL INDEBTEDNESS (J) + (N)	**334,327**	**366,627**

The 2020 financial year saw a significant decline in the Consolidated Net financial indebtedness from € 366.6 million at 31 December 2019 to € 334.3 million at 31 December 2020.

As already described above, a financial liability of € 12.1 million as measurement at fair value of the options on subsidiary Rekeep Polska (formerly Naprzód S.A.)' s minority shareholdings was recognized at 31 December 2020, which the Management had not accounted for at the same time as the acquisition on a provisional basis. Contingent liabilities on options to purchase Rekeep France S.a.S.'s minority shareholdings for € 1.0 million were also recognized at 31 December 2020. Net financial debt would therefore come to € 321.3 million at 31 December 2020, net of these accounting items.

The assignments of trade receivables without recourse continued in 2020. The Parent Company Rekeep S.p.A. and Servizi Ospedalieri S.p.A. signed a 3-year maturity factoring agreement with Bancafarmafactoring S.p.A. concerning the assignment, without recourse and on a revolving basis, of receivables claimed by the same companies from Entities in the National Health System and Public Authorities, for an amount of up to € 200 million. During 2020 assignments without recourse were made under this contract for € 144.0 million.

The Parent Company also signed an additional uncommitted factoring agreement with Banca IFIS, concerning the assignment without recourse of trade receivables specifically accepted for the individual transactions carried out. Receivables from private

entities and Public Authorities were assigned for € 47.5 million in 2020, in consideration of this contract. Furthermore, an additional line for assignments without recourse up to € 20 million on a revolving basis is in place with Unicredit Factoring S.p.A, which is also aimed at converting credit positions into cash specifically agreed with the factor, and which was used in the period for the assignment of receivables from private individuals for a total amount € 17.3 million. Finally, there were spot assignments of trade receivables from public customers with Banca Sistema for € 19.1 million and from private companies and companies in the large-scale retail trade for € 43.9 million, as were assignments of VAT credits requested for refund for a total of € 39.6 million. All assignments without recourse carried out were subject to derecognition according to IFRS9.

The consolidated net 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 € 76.8 million at 31 December 2020 against € 75.1 million at 31 December 2019) amounted to € 411.2 million against € 441.8 million at 31 December 2019.

Finally, the accounting adjustment related to the remaining discounted value of future operating lease payments (according to IFRS16) was equal to € 38.8 million and € 42.9 million at 31 December 2020 and 31 December 2019, respectively.

At 31 December 2020 the balance of Cash and cash equivalents, net of short-term lines of credit ("Net Cash") amounted to € 68.8 million (€ 66.5 million at 31 December 2019):

(in thousands of Euro)	**31 December 2020**	**31 December 2019**
Cash and cash equivalents	90,464	97,143
Current bank overdraft, advance payments and hot money	(5,950)	(2,446)
Obligations arising from assignments of trade receivables with recourse	(15,732)	(28,174)
NET CASH	**68,782**	**66,523**

Below is the breakdown of the net financial exposure for bank credit lines and finance lease obligations ("*Net Debt*"), compared to 31 December 2019:

(in thousands of Euro)	**31 December 2020**	**31 December 2019**
Senior Secured Notes 2022 (nominal value)	333,900	349,700
Bank debts (nominal value)	1,407	14,843
Finance lease obligations	6,426	5,853
Current bank overdraft, advance payments and hot money	5,950	2,446
Obligations arising assignments of receivables with recourse	15,732	28,174

(in thousands of Euro)	31 December 2020	31 December 2019
Payables for reverse factoring	4,629	0
GROSS DEBT	**368,044**	**401,016**
Receivables and other current financial assets	(5,994)	(4,819)
Cash and cash equivalents	(90,464)	(97,143)
NET DEBT	**271,586**	**299,054**

In April and May 2020 Rekeep S.p.A. formalized the purchase of portions of its bond issue on the open market for a nominal total of € 15.8 million. The book value of the remaining debt for principal of the Senior Secured Notes was then equal to € 333.9 million (against an amount of € 349.7 million at 31 December 2019). The Notes that had been repurchased were cancelled on 7 January 2021.

Furthermore, the C.C.F.S. loan raised by the Parent Company Rekeep S.p.A. for an initial amount of € 10 million and a remaining debt of € 8.9 million at 31 December 2019 (€ 8.3 million at the date of repayment), was early repaid on 29 June 2020.

Finally, there was the recognition of lower uses of credit lines for the assignment of trade receivables with recourse (€ 15.7 million at 31 December 2020 against € 28.2 million at 31 December 2019), uses of reverse factoring lines for € 4.6 million (which were not reported at 31 December 2019) and higher uses in current bank overdraft, advance payments and hot money (€ 5.9 million at 31 December 2020 and € 2.4 million at 31 December 2019).

The change in consolidated "Cash and cash equivalents" is analyzed in the table below, which shows the cash flows for 2020, compared with the figures in 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 at 31 December 2020 presented in the Explanatory Notes according to IAS 7.

(in thousands of Euro)	2020	2019
At 1 January	**97,143**	**94,733**
Cash flow from current operations	50,748	55,194
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR)	(6,380)	(6,258)
Change in NWOC	(16,892)	4,634
Industrial capex, net of disposals	(33,556)	(32,638)
Financial capex, net of disposals	49,843	(16,297)
Change in net financial liabilities	(38,980)	21,647
Other changes	(11,643)	(23,872)
AT 31 DECEMBER	**90,464**	**97,143**

The overall cash flows mainly reflect:

- cash inflows from current operations for € 50.7 million (€ 55.2 million at 31 December 2019);
- outflows from the use of provisions for future risks and charges and for employee termination benefits for € 6.4 million (€ 6.3 million at 31 December 2019);
- a cash flow used for changes in NWOC for € 16.9 million (against inflows of € 4.6 million at 31 December 2019), mainly resulting from an outflow correlated to an increase in trade receivables for € 24.5 million (against an inflow of € 6.0 million in 2019) against inflows of €13.3 million for the change in the balance of trade receivables for € 13.3 million (non-significant for the 2019 financial year);
- a cash flow of € 34.2 million used in industrial investments (€ 32.7 million at 31 December 2019), net of disposals of € 0.6 million (€ 0.1 million at 31 December 2019);
- cash inflows from financial investments and disinvestments, equal to € 49.8 million in 2020, mainly arising from the sale of Sicura S.p.A., against a net use of resources for financial investments and disinvestments, equal to € 16.3 million at 31 December 2019;
- a decrease in net financial liabilities for € 39.0 million, which was mainly due to (i) the buy-back of Senior Secured Notes for € 15.8 million through the purchase on the open market in May 2020; (ii) a higher liability against factoring firms for the drawdown of reverse factoring lines (+ € 4.6 million); (iii) the early repayment of the residual debt of € 8.3 million of the CCFS committed credit line originally due in 2023; (iv) the payment, during the year, concerning the dividend that the Parent Company resolved to distribute in December 2019 (- € 13 million); (v) other changes in the liability related to the use of short-term credit lines for hot money and advances on invoices and for assignments of trade receivables with recourse (- € 8.9 million); (vi) a higher liability against factoring firms for amounts received on receivables previously assigned without recourse and repaid to them in the subsequent quarter (+ € 2.4 million) against higher receivables from the same firms for the bank accounts subject to pledge, on which services for receipt are operated (+ € 1.7 million); (vii) a reduction in the financial liability recognized on operating and finance leases (- € 3.6 million); (viii) a reduction in the net financial liability linked to the remaining price to be paid for the acquisition of the Polish company Naprzód, recognized for € 5.0 million at 31 December 2019 and paid for € 6.1 million at 25 November 2020. A decrease in net financial liabilities for € 21.6 million was recognized in 2019, which was mainly due to (i) a reduction in the Senior Secured Notes debt for the repurchase of € 10.3 million of Notes on the open market; (ii) an increase linked to the financial debt acquired the business combinations for the year, in particular for the Polish company Naprzód and Emmetek (+ € 13.5 million), to which was to be added the remaining debt for these acquisitions (+ € 8.5 million); (iii) other changes in the liability related to the use of short-term credit lines for hot money and advances on invoices (- € 4.0 million) and for assignments of trade receivables with recourse (+ € 9.8 million); (iv) a lower liability recognized against factoring firms for amounts received on receivables that had been previously assigned without recourse and returned to them in the subsequent quarter (- € 2.4 million); (v) a reduction in the financial liability recognized ion operating leases (- € 5.8 million); (vi) the reclassification, according to IFRS 5, concerning the net financial liabilities of the sub-group controlled by Sicura S.p.A. (- € 8.4 million);

- cash outflows arising from other changes recorded in the year for € 11.5 million, mainly due to the net effect of: (i) the cash inflow generated by the changes in the net VAT credit balance of the Group companies (which decreased by € 6.7 million during the year, even against assignments without recourse amounting to € 39.9 million); (ii) the payment of installments for € 3,0 million on the debt for the deposit relating to the AGCM FM4 litigation during the year (they were subsequently deducted in full under the updated installment plan that the Revenue Agency sent in order for the Company to proceed with the payment of the fine); (iii) the accounting effects of the recognition of contingent liabilities due to the options of purchase subsidiaries' minority shareholdings (put options), equal to € 12.3 million in the year; (iv) the trend in debt balances for payments due to the members of the Temporary Business Grouping for (- € 1.6 million). Other changes in 2019 showed cash outflows of € 23.9 million from other changes, mainly due to the net effect of: (i) the trend in net VAT credit balances for the Group companies, which increased by € 5.0 million, despite assignments without recourse totaling € 31.3 million; (ii) an increase in the debit balances for payments due to the members of the Temporary Business Grouping for € 1.3 million; (iii) the decrease, among "Other operating current liabilities", in the payable related to the fine imposed by the Competition Authority during 2016 (- € 4.4 million and its consequent payment in full); (iv) the recognition of the accounting debt for the dividend resolved by the Parent Company on 17 December 2019 (- € 13.0 million).

Industrial and financial Capex

In 2020 the Group made gross capital expenditures which totaled € 34.2 million (€ 34.0 million at 31 December 2019), from which must be deducted disinvestments of € 0.6 million (€ 0.1 million at 31 December 2019):

(in thousands of Euro)	For the year ended 31 December	
	2020	**2019**
Acquisitions of fixed assets under finance leases	1,452	566
Increases in owned properties	2,253	842
Purchase of plant and equipment	25,216	24,372
Other investments in intangible assets	5,264	9,017
of which relating to Discontinued operations	*0*	*473*
INDUSTRIAL CAPEX	**34,184**	**34,037**

Acquisitions of plant and equipment include the purchase of linen by Servizi Ospedalieri S.p.A. for the linen rental and industrial laundering business, equal to € 17.1 million at 31 December 2020 against € 15.3 million at 31 December 2019. Furthermore, in the 2020 financial year, there was the recognition of increases of € 1.6 million relating to plants operated under service concession agreements for the Municipal government of Valsamoggia (Bologna) (through subsidiary Energy Saving Valsamoggia S.r.l., the majority quota of which was sold in December 2020). These increases amounted to € 2.8 million in 2019 and also included plants at the Municipal government of Casalecchio di Reno (Bologna) (through subsidiary Elene Project S.r.l, sold in December 2019).

Investments in intangible assets for the 2020 financial year amounted to € 5.3 million (€ 9.0 million at 31 December 2019) and mainly related to ICT investments on the part of the Parent Company for the upgrading and enhancement of its SAP infrastructure. Of these, an amount of € 1.1 million related to investments in 2019 in the technological platform of subsidiary Yougenio S.r.l. (which was put into liquidation in 2020) and an amount of € 0.7 million related to investments for the automation of some processes relating to specialist services.

Finally, investments in new finance leases for the year related to the facility management activities of the Parent Company Rekeep S.p.A. for € 0.5 million, as well as to the linen rental and industrial laundering operations of the Laundering& Sterilization SBU (€ 1.0 million at 31 December 2020 and € 0.6 million at 31 December 2019).

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

(in thousands of Euro)	For the year ended 31 December	
	2020	**2019**
Facility Management	13,665	15,368
of which relating to International markets	*4,313*	*2,409*
of which relating to Discontinued operations	*0*	*473*
Laundering & Sterilization	20,519	18,669
INDUSTRIAL CAPEX	**34,184**	**34,037**

Finally, cash inflows from financial investments amounted to € 49.8 million at 31 December 2020, mainly due to the net financial effects arising from the sale of di Sicura S.p.A. on 28 February 2020, which entailed the collection of an amount of € 55.0 million on the closing date, net of additional costs and price adjustments paid to the assignee for € 3.7 million. On the same date, Rekeep S.p.A. paid a consideration of € 2.0 million for the acquisition of 5.96% of EULIQ VII S.A., a newco with registered office in Luxembourg, which directly controls AED S.r.l., with the aim to maintain an industrial partnership with the group controlled by Sicura S.p.A..

Finally, cash outflows from financial investments amounted to € 16.3 million at 31 December 2019. On 6 June 2019, the subsidiary H2H Facility Solutions S.p.A. transferred to UBI Banca S.p.A. the minority interests held in Palazzo della Fonte S.c.p.a., for a consideration equal to its asset value (€ 8 million), which was collected in full as at the date of transfer. Furthermore, the investment in Emmetek S.r.l. was acquired on 3 July 2019, the business combination of which entailed net financial uses of € 5.4 million, while Naprzód S.A., the parent company of the Polish group with the same name, was acquired on 30 October 2019, the business combination of which entailed net financial effects for € 25 million. Furthermore, a reclassification of € 8.4 million was made according to IFRS5, given the disposal of the sub-group controlled by Sicura S.p.A. on 28 February 2020. Finally, a portion of the deferred consideration for the disposals of companies in December 2018 in favour of 3i EOPF (€ 1.0 million) was collected during the year, in accordance with the investment agreement signed upon closing.

Change in Net financial liabilities

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

(in thousands of Euro)	31 December 2019	Business Combination	New loans	Refunds/ Repayments	Buy-back/ Early termination	Other changes	31 December 2020
Senior Secured Notes	339,905				(15,800)	3,977	328,082
Revolving Credit Facility	0		50,000	(50,000)			0
Bank loans	14,755		2,547	(7,562)	(8,333)		1,407
Current bank overdraft, advance payments and hot money	2,446	789	5,950	(3,235)			5,950
Accrued expenses and deferred income on loans	699			(31,721)		31,805	783
BANK DEBTS	**357,806**	**789**	**58,497**	**(92,519)**	**(24,133)**	**35,782**	**336,222**
Finance lease obligations	5,853		1,452	(879)			6,426
Operating lease liabilities	42,920		4,953	(6,562)	(1,562)	(960)	38,788
Payables for assignments of trade receivables with recourse	28,174		35,615	(48,057)			15,732
Payables for reverse factoring	0		4,629				4,629
Receipts on behalf of assignees of trade receivables without recourse	7,558		9,935	(7,558)			9,935
Fair value of put options	231		12,131			715	13,077
Other liabilities	26,048		1,894	(21,878)		(88)	5,976
FINANCIAL LIABILITIES	**468,589**	**789**	**129,106**	**(177,453)**	**(25,695)**	**35,449**	**430,785**
Current financial assets	(4,819)		1,448	(2,150)		(474)	(5,994)
NET FINANCIAL LIABILITIES	**463,770**	**789**	**130,554**	**(179,603)**	**(25,695)**	**34,976**	**424,790**

The residual debt for principal of the Senior Secured Notes was equal to € 333.9 million at 31 December 2020, to which must be added the accounting adjustment on the issue discount and additional costs for issue, accounted for according to the amortized cost method (€ 5.8 million). The financial amortization of this adjustment generated financial costs of € 4.0 million in the 2020 financial year, including a write-off of € 0.4 million related to the buy-back of € 15.8 million which took place in April and May 2020 through the purchase on the open market.

On 18 March 2020 the Parent Company Rekeep S.p.A. formalized the request for use of the Super Senior Revolving loan ("RCF"), subscribed upon the bond issue by the issuer CMF S.p.A., to which Rekeep S.p.A. is a party as Borrower. The 5-year credit facility (expiring on 15 December 2021) provides for a credit line at sight, in a maximum nominal amount of € 50 million, for the entire term. The facility was drawn down for a half-year on 23 March 2020 and subsequently renewed on 23 September 2020 for an additional half-year in order to meet temporary cash requirements (if any), including in relation to the difficult economic situation that is accompanying the Covid-19 emergency in Italy. Finally, the repayment was made on 31 December 2020.

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.

Furthermore, at 31 December 2020 there was the recognition of accrued expenses on loans in a total amount of € 1.3 million (related to the amount accrued on the bond coupon due 15 June 2021) and prepaid financial expenses of € 0.6 million, of which an amount of € 0.2 million relating to the remaining amount of costs to be amortized for obtaining the Revolving Credit Facility. Financing costs (equal to € 1.0 million upon issue) are indeed amortized on a straight-line basis throughout the entire term of the credit facility and this amortization had an impact of € 0.2 million on the 2020 financial year.

As at the closing date of the 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 € 5.9 million, against a balance of € 2.4 million at 31 December 2019. Furthermore, Rekeep S.p.A. used credit facilities for the assignment of trade receivables with recourse in place with Unicredit Factoring S.p.A. and Banca Sistema concerning receivables from customers in the Public sector market. During 2020 assignments were made in an overall nominal amount of € 35.6 million and the facilities had been used for € 15.7 million at 31 December 2020 (€ 23.7 million at 31 December 2019). As at 31 December 2020 a liability was also stated for € 4.6 million relating to reverse factoring lines used to ensure a greater amount of overdraft facilities on some major suppliers.

The Group companies collected amounts of € 9.9 million at 31 December 2020 concerning receivables included in assignments without recourse for which the respective debtors have not made any payment to the bank accounts specified by the factor. These amounts constitute a financial liability for the Group, which gave rise to the payment of said amounts at the beginning of the subsequent quarter.

Furthermore, contingent liabilities were recognized for the acquisition of investments for a total amount of € 13.1 million, mainly relating to the put option granted to the vendor on the 20% minority interest under the Investment Agreement which led to the acquisition of Rekeep Polska (formerly Naprzód S.A.). Payables for the acquisition of investments for € 7.2 million were also recognized at 31 December 2019, relating to the deferred price envisaged within the same transaction (which was completed on

31 October 2019). This debt was repaid on 25 November 2020 with a net payment to the transferor for € 6.1 million, net of the amount to be paid as adjustments to the price agreed as per contract (stated among current financial assets for € 2.2 million at 31 December 2019).

The financial liability relating to the discounted value of future lease payments to be made on property and operating leases amounted to € 38.8 million at 31 December 2020 against € 42.9 million at 31 December 2019. Payments were made as a reduction in the liability for € 7.5 million during 2020, while new agreements were entered into and rentals were revalued for a present value of € 5.0 million upon recognition. Finally, differences arose for early termination for € 1.6 million. On the other hand, a residual debt was recognized against finance leases at the reporting date, equal to € 6.4 million (€ 5.9 million at 31 December 2019), of which an amount of € 3.8 million for properties and equipment of the Laundering&Sterilization SBU and an amount of € 2.6 million relating to the Facility Management SBU.

Finally, as at 31 December 2019 “Other financial liabilities” included the debt for the dividend resolved by the Parent Company in favor of its controlling company Manutencoop Società Cooperativa on 17 December 2019, equal to € 13 million, which was paid in full during 2020.

Finally, the balance of short-term financial assets showed an increase by € 1.2 million during 2020, mainly due to a change in the balances of pledged current accounts used within the scope of the aforementioned agreements for the assignment of trade receivables without recourse, for which the parent company Rekeep S.p.A. manages the collection service (+ € 1.7 million). Receivables of € 1.4 million were also recognized in 2020 in relation to the sale by Servizi Ospedalieri S.p.A of Linea Sterile S.r.l., a non-strategic investment sold on 29 December 2020 for a total consideration of € 3.6 million (of which € 1.5 million collected upon closing and € 1.4 million to be collected by the end of 2021).

2.3 Financial ratios

The main financial ratios for 2020, calculated at consolidated level, compared with the same ratios recorded for 2019, are reported below as restated for the application of IFRS5.

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

	2020	2019 Restated
ROE	-0.6%	2.2%
ROI	12.6%	10.6%
ROS	5.8%	5.7%

ROE (Return on Equity) provides a summary measurement of the return on capital invested by shareholders. The ratio reflects a normalized consolidated Net loss in 2020 compared to that posted in the previous year (which was affected by the significant impact of the abovementioned Competition Authority's fine, as well as by significant non-recurring costs). On the other hand, there was a value of the Equity reserves which remained substantially unchanged (+ € 3.8 million) due to the allocation to reserves of the Consolidated profit (loss) for the previous year (€ 3.3 million).

ROI (*Return on Investments*) provides a summary measurement of the operating return on capital invested in a business. The performance reflects a decrease in the Group's gross Invested Capital (- € 22.1 million) against an increase in normalized EBIT for the yearused for the calculation of the ratio (€ 62.8 million and € 55.3 million in 2020 and 2019, respectively).

ROS (*Return on sales*) provides a summary measurement of the Group's ability to convert turnover to EBIT and stood at 5.8% in 2020 compared to 5.7% in 2019, against a positive change in turnover (+ 11.9% compared to 2019, when the newly-acquired Polish Group contributed to the consolidated results for only 2 months), which was more than proportionalcompared to the increase in EBIT (+ 0.8%).

	2020	2019 Restated
Current ratio **(Current liabilities / Current Assets)**	0.89	0.84
Ratio of financial charges to turnover (Financial charges / Revenues)	4.6%	4.7%
Capital adequacy ratio (Equity / Total Payables)	7.0%	14.1%
Liquid return ratio of assets (Cash flow / Total Assets)	4.7%	3.4%
Social security and tax debt ratio (Social security debt / Revenues)	15.1%	14.0%

The general liquidity ratio (current ratio) represents the ratio of current assets to current liabilities and expresses the company's ability to cover current outflows (i.e. current liabilities) with current income (i.e. current assets). The ratio mainly reflects a decrease in current liabilities, in particular for the recognition of a lower debt for the notice of payment for the fine for the FM4 tender (- € 15.2 million compared to 2019).

The recognition of the significant cost relating to the FM4 fine (€ 82.2 million) in 2020 also entailed a significant operating loss, which reduced the Consolidated Equity, thus affecting the Capital Adequacy ratio, which however remains in line with industry average. It should be noted that, as at 31 December 2019 the consolidated current liabilities included the debt for the deposit requested in the same dispute (€ 94.6 million), the contra-entry of which constituted a non-current asset for an amount equal to the amount stated in the notice of payment issued following the request for installment payments, pending the developments of the judicial proceedings for 2020 and the subsequent request for the recovery of excess amounts already paid.

	2020	2019
Indebtedness ratio	0.83	0.71
Medium/Long-term indebtedness ratio	0.94	0.77

The indebtedness ratio, which is the ratio of net debt to the sum of net debt and own equity, stood at 0.83, showing an increase compared to the previous year, against a more than proportional increase in the Net financial indebtedness compared to the decrease in Equity following the consolidated Net Loss posted in 2020.

The medium/long-term indebtedness ratio, expressed as the ratio of consolidated financial liabilities to total sources of funding, increased from 0.77 in 2019 to 0.94 in 2020, thus reflecting a decrease of € 16.0 million in the balance of medium/long-term loans (mainly following the buy-back of € 10.8 million on the Senior Secured Notes during the first half of the year), which was less than proportional compared to the total decrease in sources of funding, and in particular in Equity.

Productivity ratios

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

	2020	2019 Restated	2018
Turnover/internal and external personnel costs	1.53	1.46	1.44
Make ratio	61.4%	61.4%	59.6%

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 1.53 in 2020 (1.46 in 2019). The ratio shows a clear growth in sales volumes (mainly due to the full contribution given by the Rekeep Polska Group, which was only acquired in the last quarter of 2019) against a different mix of composition of operating costs (and in particular in the weight of costs for "internal" personnel", which vary in a way that is not entirely proportional compared to changes in turnover).

The "make ratio", i.e. the ratio between the cost of internal labor ("make") and the cost of services provided by third parties, services provided by consortia and professional services, shows, on the other hand, a clear stability in the 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 2020

The main income data of the Parent Company Rekeep S.p.A. for the year ended 31 December 2020, as well as a comparison with the figures from the previous year.

(in thousands of Euro)	For the year ended 31 December		Change
	2020	2019	
Revenues	677,063	690,177	(13,115)
Costs of production	(693,338)	(623,594)	(69,744)
EBITDA	**(16,276)**	**66,583**	**(82,859)**
Amortization, depreciation, write-downs and write-backs of assets	(27,966)	(21,747)	(6,219)
Accrual of provisions for risks and charges	(6,164)	(2,911)	(3,252)
Operating Income (EBIT)	**(50,406)**	**41,925**	**(92,331)**
Income (charges) from investments	20,943	11,015	9,928
Net financial charges	(38,556)	(36,034)	(2,522)
Profit before taxes	**(68,019)**	**16,905**	**(84,924)**
Income taxes	(9,035)	(11,164)	2,129
Profit (loss) from continuing operations	**(77,054)**	**5,741**	**(82,795)**
Profit (loss) from discontinued operations	**10,655**	**0**	**10,655**
NET RESULT	**(66,399)**	**5,741**	**(72,140)**

In 2020 Revenues recorded a slight decrease compared to the value posted in 2019 (- € 13.1 million).

The controlling company Rekeep S.p.A. guarantees the Group a substantial portion of consolidated results (about 60% of consolidated Revenues), internally developing operational structures for the traditional business of facility management, as well as administrative and technical functions for most of other Group companies as well as the Parent Company itself.

More than 50% of the Company's activities consist of the provision of essential healthcare services, to which must be added customers as Public Entities (Schools, public offices, ministries etc.), as well as large-scale retail trade and telecommunications customers.

It should be noted that, as from the second half of February 2020, the domestic scenario was heavily marked by the health emergency deriving from the spread of the Coronavirus (COVID-19) epidemic. This health emergency, and the consequent need to contain the spread of the virus as much as possible, led the Italian Government to adopt urgent legislative measures that entailed a substantial lockdown of the entire economy of the country from the second period of ten days of March and until the end of April, except for essential activities and services. On the other hand, Rekeep S.p.A. received requests for extra services and supplies such as extraordinary sanitization and cleaning, fitting out hospital wards, other non-routine maintenance work, mainly in the healthcare sector. On the other hand there is a partial reduction in operations in the private market and in the sector of Public non-health Entities owing to the partial or total closure of offices, schools, museums, transport and commercial businesses.

The Company's EBITDA for 2020 was negative for € 16.3 million, against € 66.6 million in 2019. The Profits/(Losses) for the 2020 financial year were significantly impacted by the recognition of the cost relating to the Competition Authority's fine for the FM4 tender (€ 82.2 million), as well as by other non-recurring costs of € 4.9 million, while non-recurring costs amounted to € 3.3 million in the previous year. Adjusted EBITDA, which excludes these non-recurring elements, was then equal to € 70.9 million for the year ended 31 December 2020, against Adjusted EBITDA of € 69.9 million for the year ended 31 December 2019, with an improvement in terms of operating profit margins.

The remarks concerning the Group's income performance, in fact, are fully borne out in Rekeep S.p.A., since the profit margin performance described more generally for the facility management segment was even more evident in the Parent Company. The Parent Company contributed to consolidated EBITDA for about 60% in 2020.

As regards operating costs, there were higher Costs of raw materials and consumables for € 3.0 million, higher *Costs of services* for € 7.9 million against lower Personnel costs for € 23.3 million. The decreasing volume trend also reflects a change in 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 2020 was equal to 12,290, of which 305 were provided by Manutencoop Società Cooperativa (13,076 in the previous year, of which 351 were provided by Manutencoop Società Cooperativa). 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 being performed.

In 2020 **EBIT** posted a negative value of € 50.4 million against a positive EBIT of € 41.9 million in 2019. *Amortization and depreciation* amounted to € 12.8 million in 2020 against € 13.8 million in 2019. This item includes amortization of intangible assets of € 6.4 million (€ 6.3 million for the year ended 31 December 2019) and depreciation of property, plant and equipment of € 1.4

million (€ 1.7 million for the year ended 31 December 2019). Amortization of financial and operating leases was also recognized for € 4.9 million in 2020 (€ 5.9 million for the year ended 31 December 2019).

Net write-downs of trade receivables amounted to € 2.6 million (€ 1.4 million for the year ended 31 December 2019) and included some specific write-downs concerning pending disputes. Write-downs for € 0.5 million were also recognized on other current assets.

Furthermore, during 2020 note *write-downs of equity investments* of € 12.0 million (€ 6.5 million for the year ended 31 December 2019), which were mainly related to subsidiaries Yougenio S.r.l., which was put into liquidation in 2020, and Rekeep World S.r.l. for losses reported on some projects started in Middle East markets.

Finally, provisions for risks and charges (net of reversals) of € 6.2 million were recognized in 2020 (€ 2.9 million in 2019), which included the above-mentioned non-recurring provision for future additional costs for the cogeneration business conducted at two private industrial sites, mainly relating to previous years (€ 3.3 million).

For the year ended 31 December 2020 Adjusted EBIT then came to € 40.0 million (equal to 5.9% in terms of profit margins relating to the Revenues for the year) against € 45.2 million for the year ended 31 December 2019 (equal to 6.6% of related Revenues).

To EBIT must be added Dividends and net income from equity investments amounting to € 20.9 million, compared to an amount of € 11.0 million in the previous year. This item includes dividends collected from investee companies, as detailed below:

(in thousands of Euro)	Year ended 31 December	
	2020	**2019**
Servizi Ospedalieri S.p.A.	18,000	8,480
H2H Facility Solutions S.p.A.	2,000	597
Telepost S.r.l.	0	1,204
MFM Capital S.r.l.	225	0
Other minor dividends	264	138
DIVIDENDS	**20,489**	**10,418**

Net capital losses from sale of equity investments for € 0.4 million were also accounted in 2020, due to the sale of Energy Saving Valsamoggia S.r.l. to MFM Capital S.r.l.. The Company also recorded an income of € 0.9 million in the year, in relation to the collection of the premium-for-yield amount to be paid on the disposal of MFM Capital S.r.l. to the 3i EOPF fund. This income was not recognized at the same time as the sale since it was linked to uncertain and unforeseeable future events that occurred during the 2020 financial year.

Finally, an income of € 0.6 million was recognized in 2019, in relation to the collection of the earn-out amount on the disposal of Synchron Nuovo San Gerardo di Monza S.p.A., within the scope of the same transaction with 3i EOPF.

Financial income decreased by € 1.1 million compared to the previous year, mainly against lower interest income from customers (- € 1.3 million), which showed significant amounts in the previous year relating to default interest obtained in consideration of the in-court settlement, on favorable terms, of some disputes arisen in previous years. Furthermore, note the recognition of capital gains equal to € 1.2 million during the year on the purchase of portions of bond issue on the open market for a total nominal amount of € 15.8 million (€ 1.6 million in 2019, on the purchase of portions for a total nominal amount of € 10.3 million).

The impact of *financial charges* on the Company's results of operations was equal to € 44.0 million, with an increase equal to € 1.4 million compared to € 42.7 million in 2019. In 2020 the financial charges accrued on the Senior Secured Notes came to € 30.5 million against € 31.6 million in 2019. The above-mentioned buy-back transactions that were carried out during the first half of 2020 (for a nominal amount of € 15.8 million) ensured savings of € 1.0 million on thefinancial charges accrued on the repurchased portions for the time being.

The *upfront fees* relating to the issue of Senior Secured Notes were accounted for according to the amortized cost method, which entailed financial amortization charges of € 4.0 million in 2020, of which an amount of € 0.4 million relating to the write-offof the portion relating to the repurchased Notes (€ 3.7 million in 2019, with a write-off of equal amount on the buy-back of the previous year).

The initial costs for the subscription of the Super Senior Revolving loan (known as "RCF") for € 50 million, equal to € 1 million upon issue, are also amortized on a straight-line basis throughout the entire term of the credit facility. The cost relating to this amortization amounted to € 0.2 million in both periods under comparison, to which must be added the commitment fees charged by banks (€ 0.1 million in 2020 against € 0.5 million in 2019). The facility was drawn down for a half-year on 23 March 2020 and subsequently renewed on 23 September 2020 for an additional half-year in order to meet temporary cash requirements (if any), including in relation to the difficult economic situation that is accompanying the Covid-19 emergency in Italy. Therefore, it was terminated on 31 December 2020, with an impact in terms of financial costs equal to € 1.7 million. No drawdown was requested on the RCF in 2019.

Finally, interest discount costs were recognized in relation to the assignments of trade and VAT receivables without recourse for € 3.1 million in 2020 (€ 2.7 million for the year ended 31 December 2019).

From the profit before taxes must be deducted taxes of € 9.0 million (€ 11.2 million for the year ended 31 December 2019), thus obtaining a *Net loss* of € 77.1 million (against a *Net profit* of € 5.7 million for the year ended 31 December 2019). Below is the breakdown of the tax rate for the year:

(in thousands of Euro)	For the year ended 31 December	
	2020	2019
Profit before taxes	**(68,019)**	**16,905**
Competition Authority's fine for the FM4 Tender	82,200	
Profit before taxes excluding the Competition Authority's fine	**14,181**	**16,905**
Current, prepaid and deferred IRES tax, including income andexpenses from Tax consolidation	(4,903)	(7,803)
Current, prepaid and deferred IRAP tax	(3,313)	(3,453)
Tax adjustments for previous years	(819)	92
Income taxes	**(9,035)**	**(11,164)**
Tax rate from continuing operations	**63.7%**	**66.0%**
Profit (loss) before tax from discontinued operations	10,789	0
Tax on profit/(loss) from discontinued operations	(134)	0
Total Tax rate	**36.7%**	**66.0%**
Consolidated net profit (loss)	**(66,399)**	**5,741**

As already mentioned, the Profit (loss) before tax was negative and equal to € 68.0 million for the year ended 31 December 2020 as a result of the significant cost for the fine imposed by the Competition Authority (€ 82.2 million) relating to the administrative proceedings in progress. Furthermore, during 2020, the Company recognized a Profit before tax from discontinued operations equal to € 10.8 million, including the aforementioned capital gain from the sale of the investment in Sicura S.p.A., which gave rise to a tax effect of € 0.1 million.

Compared to the previous year the Company recognized lower current, prepaid and deferred taxes for € 2.1 million against a lower Profit (loss) before tax (excluding the Competition Authority's fine) for € 2.7 million.

Finally, the Company reported a Net loss equal to € 66.4 million against a Net profit of € 5.7 million at 31 December 2019.

3.2 Statement of financial position

The table below reports the Sources and Uses:

(in thousands of Euro)	31 December 2020	31 December 2019
USES		
Trade receivables and advances to suppliers	286,271	289,183
Inventories	517	818
Trade payables and contract liabilities	(274,681)	(281,404)
Net working operating capital	**12,106**	**8,606**
Other working capital elements	(130,929)	(105,055)
Net working capital	**(118,823)**	**(96,449)**
Property, plant and equipment and assets under finance leases	7,978	7,440
Rights of use for operating leases	26,711	29,723
Intangible assets	344,479	346,994
Investments	114,153	120,063
Other non-current assets	50,084	143,483
Fixed assets	**543,405**	**647,703**
Non-current liabilities	(39,891)	(42,631)
NET INVESTED CAPITAL	**384,691**	**508,623**
SOURCES		
Shareholders' equity	99,920	165,584
Net financial indebtedness	285,471	343,039
TOTAL FINANCING SOURCES	**384,691**	**508,623**

Net working capital

Net working capital (**NWC**) posted a loss of € 118.8 million at 31 December 2020, with an increase in absolute value equal to € 68.2 million compared to the net liability posted at 31 December 2019 (€ 96.4 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 € 12.1 million at 31 December 2020, while it was equal to € 8.6 million at 31 December 2019. The balance of Trade Receivables and advances to suppliers decreased by € 2.9 million, against a decrease in the balance of Trade payables and contract liabilities of € 6.7 million. The Company made assignments of trade receivables without recourse to Factors for € 188.5 million in the year, while the balance of receivables assigned and not yet collected by the latter at the reporting date amounted to € 52.0 million (unchanged compared to 31 December 2019). The **Adjusted NWOC** came to € 64.1 million and € 60.7 million, respectively, during the two years under comparison.

The balance of Other elements in working capital at 31 December 2020 consisted of a net liability of € 130.9 million (€ 105.1 million at 31 December 2019):

(in thousands of Euro)	31 December 2020	31 December 2019	Change
Current tax receivables	7,753	6,474	1,279
Other current assets	12,385	16,798	(4,412)
Provisions for risks and charges, current	(8,701)	(5,450)	(3,251)
Current tax payables	(259)	0	(259)
Other current liabilities	(142,108)	(163,019)	20,911
Non-current assets classified as held for sale	0	40,142	(40,142)
OTHER ELEMENTS IN WORKING CAPITAL	**(130,929)**	**(105,055)**	**14,268**

At 31 December 2019 the item included the payable relating to the deposit concerning the fine imposed by the CompetitionAuthority in relation to the Consip FM4 Tender (€ 94.6 million), which was stated for an equal amount among non-current assets in the balance sheet. Following the developments in the litigation during 2020, the fine was redetermined at € 79.8 million (in addition to collection costs for € 2.6 million) and the installments already paid as deposit (€ 3.0 million), which were deducted in full under the updated installment payment plan sent by the Revenue Agency - Collection department. Therefore, the debt for the fine was equal to € 79.4 million at 31 December 2020.

Furthermore, at 31 December 2019 the investment in Sicura S.p.A. was classified as “Non-current assetheld for sale” given the binding agreement signed on 13 February 2020 for the sale of the total share capital of the subsidiary to Argos Wityu, a pan-European Private Equity fund. The sale took place on 28 February 2020.

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

- the recognition of higher net income tax receivables of € 1.3 million compared to the previous year;
- an increase in the short-term portion of provisions for risks and charges of € 3.3 million;
- the recognition of lower net VAT receivables for € 4.3 million (€ 0.1 million at 31 December 2020 against a receivable of € 4.4 million at 31 December 2019).

Fixed assets

Fixed assets include the following main items:

(in thousands of Euro)	31 December 2020	31 December 2019	Change
Property, plant and equipment and assets under leases	7,978	7,440	537
Rights of use on operating leases	26,711	29,723	(3,012)
Intangible assets	18,058	20,573	(2,515)

(in thousands of Euro)	31 December 2020	31 December 2019	Change
Goodwill	326,421	326,421	0
Equity investments in subsidiaries, associates and joint-ventures	114,153	120,063	(5,910)
Other investments	7,010	4,695	2,315
Non-current financial assets	29,207	30,188	(982)
Other non-current assets	2,708	97,315	(94,608)
Deferred tax assets	11,160	11,284	(124)
FIXED ASSETS	**543,405**	**647,703**	**(104,299)**

The most substantial changes concerned:

- a reduction of € 5.9 million in the balance of "Equity investments in subsidiaries, associates and joint-ventures", against write-downs of investments of € 8.8 million in 2020, of which € 2.6 million related to subsidiary Yougenio S.r.l, put into liquidation, € 4.7 million to Rekeep World S.r.l. and € 1.5 million to associate Roma Multiservizi S.p.A.. Increases for payment on account of capital of € 3.0 million were also accounted for, € 2.0 million of which related to subsidiary Yougenio S.r.l. and € 1.0 million to Rekeep RAIL S.r.l.;
- increases of € 2.3 million in "Other Investments", of which € 2.0 million for the acquisition of 5.96% of EULIQ VII S.A. (subsequently Starfire S.A.);
- the derecognition of the receivable, equal to € 94.6 million at 31 December 2019, among "Other non-current assets", which the Company had reported as deposit on the fine imposed by the Competition Authority in relation to the Consip FM4 Tender. Following the developments of this dispute, there was the recognition of the debt for the abovementioned fine and the recognition of the related cost among other operating costs;
- a reduction in the net book value of the "Rights of use on operating leases", recognized against the agreements concerning property leases and the long-term hire for the motor vehicles of the corporate fleet. During the year increases of 3.0 million were recorded for new agreements and ISTAT index adjustments, of which an amount of € 2.8 million for the corporate fleet, in addition to decreases for early withdrawal for € 1.1 million and amortization allowances for € 4.9 million.

Other non-current liabilities

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

- TFR (employee benefits), equal to € 5.6 million and € 6.7 million at 31 December 2020 and 31 December 2019, respectively;
- long-term portion of provisions for future risks and charges equal to € 22.0 million at 31 December 2020 and € 22.7 million at 31 December 2019;
- deferred tax liabilities of € 12.3 million (€ 13.2 million at 31 December 2019).

Net financial indebtedness

The Parent Company's net financial indebtedness at 31 December 2020 and at 31 December 2019 is reported below:

(in thousands of Euro)	31 December 2020	31 December 2019
Long-term financial liabilities	354,928	377,265
Bank borrowings and current portion of long-term debt	30,497	55,693
GROSS FINANCIAL INDEBTEDNESS	**385,425**	**432,958**
Cash and cash equivalents	(53,823)	(64,654)
Other current financial assets	(46,131)	(25,265)
NET FINANCIAL INDEBTEDNESS	**285,471**	**343,039**

Net financial indebtedness amounted to € 285 million at 31 December 2020, against € 343 million at 31 December 2019. The figure relating to the adjusted netfinancial debt, which includes the balance of trade receivables assigned to the factor without recourse and not yet collected on the reporting date (€ 52.0 million at 31 December 2020 and € 52.1 million at 31 December 2019) confirmed the positive value, from € 395.1 million at 31 December 2019 to € 337.5 million at 31 December 2020.

The 2020 financial year saw the payment of the six-monthly coupons on the Senior Secured Notes totaling € 30.1 million with settlement dates on 15 June and 15 December. The above-mentioned buy-back transactions that were carried out during 2020 on the other hand ensured savings of € 1.0 million, compared to the previous year, on the financial charges accrued on the repurchased portions for the time being.

Furthermore, at 31 December 2019 there was the recognition of the payable for the dividend resolved to the benefit of the sole shareholder Manutencoop Società Cooperativa on 17 December 2019, equal to € 13 million, which was paid on 31 January 2020.

Finally "Other current financial Assets" increased by € 20.9 million, mainly as a result of a rise in the credit balances of current financial accounts registered in the name of subsidiaries (+ € 19.4 million).

Industrial Capex

In 2020 industrial capex incurred by the Company totaled € 5.6 million against disinvestments of € 0.1 million (unchanged compared to 2019):

(in thousands of Euro)	For the year ended 31 December	
	2020	2019
Acquisition of plant and machinery	1,631	2,097
Other investments in intangible assets	3,938	5,294
INDUSTRIAL CAPEX	**5,569**	**7,390**

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 2020		31 December 2019	
	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	**(66,399)**	**99,920**	**5,741**	**165,584**
- Elimination of consolidated equity investment values	(5,161)	(147,574)	(1,826)	(149,686)
- Accounting of Shareholders' Equity toreplace the values eliminated		51,279		35,016
- Allocation to consolidation difference		55,538		88,514
- Allocation of tangible assets			(4)	57
- Recognition of financial costs on options	(507)	(507)	(17)	(17)
- Dividends distributed to Group companies	(20,000)		(10,280)	
- Profit generated by consolidated companies	(376)	(376)	1,887	1,887
- Associates and Joint ventures valued at equity	(71)	1,935	(290)	1,699
- Tax effects on consolidation adjustments	(3)	(163)	(24)	(196)
- Reversal of statutory write-downs	9,304	9,992	8,100	8,923
- Other consolidation adjustments	59	(6)	(1)	190
Total consolidation adjustments	**(16,755)**	**(29,883)**	**(2,456)**	**(13,614)**
Shareholders' equity and profit (loss) for the year pertaining to the ParentCompany	**(83,154)**	**69,336**	**3,285**	**151,970**

(in thousands of Euro)	31 December 2020		31 December 2019	
	Profit (loss) for the year	Shareholders' equity	Profit (loss) for the year	Shareholders' equity
Shareholders' equity and profit (loss) for the year pertaining to Minority Interests	2,703	3,199	65	836
SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE YEAR AS SHOWN IN THE CONSOLIDATED FINANCIAL STATEMENTS	**(80,451)**	**72,356**	**3,350**	**152,806**

4. INTERNAL CONTROL AND RISK FACTORS

The existence and operations of the internal control system at the level of the whole organization and of the individual processes/activities must be satisfactorily supported and documented, both as regards drawing up the controls themselves and testing, conducted to ensure that they are operative and effective).

Rekeep S.p.A. has adopted additional rules for the Control System in order to ensure that the system of internal control is effective at the level of the whole organization and of the individual processes/activities, the efforts are combined of the large number of persons that run the system, in order to improve the efficiency and efficacy of governance in terms of mitigating and/or hedging risk.

The additional rules govern the relations between the persons working in the Group that need to exercise control functions.

After the changes in law and in the self-regulation code, the persons who exercise these functions are:

- Internal Audit & Antitrust Compliance Office;
- The "Organismo di Vigilanza (ODV)", pursuant to Legislative Decree 231/01.

Internal Audit & Antitrust Compliance Office control activities

The Internal Audit & Antitrust Compliance Office function reports hierarchically and functionally to the Chairman of the Board of Directors and contributes to spreading the culture of internal control and corporate risk management. In addition, the function carries out ongoing monitoring of control systems existing in processes and procedures in order to mitigate non-compliance and reputational risks.

Supervisory Board's activities under Legislative Decree 231/2001

The Supervisory Board of Rekeep S.p.A. ("OdV") avails itself of operating staff made up of external resources belonging to a consulting company specialized in Risk & Advisory Services.

The work plan is approved annually by the Supervisory Board and supplemented on the basis of the experience gained in control activities carried out in previous years. The work plan for the 2020 financial year was approved by the Supervisory Board at the meeting held on 28 April 2020.

Given the Supervisory Board's independence in carrying out such specific audits as may be required from time to time, the basic checks approved by the Board are divided with reference to:

- economic and financial flow management area: audits on the various items of the Financial Statements (Balance Sheet and Income Statement) with powers going beyond the decisions that are more closely related to the Financial Statements, conducting in-depth analysis of the entire financial cycle and the protection of the Corporate Assets (analysis of bank reconciliations, clearing bank accounts, other receivables and payables, contingent items, other accounts, etc.);
- sensitive business areas for the purposes of Legislative Decree 231/2001: audits concerning the correct application of procedures relating to sensitive activities under Legislative Decree 231/2001 identified upon Mapping (Annex 1 attached to the Organizational, Management and Control Model). The sensitive activities subject to control are only those regarded as at “high risk” (in the above Mapping), even at the level of individual sub-activities”.

For each audit, the Work Plan indicate:

1) **the check to be carried out**: describing the type of audit to be conducted;
2) **the frequency of checks**: from a quarterly to an annual basis;
3) **the contact person at the company**: for a better planning of the activity;
4) **the selection of samples**: sampling is the reference methodology for the work of the Supervisory Board and of its staff;
5) **information**: the action that is taken following the checks carried out.

The **selection of samples** to be audited is carried out by the audit team on the basis of the instructions provided in the Work Plan designed and approved by the Supervisory Board.

The audit team has direct access to the Company's ERP system for the extraction of financial statements, ledger accounts, accounting movements, etc.

The sampling criterion is specified within each area subject to audits and may vary from random sampling to sampling based on the materiality of items or professional judgment.

The control activity is carried out through the 231 Workstation® platform which allows an appropriate archiving and traceability of any and all audit activities carried out.

Upon the completion of the audit work on the part of the operating staff, a meeting is set for sharing the results of the audits, and the related report with the Internal Audit function of the Company.

The report reviewed in this manner is sent to the Supervisory Board and shared among its members at scheduled meetings.

Other risk factors

In addition to the risks identified in the current Group's internal control framework, 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.

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 37 in the explanatory Notes to the Consolidated Financial Statements, to which reference should be made.

5. ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

In 2020 some changes were made in the legislation, concerning the provisions of law falling within the scope of application of Legislative Decree 231/2001.

Following the changes that have occurred, Rekeep S.p.A. has updated its Organizational, Management and Control Model under Legislative Decree 231/2001. The Model was updated, considering both case law opinions and in-depth analyses of the new regulatory framework, on the basis of changes in procedures, the introduction of new activities and remarks and suggestions that emerged from the checks carried out and on changes in the company's organization. On 31 July 2020 the Supervisory Board gave its favorable opinion on the draft Model, appointing the Chairman of the Supervisory Board to submit it for approval to the Board of Directors of Rekeep S.p.A., which then took place on 27 August 2020.

The Supervisory Board ("OdV"), appointed on 24 April 2020, is composed of:

- two external 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.

6. ANTITRUST CODE OF CONDUCT

On 23 February 2017 the Board of Directors of the Parent Company 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 all of its management, staff and auxiliary members, including those working for the Group Companies, in order to clarify the principles and rules applied to protect competition and provide guidance on the conduct to adopt in situations that might give rise to potential antitrust violations.

The Board of Directors also appointed the Manager responsible for the implementation of the Program ("Antitrust Compliance Officer"), with the task of implementing and monitoring the program itself.

The Antitrust Compliance Program is composed of (1) 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; (2) the Rekeep Group Antitrust Code of Conduct which sets out in detail how to behave when bidding in public tenders; (3) sets of internal procedures and operating instructions aiming at increasing prevention capacity and the correct management of situations with possible antitrust implications; and (4) ad hoc training sessions devoted to close examination of the competition issues of greatest interest to Rekeep with the purpose of enhancing the ability of the management and other operational resources to detect antitrust risk and take any appropriate action.

7. UPDATE ON LEGAL PROCEEDINGS

The main updates are summarized below for the 2020 financial year on the disputes described in the explanatory notes to the Parent Company's Consolidated and Separate Financial Statements to which reference should be made for more details.

Antitrust Authority's order for sanctions on the Consip Tender of 2012 and "FM4 Tender" of 2014

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 was paid in full by the Company as early as in 2019.

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 to also confiscate, in this last case, the surety given by the Company during the tender for an amount of approximately € 10.4 million (bid bond). At present, the order providing for its exclusion was confirmed by both the Regional Administrative Court and the Council of State and an appeal is pending before the Supreme Court. Following the judgment handed down by the Council of State, 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 that had been appealed

against, postponing the discussion on the merits of the case to the hearing scheduled on 7 October 2021. 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 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 proceedings to be converted into ordinary proceedings and the parties to appear at the hearing scheduled on 16 December 2021.

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 (Italian Anti-Corruption Authority), 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 Lazio Regional Administrative Court which rejected the appeal. However, by an order dated 11 March 2021 the Council of State granted the preliminary request filed by the Company and suspended the enforceability of the challenged judgment.

The Consip Sanità, Consip Caserme and Consip Musei tenders did not generate consolidated Revenues until 31 December 2020 and were not included in the Group's backlog at 31 December 2020.

The dispute concerning the fine imposed in relation to the FM4 Tender still continued in 2020, which was served on the Company by the Competition Authority with an order of 9 May 2019 for an amount of € 91.6 million.

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, in relation to reasons related to the calculation of the fine and set the parameters for its redetermination. 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 (hearing on the merits scheduled on 30 March 2021) and orders for the new calculation of the fine before the Lazio Regional Administrative Court. Finally, on 22 December 2020 the Competition Authority served on the Company its appeal against the abovementioned Lazio Regional Administrative Court's order, while requesting the confirmation of the order on the FM4 tender, including the initial fine equal to € 91.6 million.

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. While continuing to have confidence in the reasonableness of the defence arguments, the Directors given the enforceability of the fine, recognized the debt relating to expected financial outlay in the Consolidated Financial Statements at 31 December 2020 for an amount equal to what is stated in the Competition Authority's order (€ 79.8 million), even in consideration of the uncertainty surrounding the actual outcome of the appeal against the Regional Administrative Court's judgment and the appeal on the merits concerning the Competition Authority's new order of 29 October 2020. the payment of the sums entered in the taxpayers' list may take place, as already occurred for the sums owed as a deposit

in the first stage of the litigation, pursuant to Article 19 of Presidential Decree 602/1973 and Ministerial Decree of 6 November 2013, as supplemented by the Directives issued by the Revenue Agency – Collection department. On 22 December 2020, in fact, the Revenue Agency sent the related updated installment payment plan, deducting the installments already paid as deposit for € 3.3 million. The amount of the debt stated in the accounts also includes the collection costs envisaged (equal to € 2.4 million). Finally, it should be noted that the Company resumed operations for the regular payment of monthly installments on 24 January 2021.

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 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 this application 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 set on 15 July 2020, which was then postponed to 2 December 2020, 17 March 2021 and, finally, to 23 June 2021.

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 Group's backlog.

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 same tender, which took place in 2013. On the other hand, this proxy holder met the legal requirements in full. The ANAC order provided, in addition to a fine of € 10 thousand, for the Company to be disqualified from all public tenders for a period of 6 months as from the date of entry in the computerized records of economic operators in public contracts. The Company successfully challenged the order before the Regional Administrative Court, but, within appellate proceedings brought by ANAC, the disqualification order was confirmed by the Council of State; at the end of the procedure for application of extraordinary means of appeal (appeal for review and judicial appeal to the Supreme Court), it became final on 4 December 2020 with the filing of the Supreme Court's judgment no. 27770/2020. As a result of this judgment, any suspension effect of ANAC Resolution no. 1106/2017 was therefore removed, which entails, in addition to a

fine of € 10,000, 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 declared the appeal as inadmissible by a judgment dated 29 March 2021.

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 2020 are included in the explanatory notes, to which reference is made.

8. HUMAN RESOURCES AND ORGANIZATION

As at the closing date of the 2020 financial year, the Rekeep Group employed 28,112 people (at 31 December 2019: 27,981 people), including personnel on lease from the Parent Company Manutencoop Società Cooperativa to Group companies, equal to 339 people (at 31 December 2019: 371 people). The Group's employees working outside Italy are equal to 11,993 people (at 31 December 2019: 10,281 people).

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

	31 December 2020	31 December 2019
Executives	66	79
White collars	1,647	1,772
Blue collars	26,399	26,130
EMPLOYEES	**28,112**	**27,981**

Prevention and protection

During 2020 the Prevention and Protection Service department of Rekeep S.p.A. underwent substantial changes following the Employer's appointment of a new Prevention and Protection Service Officer.

The system of delegated powers concerning safety at work was kept updated and consistent with the changes that took place at organizational level in the Areas during 2020. The main changes concerned the status of 1st and 2nd level delegated powers in the matter of occupational health and safety, environmental protection and compliance with regulations on food hygiene, in relation to the various areas of competence within the scope of the operation of Rekeep S.p.A.. The 1st level mandates remained confirmed for the Purchasing Department Manager and the HR Manager.

In 2020, a formal review of the Risk Assessment Document (last review no. 9 of 30 September 2020) was carried out following the changes made to the organizational structure of the Prevention and Protection Service department. During the year various survey campaigns were conducted in preparation for updating, concerning: chemical risk, biomechanical overload and biological risk. It should be noted that the biological risk assessment for all duties was updated on 27 February 2020 and specifically for the risk from Sars Covid-19 infection, whereby prevention actions taken have been highlighted. During periodic annual meetings (Article 35 of Legislative Decree 81/2008) these issues were discussed and shared with Occupational Physicians and Workers' Safety Representatives.

In order to arrange for the correct application and to check for compliance with the rules of the shared protocol for the regulation of measures to counter and contain the spread of the COVID-19 virus in the workplace, on 24 March 2020 Rekeep S.p.A. established the COVID-19 Protocol Control Committee. During 2020, the Committee met 24 times (on average every two weeks) and was attended by the company's Prevention and Protection Service department, the HR department dedicated to industrial relations, the Workers' Safety Representatives and the Coordinator Company Doctor.

During 2020 the procedure was started for the transition of the safety management system from BS OHSAS 18001 to ISO 45001 on the part of RINA and some sample orders were assessed by the certifying body. The findings of the audits carried out reported some minor instances of non-compliance and observations (not affecting the validity of the certificate) with respect to which the Area Managers concerned and the various Corporate staff Functions (Prevention and Protection Service, Procurement Department, HR Department) have taken any related action. These instances are mainly formal and not material. The audit carried out by RINA has been concluded positively, thus allowing the group to maintain the certification.

In 2020 the Prevention and Protection Service department conducted 41 audits, distributed throughout all the areas. These audits were carried out to check for compliance with the regulations governing occupational safety and the correct application of the rules and provisions on restrictive measures to avoid COVID-19 infection, and generated an improvement plan, shared with Area Operations Managers, in the event of any non-conformities. In any case it has been seen that Safety is managed satisfactorily overall.

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

- continuing with operations, giving priority to preventive examinations, examinations on request and examinations on return from illness, in compliance with the hygiene measures and measures of prevention and protection from infection risks communicated by the Coordinator Company Doctor in accordance with the provisions of the government and company policy;
- encouraging a careful management of employees with specific frailties, insofar as they are hypersusceptible to the COVID-19 virus, in line with the guidelines and requirements imposed by the competent authorities and with respect for privacy. To this end, information was provided to staff members responsible for their management as a result of interpreting government regulations and exchanges of correspondence with some competent doctors;
- collaborating with the coordinator company doctor, medical centers, Workers' Safety Representatives and Company Union Representatives in evaluating and proposing regulatory measures in the matter of COVID-19.

Despite the strong criticality lined to the period of emergency, especially in the first part of the year, it was possible to complete the supervision work through the support of the Coordinator Company Doctor and all medical centers. As per the 2020 schedule, healthcare supervision was carried out on the staff members employed based on their duties in compliance with the health protocol attached to the Company's Risk Assessment Document. About 5,300 medical examinations were conducted, including periodic, long-term work absence, pre-employment and on-demand checks. In 2020, 36 negative outcomes were submitted (against 57 in 2019), most of them relating to tendinitis and skeletal muscle system diseases (attributable to carpal tunnel syndromes and herniated discs).

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

Accidents are monitored on an ongoing basis and details of their causes, dynamics and material agents are available. 34 accidents in workplaces occurred and were audited in 2020. After analysis, some improvement actions were taken in order to enhance risk prevention, including the adoption of new PPE or specific meetings were held with managers and operators aimed at a detailed analysis of the events. The supervisors' work of reporting and monitoring must be still strengthened in relation to accidents and near misses.

Below are the rates calculated (data updated at 31 January 2021, net of events not recognized by INAL to date):

	2020	2019	2018	2017
Impact (no. of accidents x 1,000/average number. of workers)	55.93	64.08	69.05	69.16
Frequency (no. of accidents x 1,000,000/total worked hours)	50.90	52.26	56.29	57.68
Severity (days of accident +relapses x 1,000/ total worked hours)	1.24	1.30	1.51	1.51

There were no fatal accidents at work during 2020.

There are currently 10 Workers' Safety Representatives at Rekeep S.p.A. distributed throughout the areas of Operations. In 2019 they were involved in a training/education plan on occupational safety.

24 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. No-administrative sanction were imposed in 2020.

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

- Category 1 (street cleaning) since 2018
- Category 8 (intermediation) since 2016
- Category 2bis (own-account transport) since 2017

During 2020 the COVID-19 emergency made it necessary to comply with regional governments' orders issued on an ongoing basis, in order to design waste management at local level both for the limits of temporary storage (which have been temporarily extended) and for the classification and subsequent management of potentially infected waste (PPE, filters, etc..). In this regard, a specific FAQ area has been implemented on the company portal, structured by macro-topics, in order to provide support at an operational level.

The year was also dedicated to set out parameters for the Prometeo operational software, which, as from 1 January 2021, allows legal obligations to be registered via web interface. This tool has enabled a more effective rationalization of registers and authorized parties and will allow the transition to the traceability system which is being issued in a simpler and more systematic manner. 5 online training sessions were organized for the use of the software dedicated to users and heads of function in the various areas.

In September Legislative Decree no. 116 was published in the Official Gazette, which substantially amends part IV of Legislative Decree no. 152 del 2006 regarding waste management. In addition to laying down basic guidelines concerning regulations for the long-awaited traceability system, the decree has also made a provision for the exemptions granted to maintenance operations. Legislative Decree no. 116 has also changed the parameters for treating some waste as urban waste, removing responsibility from municipalities and outlining the types of waste and the activities that may give rise to waste treated as urban waste in two annexes. In this regard, in-depth analyses were carried out with the support of a specific Law Firm.

No audits were carried out by the supervisory bodies during the year. Four instances of non-compliance and related fines totaling about € 600 were reported in the delivery of urban waste to the appropriate bins and a fine was imposed for having reported a wrong EWC code in delivering special waste through authorized carriers with a related fine of € 3,200.

Training

In 2020 the entire Group was engaged in dealing with the Covid-19 emergency. In the Training area too, all courses, which had been previously held only in person, were switched to "distance learning" for both staff and operations. For more than six months, training obligations relating to refresher courses in the field of safety were suspended and practical courses that could be delivered in person only resumed towards the end of the year. Despite the difficulties, due to the use of digital tools and the strong front-line commitment in operations, training sessions involved 5,763 participants during 2020, for a total of 50,213 training hours.

The table below shows the comprehensive results in 2020, divided into subjects and compared to the 2019 data:

	FY 2020		FY 2019	
Subject	**Participants**	**Hours**	**Participants**	**Hours**
Safety, Quality and Environment	4,194	30,554	7,435	51,939
Technical-professional	608	6,802	997	6,683
IT	368	916	43	401
English language	246	7,794	293	12,596
Management	320	4,147	462	9,364
TOTAL	**5,736**	**50,213**	**9,230**	**80,913**

Courses for training in safety issues has been completely revised. In January, a new E-learning safety course with easy-to-use videos had been already selected, especially with regard to employees in operations with low digitization and knowledge of the Italian language. During 2020, 3,257 e-learning courses on basic safety and refresher courses were delivered to workers hired under temporary, fixed-term and permanent employment contracts, training more than 1,000 employees between March and December 2020, while more than 1,500 staff members were completing the course at the end of the year. 30 tablets were distributed in the Areas and a dedicated Help Desk was established in order to provide support to participants.

All other safety courses on equipment were converted into synchronous videoconferences, delivering more than 87 courses (training of safety managers, supervisors, electrical risks, fire prevention and first aid, work at height, confined environments and spaces, pest control and rodent control, patient handling and transportation, etc.) and 32 practical training courses in person (e.g. refreshing on first aid, AWPs and fire prevention) for a total of 2,380 colleagues and an average of 20 participants per classroom. This restructuring of training courses also reduced safety training costs by 50% and made it possible to plan and communicate the schedule of courses to the Areas in advance, offering greater organizational flexibility at work sites, as a result of the mixed composition of the classrooms. Finally, 5 video tutorials were created and distributed in March in order to provide support to colleagues in the use of PPE and to assist them in the sensitive phases of dressing and undressing that are crucial in the emergency phase.

In the Technical/Professional area, qualifications were enhanced with 41 new F-gas certificates and 14 certificates for the operation of thermal systems, whilst 14 employees were involved in the Contract Management course with final international IACCM certification. Other professional courses were held on the subjects of Project Financing, ISSA GBAC sanitization, Procurement Management, Public-Private Partnerships, Internal Audit, Project Management (PMI), Supply Chain & Operation, Welfare, Climate Control Systems, etc..

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 Occupational Safety at the time of Covid-19 and Public Works

management. Finally, a new online course on cleaning techniques was created, which will see the first experiments on the contract with the Polyclinic Hospital in Modena in 2021.

In the area of language training, English courses were kept in place (292 participants registered at the beginning of the year), which, during the lockdown period, also proved to be a tool for staying in touch with colleagues from other departments. The course, which is modular and can be attended remotely, also made it possible to include colleagues from Rekeep Polska (22) and Rekeep France (5). We also continued to provide specific courses, switched to distance learning, to strengthen group and individual public speaking. In addition, the mapping of the educational language educational level was completed, which involved 940 colleagues across the Group.

In 2020, IT expertise, i.e. the Digital Culture, took center stage as a result of the emergency. The Group experimented with new technologies and tools in support of new methods of working. Within the scope of the broader "RESMART" project aimed at introducing a new SMART way of working, e-learning courses were provided to more than 500 employees across the Group for training in Outlook Office 365, Sharepoint, Cyber Security and Teams. In addition, more specialist IT courses were held on the subjects of ITIL Foundation and Scrum Master Agile.

For the Managerial Area, the first GROUP Academy was created entirely in digital mode in 2020, reaching 738 colleagues involved in the RESMART project, with contents aimed at facilitating the cultural and organizational transition from Remote to Smart Working. The new methods of working make it even more necessary to train some key skills in order to increasingly become professionals who are accountable for their results and to work better, not only in Smart Working, but also at offices. Two training courses were created, which are based on some mandatory requirements for Smart-working: collaboration, empowerment and trust, goal orientation, organization and planning.

In 2020, the Group launched the second Rekeep Talent Academy program, involving other 42 colleagues in the first phase of individual Assessment and feedback with a view to development.

In the managerial area, projects continued with Change Agents and Brand Ambassadors, training and coaching for new Middle Managers, strengthening the workforce of our Top Management and the "Mater" maternity coaching project, in partnership with Faac and Montenegro, with the aim to harmonize the complexity of the role of mother with that of worker and professional. The process of "enhancing skills for the coordination of contracts" for our Operational Management Managers continued until February with a discussion among colleagues aimed at identifying best practices and an in-depth analysis of the National Collective Labor Agreement in the sector of Multi-services.

Finally, the Company went on with its project involving some employees attending the Executive MBA at the Alma Mater Studiorum Bologna Business School every year.

Despite the difficulties due to switching from in-person to distance learning training, work continued in 2020 on the commitment to finance training costs by using 100% of the Foncoop funds (71% of training costs), together with returning to use the Formatemp fund.

9. ENVIRONMENT AND QUALITY

During 2020 the Parent Company Rekeep S.p.A. maintained, following audits carried out by RINA Services (the accredited certification body), the following certifications

- UNI EN ISO 9001:2015 (Quality Management System)
- UNI EN ISO 14001:2015 (Environmental Management System)
- BS OHSAS 18001:2007 (Occupational Health and Safety Management System)
- SA8000:2014 (Social Accountability System)
- UNI CEI EN ISO 50001:2011 (Energy Management Systems)
- UNI CEI EN ISO 11352:2014 (Delivery of energy services)

Qualifying company certification with respect to the requirements of Regulation (EC) no. 303/2008 as amended andsupplemented.

During the period under consideration, SGS reissued the certificate relating to the Hospital Cleaning service following the completion of the revaluation process on the basis of PCR 2011:03, professional cleaning services for buildings version 2.11. The process that led to reassessing the study of the service's life cycle enabled the registration of the relative EPD (Environmental Product Declaration).

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

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

Servizi Ospedalieri S.p.A.	The certification was renewed according to standards UNI EN ISO 9001:2015 (Quality Management System), UNI EN ISO 13485:2016 (Quality Management System. Requirement for regulatory purposes”), UNI EN 14065:2016 (Laundry processed textiles. Bio-contamination control system), UNI EN ISO 20471:2017 (High-visibility clothing – testing methods and requirements), UNI EN ISO 45001: 2018 (Occupational Health and Safety Management System), UNI EN ISO 14001:2015 (Environmental Management System). Furthermore the Company maintained the EC certification in compliance with Directive 93/42/EEC for the production of sterile kits and obtained the EC certification in compliance with Directive 89/686/EEC for the some Personal Protective Equipment. Furthermore, the SA8000:2014 certification and finally the UNI CEI EN ISO 50001:2018 (Energy Management System – Requirements and guidelines for use") were also obtained.
Medical Device S.r.l.	The Quality System certification was renewed according to standards UNI EN ISO 9001:2015 (Quality Management System), UNI EN ISO 13485:2016 (Quality Management Systems. Requirements for regulatory purposes”). Furthermore the Company maintained the certification of the Environmental Management System according to standard UNI EN ISO 14001:2015

	(Environmental Management System), and the EC certification in compliance with Directive 93/42/EEC for the production of: • sterile disposable kits • sterile disposable custom packs • sterile disposable clothing • sterile disposable drapes • sterile disposable accessories and instruments The Company maintained the EC certification for disposable gowns as 3rd-category personal protective equipment in accordance with Regulation (EU) 2016/425.
Rekeep Digital S.r.l.	The Company maintained ISO 9001 (quality management system) and ISO 18925-1:2017 (Customer contact centers) certifications. During 2020 the Company obtained the certification according to the provisions of the second section of ISO 18295, which specifies requirements for organizations that make use of services from customer contact centers.
Rekeep Rail S.r.l.	Maintenance of UNI EN ISO 9001:2015 – Quality Management System, UNI EN ISO 14001:2015 – Environmental Management System, BS OHSAS 18001:2007 – Occupational Health and Safety Management System, SA8000:2014 – Social Accountability Management System.
Consorzio Stabile CMF	The Consortium has obtained the environmental certification according to UNI EN ISO 14001 standards for the implementation of an Environmental Management System integrated with UNI EN ISO 9001 quality standards. In compliance with this certification, the Consortium has put in place a planned and organized system for the management of the various environmental issues related to the type of services provided. In 2020 the Consortium obtained the UNI EN 16636 certification – Pest management and control services, and extended the scopes of application of ISO 9001, ISO 14001 and ISO 45001 certificates to the Provision of road monitoring and maintenance services. It also obtained the EU Ecolabel Certification for indoor clearing services. Finally, the first SOA certification was drawn up by SOA Group.
H2H Facility Solutions S.p.A.	Maintenance of the qualifying company certification under Regulation (EC) 842/2006, Presidential Decree43/2012 and Accredia Technical Regulation RT-29, for installation, leakage control, servicing and repair services for fixed refrigeration and air-conditioning equipment and heat pumps containing certain fluorinated greenhouse gases. Maintenance of the certification according to the UNI EN ISO 9001:2015 (Quality Management System) standard. Maintenance of the certification according to the UNI EN ISO 14001:201 (Environmental Management System) standard.
H2H Cleaning S.r.l.	Maintenance of the certification according to the UNI EN ISO 9001:2015 (Quality Management System) standard. Maintenance of the certification according to the UNI EN ISO 14001:2015 (Environmental Management System) standard. Maintenance of the certification according to the UNI ISO 45001:2018 (Occupational Safety Management System) standard. Maintenance of the certification according to the SA800:2014 (Social Accountability Management System) standard.

Telepost S.r.l.	Maintenance of the certification according to the UNI EN ISO 9001:2015 (Quality Management System) standard. Maintenance of the certification according to the UNI EN ISO 14001:2015 (Environmental Management System) standard.

No final convictions against Group companies for environmental crimes were reported during 2020. On 30 October 2020, an accidental spillage of diesel oil occurred in the Municipal district of Siena, at a worksite for the cleanup of an underground tank of H2H Facility Solutions S.p.A.. The Company gave formal notice thereof to the Competent Bodies and to the 231 Supervisory Body.

During the year there was a spillage of diesel oil at the plant supporting the Hospital in Vergato (Bologna) which is operated by Rekeep S.p.A.. The leakage was caused by wear and tear of the piping connecting the tank to the boiler. The Company gave the required notices to the competent authorities and reclamation operations commenced with the advice of a geologist.

10. RELATED PARTIES TRANSACTIONS

Concerning disclosure requirements laid down in art. 2428 of the Italian Civil Code regarding transactions between Groupcompanies 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 2020 are detailed thoroughly in the explanatory Notes to the Consolidated Financial Statements and the Separate Financial Statements of the Parent Company Rekeep S.p.A. for 2020, 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 2020.

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 2020 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 of Manutencoop Società Cooperativa.

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 2020, the Group companies received certain financial benefits from public authorities or entities treated as such, as referred to in Law no. 124 of 4 August 2017 governing the "Annual market and competition act".

In particular, proceeds were earned from tax credits of € 12 thousand in 2020, for the sanitization and purchase of protective equipment regulated by Article 125 of the Relaunch Decree (Decree Law no. 34 of 2020).

Finally, additional financial benefits were obtained for a lower amount, for which reference should be made to any possible information provided by the "Register of State Aids" that is published online.

16. SECONDARY OFFICES

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

17. TAX CONSOLIDATION AGREEMENT

The Manutencoop 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 Manutencoop Società Cooperativa as consolidating company and the following consolidated companies:

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

Finally, the above-mentioned Companies participate in Tax Consolidation together with the following Manutencoop Società Cooperativa Subsidiaries but which are not part of the Rekeep Group:

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

18. SUBSEQUENT EVENTS

On 18 January 2021, Rekeep S.p.A. announced the launch of an offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The agreement ("Indenture") was signed between the issuer, Law Debenture Trust Corporation p.l.c. as trustee, Unicredit S.p.A. as Security Agent and Bank of New York Mellon as Paying and Transfer Agent. Within the scope of the transaction, JP Morgan Securities Plc and UniCredit Bank AG acted as Joint Global Coordinators and Joint Physical Bookrunners, while

Goldman Sachs International and Credit Suisse acted as Joint Bookrunners. The stock was admitted for listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. The bonds were offered for subscription and were placed (i) in the United States of America, only reserved for qualified institutional buyers in accordance with Rule 144A of the Securities Act and (ii) outside of the United States of America in accordance with Regulation S of the Securities Act and in particular in Europe and in Italy, only subject to exemption from the EU and Italian regulations governing public offerings provided for in the Prospectus Directive, the Consolidated Act on Finance and the Issuers' Regulation.

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

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

At the same time as the issue of 28 January 2021, Rekeep S.p.A. finally signed a new revolving loan agreement that will guarantee a senior secured line of credit ("RCF") for an amount of up to € 75 million, to be used for general purposes and to manage the working capital of the Issuer and its subsidiaries. In particular, the RCF loan agreement was entered into between, among others, Rekeep S.p.A., on the one hand, and on the other, Credit Suisse AG Milan Branch, Goldman Sachs Bank Europe SE, JP Morgan AG and Unicredit S.p.A. (as Mandated Lead Arrangers), Unicredit S.p.A. as Agent and Security Agent, and the Original Lenders. The interest rate applicable to each use of the RCF loan for each interest period will be equal to the percentage rate resulting from the sum of the fixed margin (equal to 3.5) and the applicable EURIBOR parameter.

Law no. 178 of 30 December 2020 (Budget Law 2021 - see Article 1, paragraph 83) added paragraph 8-*bis* to Article 110 of Decree Law no. 104 of 14 August 2020, thus providing for the possibility of eliminating differences between tax and accounting values in relation to certain intangible assets such as goodwill and other assets (including assets that cannot be protected from a legal point of view) resulting from the financial statements for the financial period running at 31 December 2019.

In general, realignment operates only for tax purposes and does not in itself result in asset increases contrary to revaluation. According to the current version of the regulation that provides for this option, it is necessary to pay a substitute tax at a rate of 3% (to be paid in installments in 3 years without paying any interest) in order to obtain realignment. Furthermore, it is necessary to place a corresponding restriction on the Company's equity reserves. The restricted reserve is subject to tax relief and may be released by paying a substitute tax of 10%. The realignment option must necessarily be exercised for the entire difference between the book value and the value for tax purposes of each item and is completed upon filing the tax return for the 2020 tax period.

The Company has resolved to exercise the option in question in relation to some goodwill recorded over the years as a result of the various business combinations (subject to IFRS 3) it has carried out. As already mentioned, this option shall be exercised at the time of filing the tax return for the 2020 tax period.

19. OUTLOOK

The 2020 financial year was exceptionally complex and surrounded by uncertainty, both in domestic and international markets. The Sars Covid-19 health emergency with its disruptive impact required governments to adopt increasingly severe measures in order to protect public health, with heavy repercussions on the production and sales activities of businesses. The pandemic has led to a global recession, which is unprecedented in history for its magnitude and spread, with respect to which the recovery scenarios are very uncertain in terms of both timing and intensity.

As from October 2020, the second wave of COVID-19 infections and deaths and the consequent return to restrictions in many countries dampened the optimism of the summer months when there had been an initial resumption of production, travel and tourism. In order to combat the recession and support recovery, the European Union's economic policy has developed the Next Generation EU plan for the three-year period from 2021 to 2023, which is a key tool by which the European Union intends to deploy substantial EU resources to offer significant opportunities to finance investments for the countries that have been most affected by the pandemic. The outlook for the current economic scene, which is constantly evolving and which is in any case still marked by a high level of uncertainty linked to the developments of the pandemic, still nevertheless remains strongly conditional on the evolution of the health emergency and the availability and timing of the vaccine administration, which commenced in early 2021.

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

In this context the Company's economic and financial outlook for 2021 does not expect any impact of the emergency that would impair the Company's ability to continue as a going concern.

Despite the pandemic scenario described above, the 2020 financial year for the Rekeep Group was still marked by the growth trend in revenues and profit margins that had already emerged in previous years and that was also driven by the positive impact of non-routine operations connected with new customer needs due to the pandemic and despite significant closures and reductions in work at offices, public institutions and the transport network, as well as at large companies and customers in the retail network. On the other hand, the positive trend in the Laundering&Sterilization sector emerged in a significant manner, in particular with regard to the supply of PPE to customers in the Healthcare and Private sector. However, a less evident positive contribution of operations

linked to the Covid-19 emergency is expected in 2021, as are profit margins more in line with historical trends, even in the presence of a long wave of the pandemic, which, according to expectations, will last until the summer and could reappear in the second half of the year, albeit to a lesser extent. Finally, in terms of market demand, both public and private, a resumption of tendering is expected, with a general tendency to return to pre-Covid levels, even in order to cover those services that have shown delays in new awards and renewals as a result of the pandemic.

As regards the development in international markets, the Group will continue to pursue its objectives in 2021 for focusing on and improving efficiency of projects being implemented in the European, Turkish and Persian Gulf area markets. Furthermore, work was resumed for the project to incorporate into our structure the sub-group headed by Rekeep Polska (formerly Naprzód), a company that was acquired in October 2019 and that is experiencing significant growth in the Polish market. This process showed a slowdown in 2020, including as a result of the current pandemic, which limited interactions with the Italian parent company and other group companies. Expectations of further development of the Group's business in Central and Eastern Europe are therefore confirmed, including through cross-selling synergies that will allow the Rekeep Group's significant know-how and planning to be shared. However, a certain amount of uncertainty still remains with regard to short-term business prospects in our foreign markets too, due to the health emergency that is still in progress and its management by local authorities.

Moreover, during 2020 the Group definitively started, in Italy, to exit from the B2C services market that, through subsidiary Yougenio S.r.l., had seen a period of start-up at the end of which the management had considered the investment as non-strategic in this market segment, since it had not shown the expected synergies with the more traditional facility management activities carried out by the Group. Despite the interesting potential of the market, particularly in the fast-growing sector of small accommodation facilities, the project would have required additional investments in order to maintain an adequate 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, thus leading to a dramatic reduction in Yougenio's business volumes. Therefore, during May 2020, the company's online services were suspended and on 22 September 2020 the company was put into liquidation with the aim of completing this process in the shortest possible time.

Finally, in financial terms, deleveraging remains a priority for our Group, in close connection with the management of working capital. In 2020 the Group took, with respect to previous years, an important further step forward towards deleveraging, which had been started with the sale of subsidiary Sicura S.p.A. in February 2020: this process, through a financial year full of uncertainties and critical issues, led to the launch of a refinancing transaction in January 2021, which ensured a clear improvement in terms of financial cost (from a nominal percentage of 9% to a nominal percentage of 7.25%) and further stability in terms of debt repayment (now set at 2026). The bond issue launched in 2021 (for a total of € 370 million) is also linked to a new RCF line for a maximum amount of € 75 million, which ensures financial flexibility and the possibility of meeting peak needs for financial resources in the very short term.

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

In concluding the report on the 2020 financial year the Directors invite you to approve the Financial Statements of Rekeep S.p.A. at 31 December 2020 and to carry forward the loss for the year of € 66,398,855.82.

Zola Predosa, 15 April 2021

The Chairman and CEO

Giuliano Di Bernardo

CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2020

rekeep

minds that work

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	31 December 2020	31 December 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	79,219	79,345
Property, plant and equipment under lease	6	43,323	47,146
Goodwill	8	402,562	387,778
Other intangible assets	7	21,653	26,823
Investments accounted for under the equity method	9	9,140	10,376
Other investments	10	7,130	4,957
Non-current financial assets	10	5,529	4,819
Other non-current assets	10	3,408	97,801
Deferred tax assets	32	17,945	16,026
TOTAL NON-CURRENT ASSETS		**589,909**	**675,071**
CURRENT ASSETS			
Inventories	11	12,921	7,910
Trade receivables and advances to suppliers	12	431,121	412,572
Current tax receivables		10,010	10,090
Other current assets	12	25,636	31,054
Current financial assets	13	5,994	4,819
Cash and cash equivalents	13	90,464	97,143
TOTAL CURRENT ASSETS		**576,146**	**563,588**
Assets held for sale	14	0	70,500
TOTAL NON-CURRENT ASSETS HELD FOR SALE		**0**	**70,500**
TOTAL ASSETS		**1,166,055**	**1,309,159**

(in thousands of Euro)	NOTES	31 December 2020	31 December 2019
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		13,055	5,710
Retained earnings		30,286	33,825
Profit/(loss) for the year attributable to equity holders of the Parent		(83,154)	3,285
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**69,337**	**151,970**
Capital and reserves attributable to non-controlling interests		496	771
Profit/(loss) for the year attributable to non-controlling interests		2,703	65
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		3,199	836
TOTAL SHAREHOLDERS' EQUITY	15	**72,536**	**152,806**
NON-CURRENT LIABILITIES			
Employee termination indemnity	16	11,267	12,443
Provisions for risks and charges, non- current	17	24,777	25,439
Long-term financial debt	19	380,738	396,759
Deferred tax liabilities	32	16,708	16,393
Other non-current liabilities		60	551
TOTAL NON-CURRENT LIABILITIES		**433,550**	**451,585**
CURRENT LIABILITIES			
Provisions for risks and charges, current	17	10,550	6,392
Trade payables and contract liabilities	21	412,849	405,950
Current tax payables	32	2,274	1,280
Other current liabilities	21	184,249	192,465
Bank borrowing, including current portion of long-term debt, and other financial liabilities	19	50,047	71,830
TOTAL CURRENT LIABILITIES		**659,969**	**677,917**
Liabilities directly associated with non-current assets held for sale	14	0	26,851
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**0**	**26,851**
TOTAL LIABILITIES		**1,166,055**	**1,309,159**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2020	31 December 2019 Restated
REVENUES			
Revenues from contracts with customers	22	1,077,940	962,802
Other revenues	23	3,450	3,281
TOTAL REVENUES		**1,081,390**	**966,083**
OPERATING COSTS			
Costs of raw materials and consumables	24	(191,751)	(154,324)
Change in inventories of finished and semi-finished products	24	5,087	1,050
Costs for services and use of third-party assets	25	(342,205)	(304,720)
Personnel costs	26	(433,140)	(406,098)
Other operating costs	27	(91,733)	(8,720)
Capitalisation of lower internal construction costs		1,624	2,827
Amortization, depreciation, write-downs and write-backs of assets	28	(40,472)	(36,647)
Accrual of provisions for risks and charges	17	(8,228)	(4,176)
TOTAL OPERATING COSTS		**(1,100,818)**	**(910,808)**
OPERATING INCOME		**(19,428)**	**55,275**
FINANCIAL INCOME AND EXPENSES			
Share of net profit of associates	9	(7,441)	(92)
Dividends and income (loss) from sale of investments	29	5,227	340
Financial income	30	2,575	3,779
Financial charges	31	(50,081)	(44,895)
Profit (loss) on exchange rate		752	(185)
Profit (loss) before tax		**(68,396)**	**14,222**
Income taxes, current, prepaid and deferred	32	(14,624)	(13,296)
Net profit (loss) from continuing operations		(83,020)	926
Profit (loss) from discontinued operations	14	2,569	2,424
Profit (loss) for the year		**(80,451)**	**3,350**
Net profit (loss) for the year attributable to non- controlling interests	15	(2,703)	(65)
NET PROFIT (LOSS) FOR ATTRIBUTABLE TO THE GROUP		**(83,154)**	**3,285**

	For the year ended	
	31 December 2020	31 December 2019 restated
Basic earnings per share	(0.762)	0.030
Diluted earnings per share	(0.762)	0.030
Basic earnings per share from continuing operations	(0.785)	0.008
Diluted earnings per share from continuing operations	(0.785)	0.008

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2020	31 December 2019 restated
NET RESULT FOR THE YEAR		**(80,451)**	**3,350**
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Differences from translation of foreign financial statements		646	(81)
Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year	9	(82)	115
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year		**564**	**34**
Other comprehensive income, which will not be subsequently reclassified under profit/loss for the year:			
Actuarial gains (losses) on defined benefit plans		(92)	(1,053)
Income taxes		56	82
Net effect on actuarial gains (losses)	16	**(36)**	**(971)**
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	9	(23)	(48)
Other comprehensive income for the year, which will not be subsequently reclassified under profit/loss for the year		**(60)**	**(1,019)**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		**504**	**(985)**
COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**(79,947)**	**2,365**
Equity holders of the Parent		(82,411)	2,419
Non-controlling interests		2,464	(54)

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the year ended 31 December 2020	For the year ended 31 December 2019 restated
Net result from continuing operations for the year		**(3,638)**	**926**
Income taxes for the year		14,624	13,296
Profit before taxes		**10,986**	**14,222**
Profit (loss) from discontinued operations		2,569	2,424
Capital gains (losses) from disposal on equity investments		(13,589)	0
Other unrealised write-downs on discontinued operations		405	0
Amortization, depreciation, write-downs and (write-backs) of assets		40,666	37,789
Accrual (reversal) of provisions for risks and charges		8,236	4,270
Employee termination indemnity provision		585	1,086
Payments of employee termination indemnity		(1,695)	(2,119)
Utilization of provisions		(4,685)	(4,139)
Share of net profit of associates, net of dividends collected		7,555	290
Financial charges (income) for the year		47,130	41,428
Operating cash flows before movements in Working Capital		**98,162**	**95,251**
Of which relating to discontinued operations		*(7,741)*	*1,275*
Of which relating to continuing operations		*105,903*	*93,977*
Decrease (increase) of inventories		(5,629)	(1,453)
Decrease (increase) of trade receivables and advances to suppliers		(24,522)	5,978
Decrease (increase) of other current assets		5,943	(6,962)
Increase (decrease) in trade payables		13,259	109
Increase (decrease) of other current liabilities		4,293	2,894
Change in Working Capital		**(6,656)**	**565**
Net interests received (paid) in the year		(37,786)	(33,904)
Income taxes paid in the year		(16,036)	(5,055)
Net cash flow from operating activities		**37,683**	**56,857**
(Purchase of intangible assets, net of sales)	7	(5,264)	(7,681)

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2020	31 December 2019 restated
(Purchase of property, plant and equipment)	5 - 6	(28,921)	(25,020)
Proceeds from sale of property, plant and equipment	5 - 6	629	63
(Acquisition) of investments		(386)	8,700
Decrease (increase) of financial assets		(4,360)	2,114
Financial effects of business combinations	4	(6,173)	(10,813)
Assets held for sale and discontinued operations	14	53,935	(2,941)
Net cash flow from (used in) investing activities		**9,461**	**(35,578)**
Change in finance lease debt	19	573	(1,143)
New (repayment of) operating leases	19	(8,125)	(6,993)
Opening of medium- and long-term borrowings	19	3,670	0
Repayment of medium- and long-term borrowings	19	(24,963)	(12,199)
Net opening (repayment) of short-term bank credit lines	19	3,504	(4,574)
Other net changes in borrowings	19	(16,451)	6,350
Dividends distributed		(13,000)	0
(Purchase) /sale of subsidiaries' minority shareholdings		324	(230)
Differences arising from translation of financial statements in foreign currency		1,042	(28)
Net cash flow from / (used in) financing activities		**(53,427)**	**(18,816)**
Change in cash and cash equivalents		**(6,282)**	**2,463**
Cash and cash equivalents at the beginning of the year		97,143	94,733
Change in cash and cash equivalents		(6,282)	2,463
Translation differences on cash and cash equivalents		(397)	(53)
Cash and cash equivalents at the end of the year		**90,464**	**97,143**
Details of cash and cash equivalents:			
Cash and bank current accounts		90,464	97,143
TOTAL CASH AND CASH EQUIVALENTS		**90,464**	**97,143**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the year ended	
	31 December 2020	31 December 2019 restated
Interest paid	(40,352)	(37,681)
Interest received	2,566	3,777
Dividends paid	(13,000)	0
Dividends received	544	431

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

	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 2019	**109,150**	**5,029**	**34,911**	**15,734**	**164,824**	**668**	**165,492**
Effects of changes in accounting standards		(1,617)	(657)		**(2,273)**	(8)	**(2,281)**
1 January 2019 adjusted	**109,150**	**3,412**	**34,254**	**15,734**	**162,551**	**660**	**163,211**
Allocation of previous year result		16,163	(429)	(15,734)	**0**		**0**
Dividends		(13,000)			**(13,000)**		**(13,000)**
Acquisition/sale of minority interests in subsidiaries					**0**	230	**230**
Total comprehensive income		(866)		3,285	**2,419**	(54)	**2,365**
31 December 2019	**109,150**	**5,710**	**33,824**	**3,285**	**151,970**	**836**	**152,806**

EXPLANATORY NOTES

1. GENERAL INFORMATION

The publication of the Consolidated Financial Statements of the Rekeep Group for the year ended 31 December 2020 was authorized by resolution of the Board of Directors of 18 March 2021.

As at 31 December 2020 the share capital of Parent Company Rekeep S.p.A. was wholly held by the sole shareholder Manutencoop Società Cooperativa, which carries out Management and Coordination Activities.

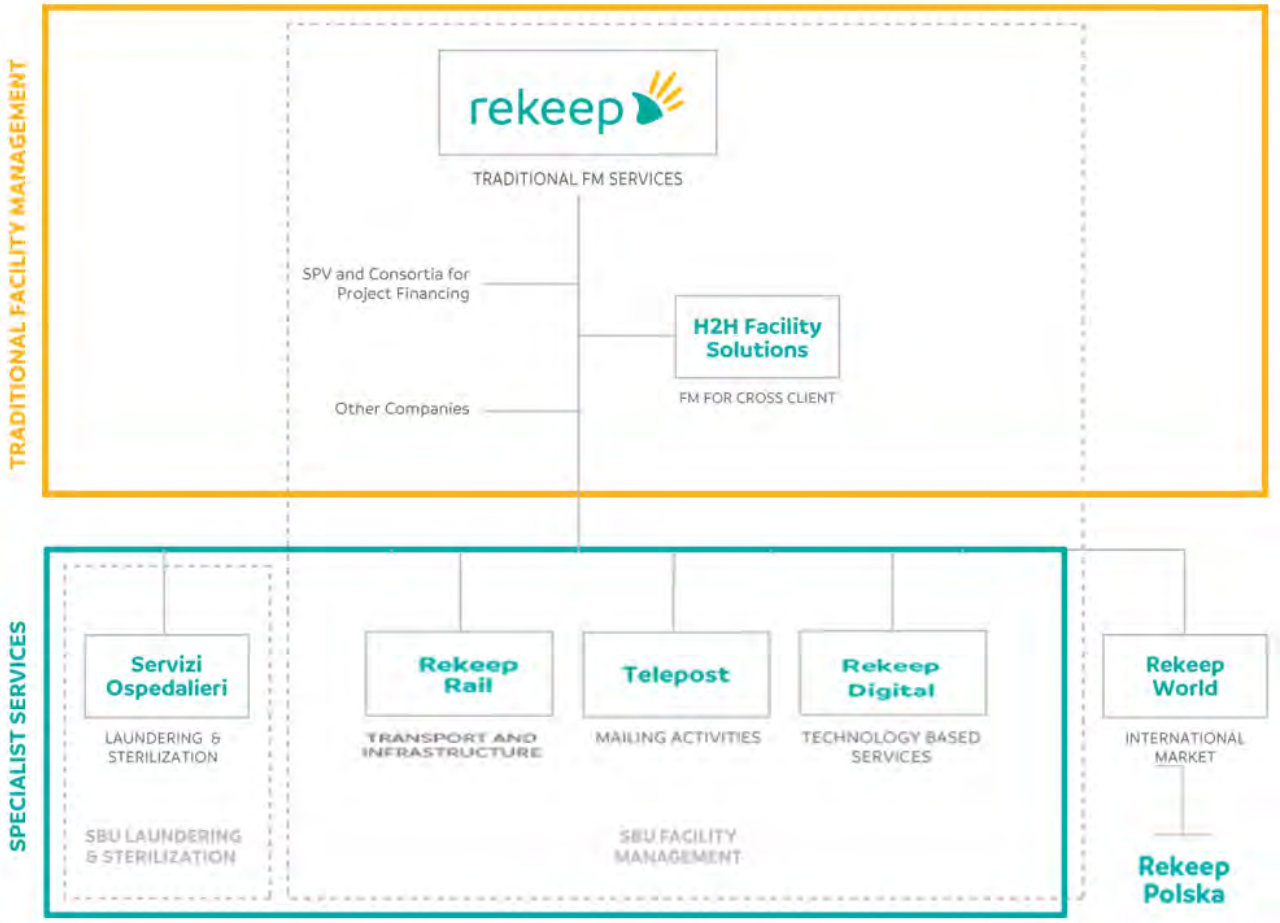
1.1 The business

The Group is active in the management and provision of integrated services to public and private customers, targeted at 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 rationalising 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 two subsidiaries, with the aim of developing the operations of the Rekeep Group in the Arab region through partnerships with local operators and in Poland, following the acquisition of Naprzód S.A. (now Rekeep Polska S.A.), a local leading company in the field of facility management in the healthcare sector.

In 2016 diversification was further boosted by establishing Yougenio S.r.l., which is wholly owned by Rekeep S.p.A. and provides services to private consumers through an e-commerce platform. This event led the Group to enter the B2C services market within the scope of a plan that 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 Group. Furthermore, on 22 September 2020 the company was put into liquidation with the aim of completing this process in the shortest possible time.

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.

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

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

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

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

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

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

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

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

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

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

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The consolidated Financial Statements at 31 December 2020 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 2019. The consolidated Financial Statements at 31 December 2020 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 37 and other market risks associated with the proceedings in progress described in notes 17 and 20, the directors decided to prepare the Consolidated Financial Statements on a going-concern basis.

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

The Financial Statements at 31 December 2020 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 2020 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 2020, in addition to the amendments to standards already in force.

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

New or revised IFRS and interpretations applicable from 1 January 2020

In the 2020 financial year the IASB issued amendments to some existing standards, applicable from 1 January 2020:

- *IAS 1 – Presentation of Financial Statements and to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors*. The IASB has clarified the definition of "materiality", in order to support the application of the standard. The amendments will become applicable from the financial periods ending after 1 January 2020, with early adoption permitted;
- *IFRS 3 - Business Combinations.* The amendments are aimed at clarifying the definition of a business. The entities shall apply the amendments from the financial periods ending after 1 January 2020;
- *IFRS 7 - Financial Instruments: Disclosures, IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement.* On 26 September 2019 the International Accounting Standards Board published the Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7) in order to take account of the consequences of the reform on financial reporting in the period preceding the replacement of an existing interest rate benchmark with an alternative reference rate. The amendments provide for temporary and limited exceptions to the provisions governing hedge accounting. The entities shall apply the amendments from the financial periods ending after 1 January 2020;
- *Amendments to references to the Conceptual Framework in IFRS Standards.* On 29 March 2018 the IASB published these amendments with the aim of improving both the definitions of "assets" and "liabilities" and the process for their measurement, derecognition and reporting. The document also clarifies key concepts such as the identification of the users of financial statements and the objectives that the financial statements are intended to achieve, as well as deals with the issue of prudence and uncertainty in measurements for disclosures in financial statements;
- *Amendment to IFRS 16 Lease Covid 19 - Related rent concessions*. On 28 May 2020 the IASB published an amendment clarifying that the lessee may consider, as a practical expedient, that specific rent reductions (as a direct consequence of Covid-19 virus) may not be regarded as lease modifications and therefore account for them accordingly. This amendment will be applicable from 1 June 2020, but it may be applied by the lessees in advance from 1 January 2020 and was endorsed on 9 October 2020.

The application of these amendments has not had any significant impact on the Consolidated Financial Statements at 31 December 2020.

New or revised IFRS and interpretations applicable from subsequent years and not early adopted by the Group

Amendments to IAS 1 - *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current.* On 23 January 2020 the IASB published these amendments in order to clarify the presentation of liabilities in the financial statements of entities. Specifically they: (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and in particular on the right to defer settlement by at least twelve months; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a

liability; (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The new amendments will be applicable from 1 January 2023 (with the IASB's decision to postpone the date of first-time adoption, which was previously scheduled on 1 January 2022).

Amendments to IFRS 3 - *Business combinations*, IAS 16 - *Property, Plant and Equipment*, IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*, Annual Improvements 2018-2020. On 14 May 2020 the IASB published a package of amendments that clarify and make minor changes to the following IFRS:

- *IFRS 3: Updating a reference to the Conceptual Framework* (no change in the accounting treatment of business combinations);
- *IAS 16:* the amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. The entity must recognize such sales as revenues separately from related costs through profit or loss.
- *IAS 37:* the amendment clarifies the costs to be included in the measurement of losses generated from a contract.

The new amendments will become applicable from 1 January 2022.

Amendments to IFRS 4 - *Insurance Contracts - Deferral of IFRS 9:* On 25 June 2020 the IASB published an amendment to support entities in the implementation of the new standard and to make it easier to report their financial performance. The new amendment will be applicable from 1 January 2021.

IFRS 7 - *Financial Instruments: Disclosures*, IFRS 9 - *Financial Instruments* and IAS 39 - *Financial Instruments: Recognition and Measurement*. On 27 August 2020 the International Accounting Standards Board published the Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7) – Phase 2 in order to take account of the impact of the reform itself on financial reporting in the period preceding the replacement of an existing interest rate benchmark with an alternative reference rate. The amendments provide for temporary and limited exceptions to the provisions governing hedge accounting. The entities shall apply the amendments as from the financial periods ending after 1 January 2021.

IFRS17 – *Insurance Contracts:* it was published by the IASB on 18 May 2017. The new accounting standard aims to help investors, but not only investors, to better understand the insurers' risk exposure, profitability and financial position. On 25 June 2020 the IASB amended the IFRS 17, which had been issued in May 2017, in order to facilitate the implementation of the standard and make it easier to describe financial results. IFRS 17, including its amendments, will be applicable to annual financial statements for financial periods commencing after 1 January 2023.

No significant impact is expected from the application of the new standard on the Consolidated Financial Statements, as the Group does not conduct any insurance business.

2.3 Discretionary assessments and significant accounting assumptions

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

Discretionary assessments

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

Uncertainty of estimates

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

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 31 December 2020 the carrying amount of Goodwill was equal to € 402,568 thousand (€ 387,778 thousand compared to 31 December 2019). See note 9 for details.

Provisions for risks and charges and Allowance for doubtful accounts

Provisions representing the risk of negative outcomes of business issues have been set aside. The value of the provisions recognized in the accounts in relation to these risks is the best estimate made by the Directors at that date. Write-downs of trade receivables were recognized in an adjusting provision against failure to collect debts from clients. The value of the provisions recognized in the accounts in relation to these risks is the best estimate made by the Directors at that date. The

estimates entail the adoption of assumptions depending on factors which could change in time and could therefore have a substantial impact on the Directors' current estimates used to prepare the Group's Consolidated Financial Statements.

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

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

Recognition of revenues and costs from contracts with customers

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

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

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

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

The cost of defined-benefit pension plans and of any other post-employment medical benefit, as well as the present value of the defined-benefit liability, are determined on the basis of actuarial assumptions. Actuarial assessments require various assumptions to be made which can differ from actual developments in the future. These assumptions also include the calculation of the discount rate, future pay rises, the mortality rate and future increases in pensions. Owing to the complexity of the assessment and its long- term nature, these estimates are extremely sensitive to changes in assumptions. All the assumptions are reviewed on an annual basis. See note 16 for details.

Consolidation principles

The Consolidated Financial Statements include the financial statements of Rekeep S.p.A. ("the 'Parent Company"", "Rekeep S.p.A." or "Rekeep") and its subsidiaries, prepared as at 31 December 2020. The financial statements of the subsidiaries have been prepared by adopting for each closing date the same accounting standards as those applied for the parent company.

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

Subsidiaries are consolidated on a line-by-line basis starting from the acquisition date, i.e. the date on which the Group acquires control, and are deconsolidated on the date in which control is transferred out of the Group. Acquisitions of subsidiaries, with the exception of those deriving from combinations of entities subject to joint control, are accounted for using the purchase method. This involves the allocation of the cost of the business combination to the fair values of assets, liabilities and contingent liabilities acquired at the acquisition date and the inclusion of the result of the acquiree starting from the date of acquisition until the end of the fiscal year.

Joint-ventures with other shareholders and associates are accounted for under equity method.

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

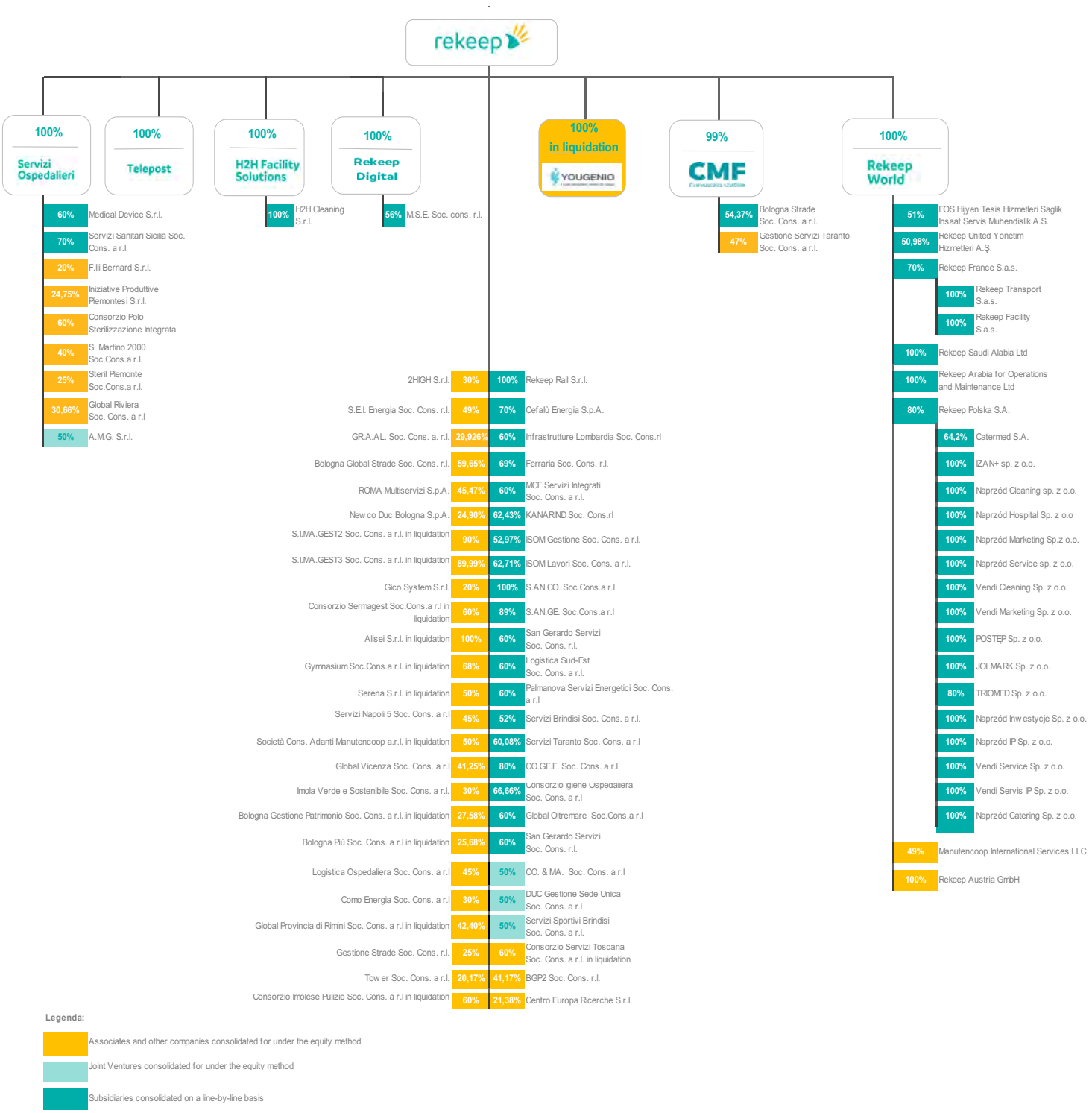
The financial statements are presented in Euro, the Group's functional currency. Statements of financial position and income statements stated in foreign currency are converted to Euro using the year-end exchange rates for the items of the Statement of Financial Position and average exchange rates for the period 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.

The table below shows the exchange rates used for the translation of financial statements expressed in currencies other than the Euro.

Currency		Exchange rate at 31 December 2020	Average exchange rate for the year ended 31 December 2020
PLN	Zloty - Poland	4.5597	4.4430
QAR	Qatar Riyal - Qatar	4.4666	4.1576
SAR	Saudi Arabian Riyal –Saudi Arabia	4.6016	4.2832
TRY	Turkish Lira - Turkey	9.1131	8.0547

Scope of consolidation at 31 December 2020 is shown below.


rekeep
100% Servizi Ospedalieri
60% Medical Device S.r.l.
70% Servizi Sanitari Sicilia Soc. Cons. a r.l
20% F.lli Bernard S.r.l.
24,75% Iniziative Produttive Piemontesi S.r.l.
60% Consorzio Polo Sterilizzazione Integrata
40% S. Martino 2000 Soc.Cons.a r.l.
25% Steril Piemonte Soc.Cons.a r.l.
30,66% Global Riviera Soc. Cons. a r.l
50% A.M.G. S.r.l.
100% Telepost
100% H2H Facility Solutions
100% H2H Cleaning S.r.l.
100% Rekeep Digital
56% M.S.E. Soc. cons. r.l.
100% in liquidation YOUGENIO
2HIGH S.r.l. 30% 100% Rekeep Rail S.r.l.
S.E.I. Energia Soc. Cons. r.l. 49% 70% Cefalù Energia S.p.A.
GR.A.AL. Soc. Cons. a. r.l. 29,926% 60% Infrastrutture Lombardia Soc. Cons.rl
Bologna Global Strade Soc. Cons. r.l. 59,65% 69% Ferraria Soc. Cons. r.l.
ROMA Multiservizi S.p.A. 45,47% 60% MCF Servizi Integrati Soc. Cons. a r.l.
New co Duc Bologna S.p.A. 24,90% 62,43% KANARIND Soc. Cons.rl
S.I.MA.GEST2 Soc. Cons. a r.l. in liquidation 90% 52,97% ISOM Gestione Soc. Cons. a r.l.
S.I.MA.GEST3 Soc. Cons. a r.l. in liquidation 89,99% 62,71% ISOM Lavori Soc. Cons. a r.l.
Gico System S.r.l. 20% 100% S.AN.CO. Soc.Cons.a r.l
Consorzio Sermagest Soc.Cons.a r.l in liquidation 60% 89% S.AN.GE. Soc.Cons.a r.l
Alisei S.r.l. in liquidation 100% 60% San Gerardo Servizi Soc. Cons. r.l.
Gymnasium Soc.Cons.a r.l. in liquidation 68% 60% Logistica Sud-Est Soc. Cons. a r.l.
Serena S.r.l. in liquidation 50% 60% Palmanova Servizi Energetici Soc. Cons. a r.l
Servizi Napoli 5 Soc. Cons. a r.l 45% 52% Servizi Brindisi Soc. Cons. a r.l.
Società Cons. Adanti Manutencoop a.r.l. in liquidation 50% 60,08% Servizi Taranto Soc. Cons. a r.l
Global Vicenza Soc. Cons. a r.l 41,25% 80% CO.GE.F. Soc. Cons. a r.l
Imola Verde e Sostenibile Soc. Cons. a r.l. 30% 66,66% Consorzio Igiene Ospedaliera Soc. Cons. a r.l
Bologna Gestione Patrimonio Soc. Cons. a r.l. in liquidation 27,58% 60% Global Oltremare Soc.Cons.a r.l
Bologna Più Soc. Cons. a r.l in liquidation 25,68% 60% San Gerardo Servizi Soc. Cons. r.l.
Logistica Ospedaliera Soc. Cons. a r.l 45% 50% CO. & MA. Soc. Cons. a r.l
Como Energia Soc. Cons. a r.l 30% 50% DUC Gestione Sede Unica Soc. Cons. a r.l
Global Provincia di Rimini Soc. Cons. a r.l in liquidation 42,40% 50% Servizi Sportivi Brindisi Soc. Cons. a r.l.
Gestione Strade Soc. Cons. r.l. 25% 60% Consorzio Servizi Toscana Soc. Cons. a r.l. in liquidation
Tow er Soc. Cons. a r.l. 20,17% 41,17% BGP2 Soc. Cons. r.l.
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation 60% 21,38% Centro Europa Ricerche S.r.l.
99% CMF
54,37% Bologna Strade Soc. Cons. a r.l.
47% Gestione Servizi Taranto Soc. Cons. a r.l.
100% Rekeep World
51% EOS Hijyen Tesis Hizmetleri Saglik insaat Servis Muhendislik A.S.
50,98% Rekeep United Yönetim Hizmetleri A.Ş.
70% Rekeep France S.a.s.
100% Rekeep Transport S.a.s.
100% Rekeep Facility S.a.s.
100% Rekeep Saudi Alabia Ltd
100% Rekeep Arabia for Operations and Maintenance Ltd
80% Rekeep Polska S.A.
64,2% Catermed S.A.
100% IZAN+ sp. z o.o.
100% Naprzód Cleaning sp. z o.o.
100% Naprzód Hospital Sp. z o.o
100% Naprzód Marketing Sp.z o.o.
100% Naprzód Service sp. z o.o.
100% Vendi Cleaning Sp. z o.o.
100% Vendi Marketing Sp. z o.o.
100% POSTĘP Sp. z o.o.
100% JOLMARK Sp. z o.o.
80% TRIOMED Sp. z o.o.
100% Naprzód Inw estycje Sp. z o.o.
100% Naprzód IP Sp. z o.o.
100% Vendi Service Sp. z o.o.
100% Vendi Servis IP Sp. z o.o.
100% Naprzód Catering Sp. z o.o.
49% Manutencoop International Services LLC
100% Rekeep Austria GmbH
Legenda:
Associates and other companies consolidated for under the equity method
Joint Ventures consolidated for under the equity method
Subsidiaries consolidated on a line-by-line basis

During the 2020 financial year note the following events:

- the commencement of the winding-up procedure involving the Qatari company Manutencoop International Services LLC following the failure to start operations in the country;
- on 31 January 2020 the company Rekeep Austria GmbH was established, which is based in Wiener Neudorf (Austria) and is wholly owned by Rekeep World S.r.l.. Subsequently, it was deemed appropriate not to start business activities in the country and the company was put into liquidation as from July 2020;
- on 28 February 2020 there was the sale of the group controlled by Sicura S.p.A. to Argos Wityu, a pan-European Private Equity fund;
- on 2 July 2020 the company Infrastrutture Lombardia Servizi S.c.a.r.l. was established, which is 60% owned by Rekeep S.p.A.;
- the winding-up procedure was started for MCF Servizi Integrati S.c.a.r.l. on 1 July 2020;
- on 7 September 2020 the company Cefalù Energia S.p.A. was established, which is 70% owned by Rekeep S.p.A.;
- the winding-up procedure was started for Yougenio S.r.l. on 22 September 2020, with consequent consolidation according to the equity method instead of line-by-line consolidation used until the 2019 financial year;
- on 22 December 2020 there was the acquisition of minority interests of Kolumna Transportu Sanitarnego Triomed Sp. Z o.o., which is now wholly owned by the subsidiary Rekeep Polska S.A. (formerly Naprzód S.A.);
- on 23 December 2020 Rekeep S.p.A. transferred the controlling interest held in Energy Saving Valsamoggia S.r.l. to MFM Capital S.r.l.. The Parent Company maintained a residual interest of 1% in this company.

Furthermore, note the following events:

- Manutencoop Transport S.a.s. changed its company name to Rekeep Transport S.a.s. with effect from 26 April 2020;
- Naprzód S.A. changed its company name to Rekeep Polska S.A. with effect from 30 November 2020.

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 financial period to be ready for use.

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

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

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

Business combinations

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

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

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

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

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

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

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

Goodwill

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

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

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

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

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

Other intangible assets

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

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

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

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

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

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

Equity investments in joint ventures and associates

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

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

Impairment of assets

At the reporting date of the financial statements, the Group assesses whether there is any evidence of impairment of assets. In this case, or in the event an annual impairment test is required, the Group prepares an estimate of the recoverable value. The recoverable value is the higher of the fair value of an asset or cash-generating unit, net of selling costs and its value in use and is determined for each individual asset, except when said asset does not generate cash flows that are largely independent from those generated by other assets or groups of assets. If the carrying amount of an asset is higher than its recoverable value, said

asset has been impaired and is subsequently written down to its recoverable value. In calculating the value in use, the Group discounts estimated future cash flows at the present value by using a pre-tax discount rate which reflects the market valuations on the time value of money and the specific risks of the asset. Impairment losses of operating assets are recognized in the income statement under 'amortization, depreciation, impairment losses and write-backs of assets'.

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

Financial assets

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

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

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

The accounting policies applied by the Group are the following:

Financial assets at amortized cost

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

Financial assets at fair value through OCI

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

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

Inventories

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

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

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

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

Trade receivables and other receivables

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

Contract assets on plan construction orders

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

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

When the result of the job order can be determined reliably, the job orders are valued on the basis of the percentage of completion method. The progress status is determined by making reference to the costs of the job order incurred up to the balance sheet date as a percentage of total estimated costs for each job order. The percentage of completion determined in this manner is then applied to the contract price in order to determine the value of work in progress, 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 work in progress, 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 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 financial 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 financial period of time in exchange for consideration. An entity must reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are amended.

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

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

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

Following the adoption of IFRS16 the accounting treatment of operating leases is then in line with the provisions laid down in IAs17 previously in force: the liability for lease payments and the asset in relation to which the entity has a right to use must be reported at the date of recognition of the lease, accounting for financial charges and the asset's amortization/depreciation separately. In fact, as regards the lessor, the accounting method is substantially unchanged with respect to the provisions laid down under the current IAS17. Finally, the Group has adopted some exceptions allowed by the accounting standard, excluding any lease with a term of less than 12 months, as well as any lease and hire of low value (less than USD 5,000) from the related

scope of application. Furthermore, the Group has exercised its right to not review whether a contract is, or contains, a lease on the date of first-time adoption(IFRS16.C3).

Revenue recognition

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

Provision of services

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

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

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

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

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

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

Plant construction activities

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

Sales of assets

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

Interest

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

Dividends

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

Government grants

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

Income taxes

Current taxes

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

Deferred taxes

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

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

- deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, does not have any effect on the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;

- taxable temporary differences associated with equity investments in subsidiaries, associates and joint ventures, in the event in which the reversal of the temporary differences can be controlled and is not likely to occur in the foreseeable future.

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

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

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

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

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

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

VAT

Revenues, costs and assets are recognized net of VAT, with the exception of the case in which said tax applied to the purchase of goods or services is non-deductible, in which case it is recognized as part of the purchase cost of the asset or part of the 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" in which the Group operates.

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

The Group's Management look at the results achieved by the individual Strategic Business Units separately, for the purpose of making decisions regarding the allocation of resources and performance monitoring. The segment performance is assessed on

the basis of the EBIT. The Group's financial management (including loan costs and revenues) and income taxes are managed at Group level and are not allocated to operating segments.

Methods of calculation of costs allocated to segments

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

Method of calculation of assets and liabilities allocated to segments

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

Changes in accounting estimates and errors

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

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

Restatement is not applied and errors are recognized prospectively if the errors and omissions are considered immaterial. Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions

that the users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

3. EFFECTS OF IFRS5

On 28 February 2020 the Parent Company Rekeep S.p.A. sold its entire investment in Sicura S.p.A., the Group's sub-holding company which operates in the facility management sector as a provider of specialist services in the fields of safety and fire prevention, to Argos Wityu, a pan-European Private Equity fund.

According to IFRS5, as at the reporting date of the Consolidated Financial Statements at 31 December 2019, the value of the assets of the sub-group controlled by Sicura S.p.A. and the associated liabilities was reclassified to “Assets held for sale” and “Liabilities directly associated to assets held for sale”. Again according to the same accounting standard, the transaction was described as “Discontinued operation” in the Consolidated Financial Statements at 31 December 2020 and the results of operations for the year, until the date of disposal were recognized as “Profit (loss) from discontinued operations”. Likewise, the respective comparative results of operations were restated and reclassified to the same item of the income statement.

However, the application of this standard has not had any effect on the consolidated net profit and consolidated equity.

The table below reports a reconciliation between the income statement balances at 31 December 2019 recognized in the Consolidated Financial Statements at 31 December 2019 and the corresponding amounts restated in application of IFRS5:

	31 December 2019	Effects of IFRS 5	31 December 2019 restated
Revenues			
Revenues from contracts with customers	1,003,729	(40,927)	962,802
Other revenues	3,353	(72)	3,281
Total revenues	**1,007,082**	**(40,999)**	**966,083**
Operating costs			
Costs of raw materials and consumables	(162,881)	8,557	(154,324)
Change in inventories of finished and semi-finished products	1,142	(92)	1,050
Costs for services and use of third-party assets	(318,581)	13,861	(304,720)
Personnel costs	(419,090)	12,992	(406,098)
Other operating costs	(8,954)	234	(8,720)
Capitalization of lower internal construction costs	2,827	0	2,827
Amortization, depreciation, write-downs and write-backs of assets	(37,789)	1,142	(36,647)
Accrual of provisions for risks and charges	(4,270)	94	(4,176)
Total operating costs	**(947,596)**	**36,788**	**(910,808)**
Operating income	**59,486**	**(4,211)**	**55,275**
Financial income and expenses			

	31 December 2019	Effects of IFRS 5	31 December 2019 restated
Share of net profit of associates	(92)	0	(92)
Dividends and income (loss) from sale of investments	340	0	340
Financial income	3,796	(17)	3,779
Financial charges	(45,040)	145	(44,895)
Profit (loss) on exchange rate	(184)	(1)	(185)
Profit (loss) before tax	**18,306**	**(4,084)**	**14,222**
Income taxes, current , prepaid and deferred	(14,956)	1,660	(13,296)
Net profit (loss) from continuing operations	**3,350**	**(2,424)**	**926**
Profit (loss) from discontinued operations	-	2,424	2,424
Profit (loss) for the year	**3,350**	**0**	**3,350**
Net profit (loss) attributable to non- controlling interests	(65)	0	(65)
Net profit (loss) attributable to the Group	**3,285**	**0**	**3,285**

The table below reports a reconciliation between the values shown in the Consolidated Financial Statements at 31 December 2019 and the corresponding values restated to take account of the application of IFRS5 on comparative data relating to the items of the consolidated Statement of Cash Flows:

(in thousands of Euro)	For the year ended 31 December 2019	Effects of IFRS 5	For the year ended 31 December 2019 (restated)
Net profit (loss) from continuing operations	**3,350**	**(2,424)**	**926**
Income taxes for the year	14,956	(1,660)	13,296
Profit before tax	**18,306**	**(4,084)**	**14,222**
Profit (loss) from discontinued operations for the year	*0*	*2,424*	*2,424*
Capital gains (losses) on disposal on equity investments	*0*		*0*
Amortization, depreciation, write-downs and (write-backs) of assets	37,789		37,789
Accrual (reversal) of provisions for risks and charges	4,270		4,270
Employee termination indemnity provision	1,086		1,086
Payments of employee termination indemnity	(2,119)		(2,119)
Utilization of provisions for risks and charges	(4,139)		(4,139)
Share of net profit of associates, net of dividends collected	290		290
Financial charges (income) for the year	41,428		41,428

(in thousands of Euro)	For the year ended 31 December 2019	Effects of IFRS 5	For the year ended 31 December 2019 (restated)
Operating cash flows before movements in working capital	**96,911**	**(1,660)**	**95,251**
Of which relating to discontinued operations	*0*	*1,275*	*1,275*
Of which relating to continuing operations	*96,911*	*(2,935)*	*93,977*
Decrease (increase) of inventories	(1,453)		(1,453)
Decrease (increase) of trade receivables	5,978		5,978
Decrease (increase) of other current assets	(6,962)		(6,962)
Increase (decrease) of trade payables	109		109
Increase (decrease) of other current liabilities	2,894		2,894
Change in Working Capital	**565**	**0**	**565**
Net interest received (paid) in the year	(33,904)		(33,904)
Income taxes paid in the year	(6,715)	1,660	(5,055)
Net cash flow from operating activities	**56,857**	**0**	**56,857**
(Purchase of intangible assets, net of sales)	(7,681)		(7,681)
(Purchase of property, plant and equipment)	(25,020)		(25,020)
Proceeds from sales of property, plant and equipment	63		63
(Acquisition of investments)	8,700		8,700
Decrease (increase) of financial assets	2,114		2,114
Financial effects of business combinations	(10,813)		(10,813)
Discontinued operations	(2,941)		(2,941)
Net cash flow from (used in) investing activities	**(35,578)**	**0**	**(35,578)**
Change in finance lease debt	(1,143)		(1,143)
New (repayment of) operating leases	(6,993)		(6,993)
Proceeds from non-current borrowings	0		0
Repayment of non-current borrowings	(12,199)		(12,199)
Proceeds from/(repayment of) current borrowings	(4,574)		(4,574)
Other net changes in borrowings	6,350		6,350
Acquisition/sale of minority interests in subsidiaries	(230)		(230)
Differences from financial statements translation in foreign currency	(28)		(28)
Net cash flow from / (used in) financing activities	**(18,816)**	**0**	**(18,816)**

(in thousands of Euro)	For the year ended 31 December 2019	Effects of IFRS 5	For the year ended 31 December 2019 (restated)
Changes in cash and cash equivalents	**2,463**	**0**	**2,463**
Cash and cash equivalents at the beginning of the year	94,733		94,733
Changes in cash and cash equivalents	2,463		2,463
Translation differences on cash and cash equivalents	(53)		(53)
Cash and cash equivalents at the end of the year	**97,143**	**0**	**97,143**
Details of cash and cash equivalents:			
Cash and bank current accounts	97,143		97,143
TOTAL CASH AND CASH EQUIVALENTS	**97,143**	**0**	**97,143**

4. BUSINESS COMBINATIONS

4.1 Acquisition of Naprzód Catering Sp. z o.o. (ISS HS Sp. z o.o.)

On 11 August 2020 there was the completion of the acquisition of ISS HS Sp. z.o.o. from the Danish international ISS Global A/S group through the Polish subsidiary Rekeep Polska S.A. (formerly Naprzód S.A.) for a consideration of PLN 705 thousand. The newly-acquired company, operating in hospital catering services in Poland, has about 160 staff and recorded revenues of € 4.2 million in 2019. Subsequently, the company changed its name to Naprzód Catering. The acquisition is part of a medium-term strategy designed for a consolidation of the Polish group's activities in the specific sector or segment, while enabling cost synergies to be obtained and additional market shares to be acquired at a local level.

Accounting effects of the acquisition

The acquisition transaction can be described as a business combination: the Group has therefore applied IFRS 3 in reporting it in the accounts. The consideration for the acquisition of the investment is equal to PLN 705 thousand (corresponding to € 160 thousand), which was paid in full to the transferor on 31 December 2020.

The table below shows the value of the acquiree's assets and liabilities as at the date of acquisition, as well as the difference between acquisition and book values in relation to the transaction and the net cash used in the acquisition:

	Recognized value	Book value
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	31	31
Other intangible assets	1	1
Other non-current assets	9	9
Prepaid tax assets	102	102
TOTAL NON-CURRENT ASSETS	**143**	**143**
CURRENT ASSETS		
Inventories	25	25
Trade receivables and advances to suppliers	1,292	1,292
Other current assets	32	32
Cash and cash equivalents	41	41
TOTAL CURRENT ASSETS	**1,390**	**1,390**
TOTAL ASSETS	**1,533**	**1,533**
LIABILITIES		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	2	2
TOTAL NON-CURRENT LIABILITIES	**2**	**2**
CURRENT LIABILITIES		
Short-term loans	789	789
Trade payables and contract liabilities	255	255
Other current liabilities	327	327
TOTAL CURRENT LIABILITIES	**1,371**	**1,371**
TOTAL LIABILITIES	**1,373**	**1,373**
FAIR VALUE OF NET ASSETS	**160**	**160**
GOODWILL FROM BUSINESS COMBINATION	**0**	
Total cost of business combination:		
Consideration paid to the assignor at closing	160	
TOTAL COST OF THE BUSINESS COMBINATION	**160**	

	Recognized value	Book value
Net cash of acquisition:		
Cash and cash equivalents of the acquiree	41	
Consideration paid to the assignor	(160)	
NET CASH OF ACQUISITION	**(119)**	

The fair value of assets and liabilities acquired through the business combination amounted to € 160 thousand, equal to the transaction cost. Net cash absorbed by the business combination amounted to € 119 thousand.

The difference between the purchase cost and book value of the net assets arising from the business combination did not generate Goodwill.

The company has contributed an amount of € 568 thousand to the Group's revenues as from the date of acquisition.

5. 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 2020.

	Property	Plant and equipment	Total
At 1 January 2020, net of accumulated depreciation and impairment	**17,032**	**62,313**	**79,345**
Business combinations		31	31
Additions from acquisitions	2,253	25,216	27,469
Disposals		(429)	(429)
Depreciation for the year	(1,038)	(20,201)	(21,239)
Others	(322)	(5,636)	(5,958)
At 31 December 2020	**17,925**	**61,294**	**79,219**
At 1 January 2020			
Historical cost	20,432	398,809	419,241
Accumulated depreciation and impairment losses	(3,400)	(336,497)	(339,896)
NET BOOK VALUE	**17,032**	**62,313**	**79,345**
At 31 December 2020			
Historical cost	22,363	417,977	440,340
Accumulated depreciation and impairment losses	(4,438)	(356,683)	(361,121)
NET BOOK VALUE	**17,925**	**61,294**	**79,219**

The additions from acquisitions for the year relate to the linen in the *Laundering&Sterilization* segment for € 17,152 thousand and to the purchases of other machinery and specific equipment for € 8,064 thousand, of which an amount of € 1,624 thousand relating to the internal construction linked to service concessions managed by subsidiary Energy Saving Valsamoggia S.r.l., which was then deconsolidated following the disposal that took place on 23 December 2020. Property was also purchased, of which € 1,938 thousand related to the subsidiary Rekeep Polska S.A.. During the year, increases were also recorded for business combinations, mainly attributable to the acquisition of Naprzód Catering Sp. Z.o.o., for which reference should be made to note 4.

Disposals were also made for € 429 thousand, while the item of Others includes the reclassification of € 911 thousand in finance lease assets and the effects of the deconsolidation of Yougenio S.r.l. (for an amount of € 33 thousand) and Energy Saving Valsamoggia S.r.l. (for an amount of € 3,064 thousand), as well as 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 2019.

	Property	Plant and equipment	Total
At 1 January 2019, net of accumulated depreciation and impairment	**12,896**	**55,093**	**67,991**
Additions from business combinations	4,567	5,705	10,272
Additions from acquisitions	82	24,372	24,454
Impairment losses	0	(478)	(478)
Disposals	0	(63)	(63)
Depreciation for the year	(450)	(18,637)	(19,087)
Others	(6)	(2,979)	(2,987)
IFRS5 Reclassification	(57)	(700)	(757)
At 31 December 2019	**17,032**	**62,313**	**79,345**
At 1 January 2019			
Historical cost	15,886	377,458	393,343
Accumulated depreciation and impairment losses	(2,989)	(322,365)	(325,354)
NET BOOK VALUE	**12,896**	**55,093**	**67,991**
At 31 December 2019			
Historical cost	20,528	404,493	425,021
Accumulated depreciation and impairment losses	(3,439)	(341,480)	(344,919)
IFRS5 Reclassification	(57)	(700)	(757)
NET BOOK VALUE	**17,032**	**62,313**	**79,345**

6. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

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

	Property under finance lease	Plant and equipment under finance lease	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2020, net of accumulated depreciation and impairment	**4,450**	**4,016**	**31,556**	**7,124**	**47,146**
Additions for new contracts and rental adjustments		1,452	771	4,183	6,406
Disposals		(200)			(200)
Early termination			(1,277)	(285)	(1,562)
Depreciation for the year	(134)	(1,185)	(3,866)	(2,921)	(8,106)
Others	(1)	510	(473)	(397)	(361)
At 31 December 2020	**4,315**	**4,593**	**26,711**	**7,704**	**43,323**
At 1 January 2020					
Historical cost	4,992	8,146	50,175	26,602	89,916
Accumulated depreciation and impairment losses	(542)	(4,130)	(18,619)	(19,478)	(42,771)
NET BOOK VALUE	**4,450**	**4,016**	**31,556**	**7,124**	**47,146**
At 31 December 2020					
Historical cost	4,991	9,908	49,063	29,838	93,799
Accumulated depreciation and impairment losses	(676)	(5,315)	(22,351)	(22,133)	(50,476)
NET BOOK VALUE	**4,315**	**4,593**	**26,711**	**7,704**	**43,323**

Property, plant and equipment under finance 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 € 1,452 thousand, of which an amount of € 976 thousand relates to industrial laundering machinery used by the subsidiary Servizi Ospedalieri and an amount of € 476 thousand relating to elevators used by Rekeep under a contract gained during the year.

The item “Others” includes the reclassification of € 911 thousand from owned assets, as well as 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.

Property, plant and equipment under operating leases, stated as “Rights of use on Properties” and “Rights of use on plant and machinery” showed an increase during the year following the execution of new property lease agreements for € 771 thousand

and new long-term hire of vehicles that make up the corporate fleets and equipment of the Group for € 4,183 thousand. Furthermore, there was the early termination of some lease and long-term hire agreements for a total of € 1,562 thousand.

The other changes in assets under operating lease showed the effects of the deconsolidation of Yougenio, for an amount of € 921 thousand, partially offset by the effect of a change in the exchange rate on the translation of assets in foreign currencies.

The table below shows the changes in property, plant and equipment under a financial lease in the year ended 31 December 2019.

	Property under finance lease	Plant and equipment under finance lease	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2019, net of accumulated depreciation and impairment	**4,584**	**1,400**	**0**	**0**	**5,984**
Effects of changes in accounting standards, net of accumulated depreciation	0	0	37,070	8,366	45,436
Additions from business combinations		3,496		163	3,659
Additions for new contracts and rental adjustments		566	3,127	3,366	7,059
Impairment losses		(54)			(54)
Early termination			(264)	(251)	(515)
Depreciation for the year	(134)	(316)	(4,324)	(3,686)	(8,460)
Others	0	(1,054)	0	2	(1,052)
IFRS5 Reclassification	0	(22)	(4,053)	(836)	(4,911)
At 31 December 2019	**4,450**	**4,016**	**31,556**	**7,124**	**47,146**
At 1 January 2019					
Historical cost	4,992	5,163	52,803	24,996	87,955
Accumulated depreciation and impairment losses	(408)	(3,763)	(15,733)	(16,630)	(36,535)
NET BOOK VALUE	**4,584**	**1,400**	**37,070**	**8,366**	**51,420**
At 31 December 2019					
Historical cost	4,992	8,171	55,666	28,276	97,105
Accumulated depreciation and impairment losses	(542)	(4,133)	(20,057)	(20,316)	(45,048)
IFRS5 Reclassification	0	(22)	(4,053)	(836)	(4,911)
NET BOOK VALUE	**4,450**	**4,016**	**31,556**	**7,124**	**47,146**

7. OTHER INTANGIBLE ASSETS

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

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

Goodwill is tested annually for impairment. The change for the year mainly related to the final recognition of the goodwill arising from the acquisition of the Rekeep Polska Group (formerly Naprzód Group), which took place on 30 October 2019. For more details, reference should be made to note 8 below.

Other intangible assets, amounting to € 21,653 thousand at 31 December 2020, 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 year (€ 5,264 thousand) are mainly attributable to the Parent Company Rekeep S.p.A. (€ 3,938 thousand) and are related to the implementation and upgrading of software platforms used by the Group. Furthermore, note the acquisitions of the subsidiary H2H Facility Solutions S.p.A. for € 953 thousand aimed at the implementation of automated solutions intended to improve the business's operational efficiency.

Finally, Other changes of € 3,135 thousand related to the deconsolidation of Yougenio S.r.l..

The table below shows the changes in intangible assets in the year ended 31 December 2019:

	Other intangible assets	Goodwill	Total
At 1 January 2019, net of accumulated amortization and impairment	**25,634**	**407,622**	**433,256**
Additions from business combinations	101	22,745	22,846
Additions from acquisitions	9,017		9,017
Disposals	(74)		(74)
Amortization for the year	(7,854)		(7,854)
Others	521		521
IFRS5 reclassification	(522)	(42,588)	(43,111)
At 31 December 2019	**26,823**	**387,778**	**414,601**
At 1 January 2019			
Historical **Cost**	117,480	410,015	527,495
Accumulated amortization and impairment losses	(91,846)	(2,393)	(94,239)
NET BOOK VALUE	**25,634**	**407,622**	**433,256**
At 31 December 2019			
Historical **Cost**	127,119	432,760	559,879
Accumulated amortization and impairment losses	(99,774)	(2,393)	(102,167)
IFRS5 reclassification	(522)	(42,588)	(43,111)
NET BOOK VALUE	**26,823**	**387,778**	**414,601**

8. IMPAIRMENT OF GOODWILL

The Group's Management believe that the 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.

The SBU also includes Yougenio S.r.l., providing facility management services to the B2C market, in relation to which, however, the management considered it appropriate to not continue operations as from May 2020, while starting operations for its winding-up on 22 September 2020 with consequent deconsolidation.

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;
- 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 2020, broken down into the different CGUs.

	31 December 2020	31 December 2019
Goodwill allocated to Facility Management CGU	388,753	373,969
of which International markets	*34,514*	*19,965*
Goodwill allocated to Laundering & Sterilization CGU	13,809	13,809
CONSOLIDATED GOODWILL	**402,562**	**387,778**

In 2020, the change in Goodwill was manly linked to the completion of the analysis process on the business combination of the Rekeep Polska Group (formerly Naprzód Group), which was acquired on 30 October 2019. The Investment Agreement provides, in fact, for a call option for the purchaser and a put option for the assignor (which may be exercised between 30 October 2024 and 30 October 2025) for the transfer of an additional 20% of the quotas of the company acquired. In closing the Consolidated Financial Statements at 31 December 2019, in fact, the Parent Company's management did not have sufficient information to reliably determine the amount of the exercise price of the options, and, therefore, they were not accounted for. In 2020 the fair value was finally determined in relation to assets acquired, liabilities assumed and potential liabilities, as was the final purchase price, subject to a price adjustment mechanism based on the consolidated balance sheet of the acquiree at the closing date. This entailed the recognition of additional portion in goodwill compared to € 17,936 thousand posted in the previous year on a provisional basis, of which € 12,131 thousand recognized for the valuation at fair value of the put&call

options, accounted for against an entry under financial liabilities in the Consolidated Financial Statements at 31 December 2020.

Goodwill also increased by an additional amount of € 234 thousand following the acquisition by the subsidiary H2H Cleaning S.r.l. of the Eraclya business unit on 6 November 2020, already held under lease from 1 January 2019.

Facility management CGU Goodwill

The goodwill allocated to the Facility management CGU, which amounted to € 388,753 thousand at 31 December 2020, 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;
- Acquisition of MCB S.p.A., a company through which the Group established the first facility management unit for "network" customers (banks, insurance companies, etc.). In 2010, MCB S.p.A. was merged by incorporation into MP Facility S.p.A. (now H2H Facility Solutions S.p.A.);
- Acquisition of Teckal S.p.A., which was merged by incorporation into Manutencoop Facility Management S.p.A. 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.;
- 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. 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 Rekeep Polska S.A. (formerly Naprzód 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 € 13,809 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.

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 2021 to 2024 and extrapolated from the Business Plan of the Rekeep Group.

The Business Plan used for the analysis described in this note was approved by the Board of Directors of Rekeep S.p.A. for impairment test purposes only on 18 March 2021.

As from 2019, steps were taken, following the acquisition of the Rekeep Polska sub-group (formerly Naprzód) 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.

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 2021 to 2024, 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 2024 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 6.73% for the Facility management CGU (2019: 7.51%), at a discount rate (WACC) of 6.00% (2019: 6.88%) for the *Laundering&Sterilization* CGU and at a discount rate (WACC) of 7.10% for Rekeep Polska (formerly Naprzód) (2019: 8.21%). The WACC was determined by using the Capital Asset Pricing Model ("CAPM"), by which the risk-free rate was calculated with reference to the curve of the rates of return of Italian long-term government bonds, while the non-diversifiable systematic risk ratio (βeta) and the debt/equity ratio were extrapolated from the analysis of a group of comparable companies operating in the European facility management and laundering sector. In addition, in order to reflect the uncertainty of the current economy and the future market conditions, the cost of the equity component of the WACC rate was increased with a risk premium of 200 basis points for Facility management and Rekeep Polska (formerly Naprzód) CGUs e and 100 basis points for Laundering&Sterilization CGU in each financial period.

For all CGUs analyzed, the analysis confirmed that the recoverable value of the same exceeds the associated carrying amount, therefore not requiring any write-downs. On a prudential basis "Worst Cases" were outlined with reference to the WACC, the growth rates applied and a deterioration in operating cash flows compared to forecasts, both with reference to the plan time frame and with reference to the terminal value. However, in simulating nil or negative growth rates, also in combination with WACCs exceeding those applied by two percentage points (and, then, equal to 8.73% for Facility management CGU, 8.00% for Laundering & Sterilization CGU and 9.10% 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).

9. 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 2020 the net-book value of investments valued at Equity reported a net amount of € 8,807 thousand, against a net amount of € 10,289 thousand in the previous year.

	Net assets 31 December 2020	Net assets 31 December 2019
Investments accounted for under the equity method	9,140	10,376
Provision for risks on investments	(333)	(87)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**8,807**	**10,289**

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 2020 Yougenio S.r.l., Manutencoop International Services LLC and Rekeep Austria in liquidation were accounted for under equity method.

During the year investments accounted for under the equity method recorded a negative result of € 7,441 thousand, for the share attributable to the Group, as a result of the recognition of income from equity investments of € 453 thousand and write-downs of € 7,894 thousand. Furthermore, negative effects were recognized directly in the Consolidated Equity to an overall amount of € 105 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%	42,291	(37,168)	(5,126)	(4,381)	70,336	(3,334)
Yougenio S.p.A.	100%	13,828	(12,670)	(829)	(4,185)	4,238	(3,948)
Project financing companies	<50%	60,070	(59,941)	(129)	(34,857)	13,483	606

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.

10. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets at 31 December 2020 and at 31 December 2019:

	31 December 2020	31 December 2019
Other investments	7,130	4,966
Non-current financial assets	5,529	4,819
Other non-current assets	3,408	97,941
IFRS5 Reclassification	0	(149)
OTHER NON-CURRENT ASSETS	**16,067**	**107,577**

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, 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 € 5,529 thousand at 31 December 2020 (€ 4,819 thousand at 31 December 2019), are composed of:

- € 1,581 thousand of Non-current financial receivables due from associates, affiliates or joint-ventures (€ 1,651 thousand at 31 December 2019). The face value of these receivables is € 1,610 thousand, while the discounting fund amounts to € 29 thousand. Some of these are non-interest bearing since they were drawn down from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread.
- € 3,847 thousand of Non-current financial receivables from third parties, down compared to 31 December 2019 (€ 3,067 thousand). During the year the subsidiary Servizi Ospedalieri recognized a receivable of € 1,104 thousand relating to the sale of 15% of the share capital owned in Linea Sterile S.p.A., which took place in December 2020. Furthermore, following a settlement agreement, there was the partial collection of the remaining receivable claimed by the Parent Company for the sale of Energyproject S.r.l., which took place in 2014 (€ 408 thousand). At 31 December 2020 the item also included the long-term portion, equal to € 2,357 thousand, of the deferred price relating to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i EOPF, which took place in December 2018 (unchanged compared to 31 December 2019).
- € 101 thousand of securities held to maturity (unchanged compared to 31 December 2019).

At 31 December 2019 *Other non-current assets* included € 94,611 thousand relating to the deposit to be paid to the Competition Authority in relation to the FM4 dispute involving Rekeep S.p.A.. On the same date, the Company had recognized the liability arising from the notice of payment issued by the Revenue Agency – Collection department among “Other current

liabilities" in the Statement of Financial Position for the corresponding amount (€ 94,611 thousand). This liability was expected to be paid off through the payment of the 72 installments set in the installment payment plan of the notice itself: in the meantime the plan has been suspended according to the provisions of Decree Law no. 18 of 17 March 2020, governing "Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID 19 epidemic emergency" ("Cure Italy Decree"), which has provided, among others, for the possibility of suspending the payment of installment payment plans already granted by the Revenue Agency. The Company availed itself of this suspension and, therefore, three installments had been duly paid for € 3,010 thousand at 31 December 2020.

Following the developments of this dispute, which only partially granted the Parent Company's appeal and provided for new methods of calculating the fine imposed by the Competition Authority, the Authority proceeded with notifying the new amount of the fine equal to € 79,800 thousand, in addition to collection charges and surcharges of € 2,612 thousand. While continuing to have confidence in the reasonableness of the defence arguments, the Directors, given the enforceability of the fine, recognized the debt relating to the expected financial outlay in the financial statements at 31 December 2020 for an amount equal to what is stated in the Competition Authority's order, even in consideration of the uncertainty surrounding the actual outcome of the appeal against the Regional Administrative Court's judgment and the appeal on the merits concerning the Competition Authority's new order of 29 October 2020. At the same time, the receivable entered for the guarantee was eliminated, while the amount corresponding to the installments already paid as a deposit, equal to € 3,010 thousand, was entirely offset in the new plan of installment payment transmitted by the Revenue Agency.

Furthermore, the item is made up of security deposits related to long-term manufacturing contracts (€ 2,062 thousand) and long-term deferrals relating to some contracts (€ 1,089 thousand).

11. INVENTORIES

The Group recognized inventories of € 12,921 thousand at 31 December 2020, marking an increase of € 5,011 thousand compared to the amount in the previous year.

	31 December 2020	31 December 2019
Inventories of raw materials, consumables and goods for resale	13,009	9,820
Provision for write-down of raw materials, finished products and goods for resale	(88)	(219)
IFRS5 Reclassification	0	(1,691)
INVENTORIES	**12,921**	**7,910**

The final inventory of raw materials is composed of materials and goods for resale present in the warehouses, while waiting to be used at work sites, valued at the average weighted purchase cost, goods for resale (mostly medical devices) stored in the

warehouses of Medical Device and stocks of fuel in tanks belonging to integrated service customers. The increase was mainly attributable to the inventories in medical devices and personal protective equipment (PPE) at the end of the year, specifically of Medical Device S.p.A..

12. 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 2020 and 31 December 2019:

	31 December 2020	of which from related parties	31 December 2019	of which from related parties
Contract assets	29,111		27,284	
Trade receivables, gross	413,443		411,299	
Allowance for doubtful accounts	(29,759)		(31,617)	
Trade receivables due from third parties	**412,795**	**0**	**406,966**	**0**
Trade receivables from Manutencoop Società Cooperativa	57	57	65	65
Trade receivables from Rekeep Group Companies	8,637	8,637	9,270	9,270
Trade receivables from Affiliates and Joint Ventures	4,031	4,031	4,293	4,293
Trade receivables from Group	**12,725**	**12,725**	**13,628**	**13,628**
Advances to suppliers	5,601	2	7,403	3
IFRS5 Reclassification			(15,425)	(9)
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**431,121**	**12,727**	**412,572**	**13,622**
Current tax assets within 12 months	11,799		18,393	
Other current assets due from third parties	8,047		8,718	
Due from social security institutions	2,086		1,261	
Due from employees	72		195	
Other current assets from third parties	**22,004**	**0**	**28,567**	**0**
Current assets from Manutencoop Società Cooperativa	14	14	8	8
Current assets from associates	282	282	166	166

	31 December 2020	of which from related parties	31 December 2019	of which from related parties
Current assets from affiliates	22	22	0	0
Other current assets from the Manutencoop Group	**318**	**318**	**174**	**174**
Accrued income	1,121		228	
Prepaid expenses	2,193		2,480	
Accrued income and prepaid expenses	**3,314**	**0**	**2,708**	**0**
IFRS5 Reclassification	0		(395)	
OTHER CURRENT ASSETS	**25,636**	**318**	**31,054**	**174**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 431,121 thousand at 31 December 2020, up by € 18,549 thousand compared to 31 December 2019 (€ 412,572 thousand).

The change in question was due to an increase in trade receivables from third parties, while receivables from other Group companies remained substantially unchanged; contract assets recorded an increase of € 1,827 thousand, while the value of the provision for bad debts decreased by € 1,858 thousand.

In 2020, the Group continued to hold contracts for the assignment without recourse of trade receivables from third parties. On 27 December 2018 the Parent Company Rekeep S.p.A. and Servizi Ospedalieri S.p.A. signed a new 3-year maturity factoring agreement with Bancafarmafactoring S.p.A (which replaced the previous one signed in 2016) concerning the assignment on a revolving basis of receivables claimed by the same companies from entities in the National Health System and Public Administration, in an amount of up to € 200 million.

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

The assignments carried out in the year are summarized below:

	Assignments made in the year ended 31 December 2020	Balance of trade receivables assigned without recourse and not yet collected by the Factor
Banca Farmafactoring S.p.A.	144,045	29,054
Banca IFIS S.p.A.	47,494	16,125
Unicredit Factoring S.p.A.	17,284	4,306
Carrefour Italia Finance S.r.l.	6,923	4,211
MB FACTA S.p.A.	28,526	13,285
Banca Sistema S.p.A.	19,063	5,614
Prime Revenue Inc.	8,476	4,229
TOTAL ASSIGNMENTS WITHOUT RECOURSE	**271,811**	**76,824**

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 € 3,703 thousand.

Finally, trade receivables from the Group amounted to € 12,725 thousand (€ 13,628 thousand at 31 December 2019), in addition to advances for € 2 thousand (€ 3 thousand at 31 December 2019). For more details, reference should be made to Annex III – Related Party transactions.

A specific provision for bad debts was recognized in connection with non-performing loans, which are difficult to fully recover, amounting to € 29,759 thousand at 31 December 2020 (€ 31,617 thousand at 31 December 2019). The decrease related to the settlement of some problem loans. Below are the changes for the year:

	31 December 2019	Increases	Uses	Releases	Other changes	31 December 2020
Provision for bad debts	**30,464**	3,548	(3,989)	(265)	1	**29,759**

An analysis of trade receivables at 31 December 2020 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 and before the IFRS5 reclassification for the 2019 financial year.

	Total	Trade receivables reaching maturity	Overdue trade receivables				
			< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	beyond 120 days
31 December 2020	383,218	288,002	22,110	9,687	9,418	5,331	48,671
31 December 2019	379,683	283,184	23,850	11,193	6,431	4,720	50,305

Other current assets, equal to € 25,636 thousand (€ 31,054 thousand at 31 December 2019), showed a total decrease of € 5,418 thousand in the year.

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

- tax receivables, mostly relating to the VAT payments made by the Group companies (€ 9,107 thousand against € 15,830 thousand at 31 December 2019), which continue to show a credit balance given the widespread application of the regulations governing "Split-payment" and "Reverse charge" to the cycle of purchasing and sales invoicing. During 2020 assignments without recourse of VAT receivables of some Group companies were made for a total nominal amount of € 39,573 thousand and an interest discount of € 831 thousand;
- receivables for credit balances of current accounts held at Unicredit, managed in the name and on behalf of INPDAP (Social Security Institute for employees in public administration), as envisaged in a property management contract entered into with the aforementioned authority for € 2,173 thousand. At present some restrictions have been placed on said accounts as a result of the dispute that has arisen with INPDAP. Therefore, for the purposes of an accurate presentation, it was deemed appropriate to classify said item under *Other current receivables*, instead of cash and cash equivalents.

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

A breakdown of the balance as at 31 December 2020 and 31 December 2019 is shown below:

	31 December 2020	31 December 2019
Bank and postal deposits	78,005	78,671
Cash in hand	144	201
Current financial accounts - consortia	12,315	21,257
IFRS5 Reclassification	0	(2,986)
CASH AND CASH EQUIVALENTS	**90,464**	**97,143**
Current financial receivables from third parties	5,722	4,637
Current financial receivables from Group Companies	180	181
Other receivables for dividends	92	1
RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS	**5,994**	**4,819**

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

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

At 31 December 2020 *Current financial assets* amounted to € 5,994 thousand (€ 4,819 thousand at 31 December 2019). At the end of the year under examination the following items were mainly recognized:

- the remaining short-term share, equal to Euro 1,408 thousand, of the deferred price referring to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i European Operational Projects SCSp, which took place in December 2018;
- the current portion, equal to € 1,448 thousand of the receivable arising from the sale of the investment equal to 15% of the quota capital of Linea Sterile, held by the subsidiary Servizi Ospedalieri, which took place on 29 December 2020;
- the balance of pledged current accounts dedicated to the operation of the service for managing receipts within the scope of assignments of trade receivables without recourse, equal to € 906 thousand (€ 821 thousand at 31 December 2019);
- an overall amount of € 182 thousand of receivables from short-term loans and financial accounts held with non-consolidated Group companies.

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

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

The transfer to Argos Wityu, a pan-European Private Equity fund, entailed the recognition of a consideration of € 55,041 thousand.

In accordance with IFRS5, "current and non-current assets and liabilities" relating to the sub-group controlled by Sicura S.p.A. were reclassified, as early as from the consolidated financial statements at 31 December 2019, to "Non-current assets held for sale" and "Liabilities directly associated with Non-current assets held for sale" in the consolidated statement of financial position, after preparing the consolidation of the values attributable to the sub-group on a line-by-line basis and the elimination of intra-group transactions. In the consolidated financial statements for the financial year ended 31 December 2020 the income statement balances relating to the sub-group controlled by Sicura S.p.A. and prior to the date of transfer were reclassified in the Statement of Profit/Loss for the year under a single item of "Profit (loss) from discontinued operations" in accordance with IFRS5.

However, the adoption of this standard did not entail any impact on consolidated net Profit and consolidated equity.

Furthermore, the comparative data were restated, as illustrated in note 3, to which reference should be made.

Non-current assets held for sale

This item amounted to € 70,500 thousand at 31 December 2019, as reported below:

	31 December 2020	31 December 2019
Property, plant and equipment	0	757
Property, plant and equipment under lease	0	22
Investment property	0	4,889
Goodwill	0	42,588
Other intangible assets	0	522
Equity investments	0	9
Non-current financial assets	0	140
Deferred tax assets	0	685
Trade receivables and advances to suppliers	0	17,116
Current tax receivables	0	392
Other current assets	0	395
Cash and cash equivalents	0	2,986
TOTAL NON-CURRENT ASSETS HELD FOR SALE	**0**	**70,500**

Liabilities directly associated with non-current assets held for sale

This item amounted to € 26,851 thousand, as detailed below:

	31 December 2020	31 December 2019
Employee termination indemnity	0	3,271
Provisions for risks and charges, non-current	0	455
Non-current financial liabilities	0	6,728
Deferred tax liabilities	0	18
Other non-current liabilities	0	4
Trade payables and contract liabilities	0	9,919
Current tax payables	0	1,331
Other current liabilities	0	3,489
Current financial liabilities	0	1,635
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**0**	**26,851**

Profit/(loss) from discontinued operations

	31 December 2020	31 December 2019 restated
Revenues	5,186	40,999
Operating costs	(7,205)	(35,552)
GROSS MARGIN	**(2,019)**	**5,447**
Amortization, depreciation, write-downs and write-backs of assets	(194)	(1,142)
Accrual (reversal) to provisions for risks and charges	(8)	(94)
Net financial income (expenses)	(375)	(127)
Gross capital gains on discontinued operation	5,696	0
Capital loss on sale of Energyproject S.r.l. (2013)	(205)	0
Capital loss on sale **of MIA S.p.A. (2014)**	(200)	0
Profit (loss) before tax from discontinued operations	**2,694**	**4,084**
Income taxes from discontinued operations:		
- related to profit (loss) for the year	(125)	(1,660)
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**2,569**	**2,424**
Basic earnings per share from discontinued operations	*0.0235*	*0.0222*
Diluted earnings per share from discontinued operations	*0.0235*	*0.0222*

As at 31 December 2020 the result from discontinued operations consisted of a profit equal to € 2,569 thousand, including the Sicura S.p.A. sub-group's results of operations for the 2020 financial year until the date of sale (a net loss of € 2,590 thousand), in addition to the capital gain generated by the disposal of € 3,108 thousand (net of additional transaction costs and price adjustments upon closing), which was obtained by comparing the carrying amount of the sub-group disposed of and the consideration for the sale itself. It should be noted that the net capital gain recognized in the separate financial statements of Rekeep S.p.A. was equal to € 11,194 thousand.

The Profit (loss) from discontinued operations for the 2020 financial year also includes capital losses of € 404 thousand that arose from sales in previous years, specifically on the sale of Energyproject S.r.l. and MIA S.p.A. which took place in 2013 and 2014, respectively.

As at 31 December 2019 the restated values showed a profit from discontinued operations equal to € 2,424 thousand, which was fully attributable to the result for the year of the group controlled by Sicura S.p.A..

Financial flows generated from/used in discontinued operations

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

	31 December 2020	31 December 2019
Collection of deferred consideration from sale of Energyproject S.r.l. (2014)	205	45
Cash and cash equivalents from discontinued Operations	0	(2,986)
Collection of consideration from sale of Sicura S.p.A. (2020)	53,731	0
CASH FLOW FROM DISPOSAL OF OPERATING ASSETS	**53,935**	**(2,941)**

Furthermore, the collection of an additional amount of € 205 thousand of the deferred consideration related to the sale of Energyproject was recognized in compliance with a settlement agreement signed in April 2020.

15. SHARE CAPITAL AND RESERVES

	31 December 2020	31 December 2019
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 2020 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.

The item *Other reserves* includes, among the 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 negative amount of € 244,186 thousand, for the recognition of the effects of the merger of CMF S.p.A. by incorporation into Rekeep S.p.A. during the 2018 financial year;
- the Parent Company's extraordinary reserve equal to € 43,967 thousand.

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
31 December 2018	**145,018**	**20,124**	**3,469**	**(309)**	**(4,912)**	**(158,361)**	**5,029**
Effects of the change in accounting standards						(1,617)	(1,617)
1 January 2019	**145,018**	**20,124**	**3,469**	**(309)**	**(4,912)**	**(159,978)**	**3,412**
Allocation of prior year result		799		309	(117)	15,173	16,163
Distribution of reserves		907				(13,907)	(13,000)
Economic effects on shareholders' equity			67	16	(949)		(866)
31 December 2019	**145,018**	**21,830**	**3,536**	**16**	**(5,977)**	**(158,713)**	**5,710**
Allocation of prior year result				(16)	876	5,741	6,601
Economic effects on shareholders' equity			(105)	873	(25)		743
31 December 2020	**145,018**	**21,830**	**3,431**	**873**	**(5,126)**	**(152,972)**	**13,055**

The table below shows changes in *Retained earnings*:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
31 December 2018	**3,809**	**31,102**	**34,911**
Effects of the change in accounting standards		(657)	(657)
1 January 2019	**3,809**	**30,445**	**34,254**
Allocation of prior year result		(429)	(429)
31 December 2019	**3,809**	**30,015**	**33,825**
Allocation of prior year result		(3,316)	(3,316)
Change in consolidation area		(222)	(222)
31 December 2020	**3,809**	**26,477**	**30,286**

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 2020	31 December 2019
Equity attributable to non-controlling interests	**3,199**	**836**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	(211)	19
Other subsidiaries and consortia	3,410	817

	31 December 2020	31 December 2019
Profit for the year attributable to non-controlling interests	**2,703**	**65**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	(84)	(70)
Other subsidiaries and consortia	2,787	136

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

Rekeep World S.r.l., which is the Group's sub-holding company active in the development of international markets, holds a stake of 70% of the capital of Rekeep France S.a.s. and an investment of 80% in the capital of the Polish company Rekeep

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

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

16. EMPLOYEE TERMINATION INDEMNITY (TFR)

Below are the changes in the liabilities relating to Employee Termination Indemnity (TFR) in 2020, compared with changes in the previous year.

	For the year ended	
	31 December 2020	31 December 2019
AT 1 JANUARY	**12,443**	**14,730**
Additions for business combinations	0	963
Current Service cost	459	819
Interest costs on benefit obligations	47	266
Benefits paid	(1,695)	(2,119)
Net actuarial (gains)/ losses from benefit obligations	92	1,053
Other changes	(79)	0
IFRS5 Reclassification	0	(3,271)
AT 31 DECEMBER	**11,267**	**12,443**

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

	For the year ended	
	31 December 2020	31 December 2019
Current service cost	459	819
Interest costs on benefit obligations	47	266
Net cost of the benefits recognized through profit or loss	**506**	**1,086**

	For the year ended	
	31 December 2020	31 December 2019
Net actuarial (gains)/ losses recognized in equity	92	1,053
TOTAL NET COST OF THE BENEFIT	**599**	**2,139**

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

	31 December 2020	31 December 2019
Discount rate	0.34%-0.02%	0.37%;0.77%
Inflation rate	1.00%	1.00%
Estimated turnover	From 3.5% to 10.00%	From 3.5% to 15.00%

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 2020 two different discount rates were used by the Group depending on the remaining average period of time during which personnel remains in each company, equal to 0.34% and -0.02% (equal to 0.37% and 0.77% in 2019).

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

	Financial year ended 31 December 2019	
	Assumptions	Employee Termination Indemnity
Discount rate	+ 0.25 bps	12,332
	- 0.25 bps	12,792
Inflation rate	+ 0.25 bps	12,687
	- 0.25 bps	12,432
Actuarial assumptions	+ 2.00 ppt	12,408
	- 2.00 ppt	12,723

Below are reported the data relating to the average number of the Group's employees and of the workers provided to the Group by Manutencoop Società Cooperativa:

	For the year ended	
	31 December 2020	31 December 2019
Executive	73	58
White collars	1,710	1,319
Blue collars	26,265	16,821
AVERAGE STAFF	**28,047**	**18,198**

The average number of leased employees provided to the Group by Manutencoop Società Cooperativa was equal to no. 355 units at 31 December 2020 (31 December 2019: no. 387 units).

17. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the year ended 31 December 2020:

	Risks on Investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance provisions	Other provisions	Total
At 1 January 2020	**87**	**5,038**	**24,597**	**538**	**262**	**358**	**952**	**31,831**
Accruals	276	4,506	3,398			392	556	**9,128**
Uses		(716)	(3,883)	(48)			(38)	**(4,685)**
Reversals		(480)	(210)				(211)	**(901)**
Others	(30)	(356)	321		19			**(47)**
At 31 December 2020	**333**	**7,991**	**24,223**	**490**	**280**	**750**	**1,259**	**35,327**
At 31 December 2020:								
Current	*333*	*7,928*	*492*	*447*	*0*	*750*	*600*	***10,550***
Non-current	*0*	*64*	*23,731*	*43*	*280*	*0*	*659*	***24,777***
At 31 December 2019:								
Current	*87*	*4,973*	*271*	*447*	*0*	*358*	*255*	***6,392***
Non-current	*0*	*64*	*24,326*	*91*	*262*	*0*	*696*	***25,439***

Provision for risks on investments

The item, amounting to € 333 thousand at 31 December 2020, includes the provision for unrecoverable future losses of Group companies and related for € 110 thousand to the subsidiary Alisei S.r.l. in liquidation, for € 55 thousand to the subsidiary Manutencoop International Services LLC and for € 168 thousand to the subsidiary Yougenio S.r.l., the last two being both consolidated at equity as from the first quarter of 2020 following the start of the winding-up procedure.

Provision for risks on job orders

This provision includes, at consolidated level:

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

The balance amounted to € 7,991 thousand at 31 December 2020, up by € 2,954 thousand against accruals of € 4,506 thousand and uses and reversals totaling € 1,196 thousand, in addition to other changes of € 356 thousand.

Provisions for pending legal disputes

At the reporting date of the financial statements, the risk was assessed for the Group to be required to pay future compensation in the event of losing cases in legal actions pending with customers, suppliers, employees and others. During the year ended 31

December 2020 the provision, totaling € 24,223 thousand, recorded increases for accruals to provisions of € 3,398 thousand and decreases for uses and releases totaling € 3,883 thousand.

Provisions were mainly recognized to hedge the risks involving the Parent Company Rekeep S.p.A. for € 2,252 thousand. Uses and reversals for the year, of which an amount of € 3,288 thousand attributable to the Parent Company, relate to the use of provisions set aside in previous years against the settlement of disputes with suppliers and of actions with other persons or entities.

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

On 7 January 2017 the Company served a writ of summons on the entity, asking the Ordinary Court of Rome to establish the unlawfulness of the notice of termination of the agreements and order Consip S.p.A. to compensate for any damage suffered by the Company. The 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.

Subsequently, on 16 June 2017 Consip officially informed Rekeep S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks ("Consip Caserme") and to cleaning services with health service providers ("Consip Sanità"), with the intention also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as "bid bond). At present, both the Regional Administrative Court and the Council of State have confirmed the order of exclusion and a judicial appeal is pending before the Supreme Court. Following the judgment handed down by the Council of State, 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 that had been appealed against, and adjourned the discussion of the merits of the case to the hearing scheduled on 7 October 2021. However, a monocratic judge 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.

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.

The Consip Sanità, Consip Caserme and Consip Musei tenders did not generate consolidated Revenues until 31 December 2020 and were not included in the Group's backlog at 31 December 2020.

In the Financial Statements at 31 December 2020 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 2020.

On 23 March 2017, the Competition Authority notified Manutencoop Facility Management S.p.A. (now Rekeep 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, in relation to reasons related to the calculation of the fine and set the parameters for its redetermination. 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 (hearing on the merits scheduled on 30 March 2021) 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 abovementioned Lazio Regional Administrative Court's order, while requesting the confirmation of the order on the FM4 tender, including the initial fine equal to € 91.6 million.

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. However, on 31 December 2019 the Company took steps to recognize the liability arising from the notice of payment issued by the Revenue Agency – Collection department among "Other current liabilities" in the Statement of Financial Position for the corresponding amount (€ 94,611 thousand). Furthermore, the deposit subject to installment payment was stated among the balance sheet assets, since it constitutes a receivable against sums that are potentially subject to return following the settlement of the existing dispute, and that cannot however be claimed automatically, even following the repayment of the entire debt. For this reason, this receivable was recognized among "Other non-current assets".

The entry of this debt in the taxpayers' list was made enforceable by the Revenue Agency following the issue of a notice of payment on 18 December 2019 for an amount equal to € 94,611 thousand, including collection charges of € 2,756 thousand (equal to 3% of the amount of the debt entered in the taxpayers' list). On 23 December 2019 the Company submitted a request for payment of these sums in installments, which was formally granted on 10 January 2020. This order provides for the payment of 72 monthly installments, at an interest rate of 4.5% as from 24 January 2020. The Company has started to pay these installments on a regular basis, waiting for the developments of the legal action expected in the trial proceedings. 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") has however provided, among others, for the possibility of suspending the payment of installment payment plans already granted by the Revenue Agency. The Company availed itself of this suspension and therefore, three installments equal to € 3,010 thousand had been duly paid at 31 December 2020, which, after the settlement of the trial proceedings, have now been deducted in full in the new installment payment plan. While continuing to have confidence in the reasonableness of the defence arguments, the Directors, given the enforceability of the fine, recognized the debt relating to expected financial outlay in the financial statements at 31 December 2020 for an amount equal to what is stated in the new Competition Authority's order (€ 79,800 thousand), even in consideration of the uncertainty surrounding the actual outcome of the appeal against the Regional Administrative Court's judgment and the appeal on the merits concerning the Competition Authority's new order of 29 October 2020. The payment of any sum entered in the taxpayers' list will take place, as already occurred for the sums owed as a deposit in the first stage of the litigation, in installments and within the time limits and according to the methods prescribed by law, also pursuant to Article 19 of Presidential Decree 602/1973 and Ministerial Decree of 6 November 2013, as supplemented by the Directives issued by the Revenue Agency – Collection department. On 22 December 2020, in fact, the Revenue Agency sent the related updated installment plan, deducting the installments already paid as deposit for € 3,010 thousand. The amount of the debt stated in the accounts also includes surcharges and collection costs (equal to 3% of the amount of the debt entered in the taxpayers' list) for € 2,612 thousand. Finally, it should be noted that the Company resumed operations to pay monthly installments on 24 January 2021.

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, which was first postponed to 2 December 2020, then to 17 March 2021 and, finally, to 23 June 2021.

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 € 750 thousand at 31 December 2020 (€ 358 thousand at 31 December 2019), against total provisions of € 392 thousand in the year.

Provision for tax disputes

At 31 December 2020 the provision amounted to € 490 thousand, recording uses which gave rise to a decrease of € 48 thousand during the year.

Other provisions for risks and charges

The provision, amounting to € 1,259 thousand at 31 December 2020, showing an increase of € 907 thousand compared to the previous year (€ 952 thousand) as a result of provisions for € 556 thousand, of which € 482 thousand relating to the Parent Company Rekeep S.p.A., and uses and releases for € 249 thousand.

18. DERIVATIVES

At 31 December 2020, the Group had not recorded any derivative assets or liabilities.

19. BORROWINGS, LOANS AND OTHER CURRENT FINANCIAL LIABILITIES

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

The tables below set forth the qualitative breakdown by current and non-current financial liabilities at 31 December 2020 and at 31 December 2019:

	31 December 2020	within 1 year	beyond 1 year to 5 years	beyond 5 years
Senior Secured Notes	328,082		328,082	
Artigiancassa loan	1,317	239	1,077	
ETNO Bank Spółdzielczy mortgage loan	59	23	36	
Other bank loans	31	21	10	
Prepaid interest expenses	(553)	(551)	(2)	
Accrued interest expenses	1,336	1,336	0	
Long-term bank borrowings and current portion of long-term bank borrowings	**330,272**	**1,069**	**329,203**	**0**
Current bank overdraft, advance payments and hot money	5,950	5,950		
Obligations arising from finance lease	6,426	1,689	3,681	1,056
Financial liability for operating leases	38,788	6,527	21,128	11,133
Loans from syndicated shareholders	580	380	200	

	31 December 2020	within 1 year	beyond 1 year to 5 years	beyond 5 years
Loan from Parent Company Manutencoop Società Cooperativa	174	174		
Other financial liabilities	4,474	2,237	2,237	
Obligations from assignments with recourse of trade receivables	15,732	15,732		
Collections on behalf of assignees of trade receivables	9,935	9,935		
Obligations arising from reverse factoring transactions	4,629	4,629		
Options on subsidiaries' minority shareholdings	13,077	977	12,099	
Debt for the acquisition of investments/business units	745	745		
Share capital to be paid into investee companies	3	3		
TOTAL FINANCIAL LIABILITIES	**430,785**	**50,047**	**368,549**	**12,189**

	31 December 2019	within 1 year	beyond 1 year to 5 years	beyond 5 years
Senior Secured Notes	339,905		339,905	
C.C.F.S. loan	8,889	1,111	7,778	
Artigiancassa loan	1,556	239	1,317	
ETNO Bank Spółdzielczy mortgage loan	88	25	63	
Other bank loans	4,310	39	4,271	
Prepaid interest expenses	(831)	(509)	(322)	
Accrued interest expenses	1,530	1,530		
Long-term bank borrowings and current portion of long-term bank borrowings	**355,447**	**2,435**	**353,013**	**0**
Current bank overdraft, advance payments and hot money	2,446	2,446		
Obligations arising from finance lease	5,853	1,451	3,114	1,288
Operating lease liabilities	42,920	6,086	21,157	15,676
Loans from syndicated shareholders	893	554	16	323
Loan from Parent Company Manutencoop Società Cooperativa	165	165		
Other financial liabilities	1,970	30	1,940	

	31 December 2019	within 1 year	beyond 1 year to 5 years	beyond 5 years
Obligations from assignments of trade receivables with recourse	28,174	28,174		
Collections on behalf of assignees of trade receivables	7,558	7,558		
Options on subsidiaries' minority shareholdings	231		231	
Debt for the acquisition of investments/business units	9,929	9,929		
Payables for dividends to sole shareholder	13,000	13,000		
Share capital to be paid into investee companies	3	3		
TOTAL FINANCIAL LIABILITIES	**468,589**	**71,830**	**379,471**	**17,288**
IFRS5 Reclassification	8,363	1,635	4,350	2,378
TOTAL FINANCIAL LIABILITIES BEFORE IFRS5 RECLASSIFICATION	**476,952**	**73,465**	**383,821**	**19,666**

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

On 6 July 2017, the CMF S.p.A. vehicle 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. The Notes, which were reserved for institutional investors and were listed on the Euro MTF segment managed by the Luxembourg Stock Exchange, as well as on the Extra MOT, Pro Segment, of Borsa Italiana, were issued at a price equal to 98% and a coupon at a fixed rate of 9.0% p.a., payable on a six-monthly basis. The terms and conditions referred to in the rules of the Bond Issue are laid down in the Indenture, which is governed by the law of the State of New York. This bond issue was initially deposited by Bank of New York in escrow account, until it was released on 13 October 2017.

As required by the Offering Memorandum for the bond issue, on 1 July 2018 the Group completed the merger of CMF S.p.A. by incorporation into its subsidiary Rekeep S.p.A., according to Article 2501-bis (merger with debt), thus giving rise to the acquisition directly by Rekeep S.p.A. of the bond issue, together with any related obligations and guarantees described below in this paragraph and in note 35.

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.

In early 2019 Rekeep S.p.A. also formalized the purchase of portions of its bond issue on the open market for a nominal total of € 10,300 thousand, which were subsequently cancelled. An additional purchase on the open market for an overall nominal amount of € 15,800 thousand was formalized in the second quarter of 2020, and these Notes were cancelled on 7 January 2021. The weighted average repurchase price was in any case less than the price for the issue equal to 98% at 6 July 2017.

The financial charges accrued on the coupons of the Senior Secured Notes came to € 30,537 thousand during 2020 (€ 31,576 thousand in 2019), while the upfront fees relating to the issue of Senior Secured Notes, which were accounted for according to the amortized cost method in accordance with IFRS 9, entailed the recognition of financial Amortization charges of € 3,977 thousand in 2020, of which an amount of € 402 thousand related to the write-off of the portion relating to the repurchased Notes.

Finally, it should be noted that, on 28 January 2021 and 9 February 2021 Rekeep S.p.A. completed a new Senior Secured Notes issue due 2026 and a coupon of 7.25%, income from which (totaling Euro 370 million), together with the Cash and cash equivalents already accounted for in the financial statements of the Company, was used to pay off the Senior Secured Notes issued during 2017.

Super Senior Revolving Credit Facility (RCF)

At the same time as the bond issue, CMF S.p.A. also entered, as the Parent Company, into a Super Senior Revolving loan agreement for € 50 million (RCF), to which Rekeep S.p.A. was a party as Borrower.

The 5-year credit facility (expiring on 15 December 2021) provides for a credit line at sight, in a maximum nominal amount of € 50 million, for the entire term. The facility was drawn down in order to meet temporary cash requirements (if any) and therefore ensures greater financial flexibility. After the merger of CMF S.p.A. by incorporation into subsidiary Rekeep S.p.A., Servizi Ospedalieri S.p.A. may also access the Super Senior Revolving credit facility, providing a specific personal security.

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

The facility was drawn down for a half-year on 23 March 2020 and subsequently renewed on 20 September 2020 for an additional half-year in order to meet temporary cash requirements (if any), including in relation to the difficult economic situation

that is accompanying the Covid-19 emergency in Italy. Therefore, it was terminated on 31 December 2020, with an impact in terms of financial costs equal to € 1,670 thousand accrued for the time being. No drawdown was requested on the RCF in 2019.

Prepaid interest expenses

At 31 December 2020 the Company recognized prepaid interest expenses of € 553 thousand. The item mainly related to arrangement fees initially paid by CMF S.p.A. for entering into the Super Senior Revolving (RCF) facility agreement. In 2017 CMF S.p.A. charged back all the costs concerning the subscription of this credit line (initially equal to € 1.0 million) to Rekeep S.p.A.. These costs were amortized on a straight-line basis throughout the term of the credit facility and showed a remaining balance of € 229 thousand at 31 December 2020.

Accrued interest expenses

At 31 December 2020 the Company recognized accrued interest expenses for € 1,336 thousand, relating to the coupon of the Senior Secured Notes due 15 June 2021.

C.C.F.S. loan (Rekeep S.p.A.)

The C.C.F.S. loans was early repaid on 29 June 2020.

The related agreement had been signed on 14 November 2017 by Rekeep S.p.A. for a total amount of € 10 million, at an interest rate composed of a 6-month EURIBOR plus a spread and the loan, which was backed by a pledge on the shares of subsidiary H2H Facility Solutions S.p.A., was also paid off on 9 July 2020.

ETNO Bank Spółdzielczy (Rekeep Polska Group) Mortgage Loan

The amount of € 59 thousand consists of the remaining value of a mortgage loan which was taken out by subsidiary Jol-Mark of the newly-acquired Polish Naprzód group, due to expire on 31 July 2023.

Artigiancassa loan (Rekeep S.p.A.)

As at 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 31 December of each year. Installments for € 239 thousand were paid in 2020.

Other bank loans

Other bank loans amounted to € 31 thousand at 31 December 2020. At 31 December 2019 they were equal to € 4,310 thousand and consisted of loans taken out by the companies in the newly-acquired Rekeep Polska (formerly Naprzód) sub-group with bank counterparties for € 4,236 thousand.

Current account overdraft, advance payments and hot money

At 31 December 2020 this item showed a balance of € 5,851 thousand, against an amount of € 2,446 thousand at the end of the previous year.

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

Finance lease obligations

The lease agreements entered into are not secured and are signed by the Parent Company Rekeep S.p.A. and subsidiaries Servizi Ospedalieri S.p.A., Medical Device S.r.l., the Turkish subsidiary EOS and some companies in the Polish sub-group. They refer to motor vehicles and plant and machinery mainly referable to Servizi Ospedalieri S.p.A., which uses them in the laundering and sterilization production processes, and to the Rekeep Polska Group. During 2020 new finance lease agreements were entered into for € 1,452 thousand, of which an amount of € 476 thousand related to the purchase of equipment on the part of the Parent Company.

Financial liability for operating leases

As at 31 December 2020 the financial liability for operating leases amounted to € 38,788 thousand, showing a decrease of € 4,131 thousand compared to € 42,920 thousand at 31 December 2019.

Specifically, during the year, there were early termination transactions for € 1,562 thousand and increases for the execution of new agreements concerning property leases and the long-term hire of vehicles and equipment, equal to € 4,953 thousand, in addition to the effect of deconsolidation of Yougenio S.r.l. for € 960 thousand.

Syndicated loans

This item refers to financing provided by the consortium members, which are minorities in the consortium companies included within the scope of consolidation, since they are owned or held in joint venture at 50%. In certain cases, these loans are non-interest-bearing loans and are repayable on request. In other cases, they have a contractually defined maturity and, in others still, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract, on the basis of which the consortium company was established. At 31 December 2020 the overall balance of these loans amounted to € 580 thousand (€ 554 thousand at 31 December 2019).

Collections on behalf of assignees of trade receivables

The item included receipts from customers on assigned receivables as part of the factoring without recourse transaction of trade receivables. The receipts, equal to € 9,935 thousand at 31 December 2020, were transferred to the factor in the subsequent month after the end of the financial year. An amount of € 4,455 thousand pertain to the parent company Rekeep.

Obligations from assignments of receivables with recourse

During 2020 the Parent Company Rekeep S.p.A. entered into a new agreement for the assignment with recourse (*pro-solvendo*) of trade receivables with Banca Sistema S.p.A., concerning receivables from Public Authorities. This agreement superseded the previously applicable agreement for assignment with recourse, which had been executed with Unicredit Factoring S.p.A. in 2015 and was terminated in full during 2020. During 2020 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 35,615 thousand. As at 31 December 2020 the exposure was equal to € 15,732 thousand (€ 28,174 thousand at 31 December 2019), of which an amount of € 11,786 thousand related to the parent company Rekeep S.p.A..

Obligations arising from reverse factoring transactions

As at 31 December 2020 there were some reverse factoring lines which ensure a greater amount of overdraft facilities with respect to payments to some suppliers. The exposure was equal to € 4,570 thousand at 31 December 2020, of which an amount of € 4,570 thousand related to the lines used by the Parent Company Rekeep S.p.A..

Options on subsidiaries' minority shareholdings

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

Of these an amount of € 12,099 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 that exercise date by a multiple equal to 7.5x, as reduced by the consolidated net financial position and adjustments to Net Working Capital set out in the acquisition contract. In applying IFRS, the present value of the exercise price of these options, where they can be determined reliably, should have been recorded as a financial liability as early as from the date of the consolidated financial statements for the year in which the acquisition was carried out. However, at 31 December 2019 the Parent Company's management did not have sufficient information to reliably determine the amount of the exercise price of the option, although considering it probable that this option would be exercised, and therefore did not recognize the related financial liability and the resulting goodwill. This option may be exercised within one year as from the fifth year after the date of acquisition.

As at 31 December 2020 the estimated liability linked to the Put option held by the minorities of Rekeep France S.a.s. was also recognized for € 977 thousand (€ 231 thousand at 31 December 2019), 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 June 2021 and 30 June 2023.

Debt for the acquisition of investments/business units

This item amounted to € 745 thousand at 31 December 2020 (€ 9,929 thousand at 31 December 2019). As at 31 December 2019 the liability related to the deferred price for the acquisition of Naprzód S.A. (now Rekeep Polska S.A.) was recognized for € 7,256 thousand. This value was adjusted during 2020 in accordance with the Investment Agreement that was signed at the same time as the business combination and it was paid to the counterparty for € 7,162 thousand on 25 November 2020, net of receivable from the transferor for the price adjustments upon closing price equal to € 2,150 thousand.

Furthermore, at 31 December 2020 Rekeep Polska S.A. (formerly Naprzód) recognized payables for the acquisition of minority interests of other companies in the Polish sub-group, equal to € 679 thousand (€ 1,583 thousand at 31 December 2019).

Other financial liabilities

As at 31 December 2020 other financial liabilities were recorded for € 4,474 thousand, against € 4,638 thousand at 31 December 2019. Other financial liabilities include a loan of € 3,437 thousand granted by the Polish Government to the Polish group's subsidiary Catermed S.A. within the scope of measures put in place to support companies in order to counter the COVID-19 emergency. The loan, which is structured into two lines, i.e. liquidity and preferential financing, has a term of three years and accrues interest. On the other hand, other loans to non-banking counterparties that had been taken out by companies in the Rekeep Polska sub-group (formerly Naprzód), equal to € 1,941 thousand at 31 December 2019, were paid off during 2020. At 31 December 2020 the Parent Comapny Rekeep S.p.A. also showed the payable for adjustments to the price for the transfer of Sicura S.p.A. to be paid to the purchaser for € 800 thousand in accordance with the provisions of the contract of sale signed on 28 February 2020.

20. CONTINGENT LIABILITIES

As at the date of approval of the Consolidated Financial Statements at 31 December 2020 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 2020.

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 ("ANAC's Order") on Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at that time), raising objections concerning the failure to provide a declaration relating to the absence of criminal proceedings against one of the Company's proxy holder in the documentation submitted for the same tender in 2013. On the other hand, this proxy holder met the legal requirements in full. In addition to a fine of € 10 thousand, the ANAC's Order provided for the Company to be excluded from all public tenders for a financial period of 6 months as from the date of entry in the computerized records of economic operators in public contracts. The Company, which considers that the order is

unfounded and based on erroneous legal grounds, in addition to being disproportionate with respect to the alleged infringement, filed an appeal with the Lazio Regional Administrative Court, while asking the President of the competent division to order the immediate suspension of the measure before any discussion on the merits of the case ("request for precautionary measure from a single-member court"). On 15 November 2017 this request was granted and all the effects of the ANAC's Order were suspended. On 21 December 2017 the Lazio Regional Administrative Court granted the appeal, as regards the merits, submitted by the Company and annulled the ANAC's Order. Subsequently, the latter challenged the administrative court's ruling before the Council of State, while submitting a request for precautionary measures for the suspension of the effects of the trial judgment. At the hearing held on 8 March 2018 the Council of State rejected this request, ordering ANAC to pay expenses.

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

The Company successfully challenged the order before the Regional Administrative Court, but, within appellate proceedings brought by ANAC, the disqualification order was confirmed by the Council of State; at the end of the procedure for application of extraordinary means of appeal (appeal for review and judicial appeal to the Supreme Court), it became final on 4 December 2020 with the filing of the Supreme Court's judgment no. 27770/2020. As a result of this judgment, any suspension effect of ANAC Resolution no. 1106/2017 was therefore removed, which entails, in addition to a fine of € 10,000, the exclusion of Rekeep S.p.A. from public tender procedures and subcontracting of public contracts for a financial period of 6 months in accordance with Legislative Decree 50 of 2016 (the "Public Contracts Code"). The entry, which had been previously blacked out by ANAC, was therefore re-inserted in the computerized records of economic operators in public contracts relating to works, services and supplies as from 25 December 2020 and until 17 June 2021. Rekeep S.p.A. had formally asked ANAC to postpone the immediate new reinstatement of the entry in the records until the conclusion of the proceedings initiated by ANAC on the Application for Re-examination submitted on 20 October 2020 and, subordinately, to specify that the disqualifying effects of these records, as provided for by Article 38, paragraph 4, of the "Rules for the management of the Computerized Records of public contracts for works, services and supplies, in accordance with Article 213, paragraph 10, of Legislative Decree no. 50 of 18 April 2016", are only limited to exclusion "from tender procedures or from access to qualification if the expiry of the time limit set for submitting bids or the application for qualification falls within the effective period of the entry". ANAC replied to this notice with an additional memo sent on 5 January 2021, whereby it also notified that it rejected the Company's request and intended to reinstate the entry in question, as any other wording would not be in line with the principle according to which tendering requirements must necessarily be met on an ongoing basis". The Company 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.

Given that ANAC's order provides for the disqualification of Rekeep S.p.A. only from taking part in public tenders and from awarding public contracts under sub-contract agreements, it is believed that this measure does not have a disqualifying effect on the other companies in the Rekeep Group, nor does it have any direct effect on the contracts that are already in the portfolio and included in the Group's its backlog. Moreover, ANAC's order does not provide for the disqualification of Rekeep S.p.A. from participating in tenders issued by private parties. The Group's commercial pipeline (corresponding to the total value of the tenders issued by public entities in which the Group has participated and for which it is awaiting the related outcome) is historically segmented among the various subsidiaries and the parent company, Rekeep S.p.A., currently accounts for less

than 10% of the commercial pipeline at consolidated level. The Company has appointed a representative to lodge an appeal with the European Court of Human Rights in order to protect its interests.

Italian Finance Police's Report of Findings served in 2019

On 10 April 2019 the Italian Tax Police (*Guardia di Finanza*) - Bologna Economic and Financial Police Unit – started a tax audit involving Rekeep S.p.A.. The audit was completed on 25 July 2019 with the service of the report of findings (*Processo Verbale di Constatazione*, PVC), which reported some remarks regarding VAT on some specific supply contracts, as well as remarks regarding VAT, IRES and IRAP tax . During 2020 the Company settled its position following the confrontation with the Revenue Agency.

21. TRADE PAYABLES, CONTRACT LIABILITIES AND OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item at 31 December 2020 and 31 December 2019:

	31 December 2020	of which to related parties	31 December 2019	of which to related parties
Trade payables	373,295		372,557	
Trade payables due to third parties	**373,295**	**0**	**372,557**	**0**
Trade payables to Manutencoop Società Cooperativa	5,883	5,883	8,924	8,924
Trade payables to Group companies within 12 months	12,644	12,644	13,079	13,079
Trade payables to Manutencoop Group	**18,527**	**18,527**	**22,003**	**22,003**
Advances from customers, including contract liabilities	21,027	1	21,309	1
IFRS5 Reclassification	0	0	(9,919)	(36)
Trade payables and contract liabilities	**412,849**	**18,528**	**405,950**	**22,004**
Fees due to directors and statutory auditors	245		293	
Tax payables	7,835		8,643	
Payables to social security institutions within 12 months	28,269		15,059	
Other payables to TJA ("Associazione temporanea di imprese")	10,807		12,382	
Payables to employees within 12 months	49,356		53,850	
Other payables within 12 months	85,487		102,126	

	31 December 2020	of which to related parties	31 December 2019	of which to related parties
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**184,175**	**0**	**194,529**	**0**
Other current payables to Manutencoop Società Cooperativa	26	26	68	68
Other payables to Group companies	31	31	2	2
Other current payables to Manutencoop Group	**57**	**57**	**70**	**70**
Accrued expenses	3		251	
Deferred income	14		1,104	
Accrued expenses and deferred income	**17**	**0**	**1,355**	**0**
IFRS5 Reclassification	0	0	(3,489)	0
Other current liabilities	**184,249**	**57**	**192,465**	**70**

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 € 412,849 thousand at 31 December 2020, against a balance of € 405,950 thousand at 31 December 2019, showing an increase of € 6,899 thousand.

Other current operating payables showed a balance of € 184,249 thousand at 31 December 2020 (€ 192,465 thousand at 31 December 2019) and are mainly made up of the following items:

- payables to employees of € 49,356 thousand (€ 53,850 thousand at 31 December 2019), 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 € 28,269 thousand (€ 15,059 thousand at 31 December 2019);
- payables due to tax authorities for € 7,835 thousand mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF (Personal Income) tax payable for employees (€ 8,643 thousand at 31 December 2019);
- collections on behalf of Temporary Associations of Companies (TJA) for € 10,807 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 12,382 thousand at 31 December 2019).

As at 31 December 2019, *Other payables within 12 months* included the payable relating to the deposit for the fine imposed by the Competition Authority in relation to the Consip FM4 Tender, which was recognized by the Parent Company Rekeep S.p.A. for € 94,611 thousand. This liability was expected to be paid off through the payment of the 72 installments set in the installment payment plan of the notice itself; however, the 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") has granted, among others, the possibility of suspending the payment of installment payment plans already granted by the Revenue Agency. The Company availed itself of this suspension and, therefore, as at 31 December 2020, three installments had been duly paid for a total of € 3,010 thousand. Following the developments of this dispute, which only partially granted the Parent Company's appeal and provided for new methods of calculating the fine imposed by the Competition Authority, the Authority proceeded with notifying the new amount of the fine equal to € 79,800 thousand, in addition to collection costs and surcharges for € 2,612 thousand. While continuing to have confidence in the reasonableness of the defence arguments, the Directors given the enforceability of the fine, recognized the debt relating to expected financial outlay in the Consolidated Financial Statements at 31 December 2020 for an amount equal to what is stated in the Competition Authority's order, even in consideration of the uncertainty surrounding the actual outcome of the appeal against the Regional Administrative Court's judgment and the appeal on the merits concerning the Competition Authority's new order of 29 October 2020. At the same time the receivable stated for the guarantee was also eliminated. The payment of the sums entered in the taxpayers' list may take place, as already occurred for the sums owed as a deposit in the first stage of the litigation, pursuant to Article 19 of Presidential Decree 602/1973 and Ministerial Decree of 6 November 2013, as supplemented by the Directives issued by the Revenue Agency – Collection department. On 22 December 2020, in fact, the Revenue Agency sent the related updated installment payment plan, by offsetting the installments already paid as deposit for € 3,010 thousand. The residual debt stated in the Consolidated Financial Statements amounted to € 79,402 thousand at 31 December 2020.

22. REVENUE FROM CONTRACTS WITH CUSTOMERS

The table below sets forth the breakdown of the item for the years ended 31 December 2020 and 31 December 2019, as restated:

	For the year ended	
	31 December 2020	**31 December 2019 restated**
Revenues from product sales	42,443	14,306
Service revenues	918,581	844,046
Revenues from construction activities and plant installation	98,795	86,162

	For the year ended	
	31 December 2020	31 December 2019 restated
Other sales revenues	18,121	18,288
REVENUE FROM CONTRACT WITH CUSTOMERS	1,077,940	962,802

At 31 December 2020 *Revenue from contracts with customers* amounted to € 1,077,940 thousand (€ 962,802 thousand at 31 December 2019, as restated).

The item showed an increase of € 115,138 thousand, driven by the Healthcare sector, which achieved positive results even following a higher demand for services and PPE due to the outbreak of the pandemic during 2020, which instead involved a reduction in the business volumes of the Public sector.

The contribution of foreign companies to consolidated revenues from contracts with customers amounted to € 133,039 thousand, of which € 113,231 thousand related to the Polish group that was acquired in the last quarter of 2019.

23. OTHER REVENUES

The table below sets forth the breakdown of the item for the years ended 31 December 2020 and 31 December 2019, as restated:

	For the year ended	
	31 December 2020	31 December 2019 restated
Grants	534	541
Asset capital gains	185	50
Recovery of costs – seconded personnel	98	153
Compensation for damages	145	1,063
Revenues for leases and rentals	12	12
Other revenues	2,476	1,462
OTHER REVENUES	3,450	3,281

At 31 December 2020 the balance of *Other revenues* amounted to € 3,450 thousand compared to € 3,281 thousand in 2019 as restated, showing an increase of € 169 thousand.

Operating grants, equal to € 534 thousand, mainly related to grants on training projects for subordinate staff.

Finally, "Other revenues" mainly include unsecured grants that the Polish government has disbursed to the companies in the Rekeep Polska (formerly Naprzód) Group for € 1,082 thousand against the losses incurred as a result of the restrictive measures put in place to counter the Covid-19 health emergency at a local level.

24. 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 2020 and 31 December 2019, as restated:

	For the year ended	
	31 December 2020	**31 December 2019 restated**
Fuel consumption	43,878	52,362
Consumption of raw materials	119,481	81,746
Purchase of semi-finished/finished products	1,293	1,291
Products of auxiliary materials and consumables	18,355	14,175
Packaging	2,295	1,855
Change in inventories of fuel and raw materials	(541)	(583)
Other purchases	6,990	3,478
CONSUMPTION OF RAW MATERIALS AND CONSUMABLES	**191,751**	**154,324**
Change in inventories of finished and semi-finished products	5,087	1,050
CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS	**5,087**	**1,050**

At 31 December 2020 the item amounted to € 191,751 thousand compared to € 154,324 thousand at 31 December 2019, as restated. The increase, equal to € 37,427 thousand, was mainly due to the higher consumption of raw and auxiliary materials as a result of the integrated service contracts that were mostly developed during the current financial year. *Other purchases* include costs for other materials such as clothing and PPE for the staff members employed on site at customers' premises.

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

25. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

The breakdown of the item is shown below for the years ended 31 December 2020 and 31 December 2019, as restated:

	For the year ended	
	31 December 2020	**31 December 2019 restated**
Third-party services	224,421	207,826
Consortia services	7,791	6,988
Equipment maintenance and repair	8,371	8,119
Professional services	37,726	37,930
Statutory Auditors' fees	258	314
Transport	12,923	8,350
Advertising and promotion	406	425
Bonuses and commissions	170	230
Insurance and sureties	6,091	5,992
Bank services	378	246
Utilities	10,999	6,926
Travel expenses and reimbursement of expenses	2,359	4,227
Employee services	7,204	6,780
Other services and contingent items	11,379	1,350
Costs for services	**330,476**	**295,703**
Rent expense and Hires	5,940	3,609
Hiring of equipment and others	5,789	5,408
Costs for leased assets	**11,729**	**9,017**
COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS	342,205	304,720

For the year ended 31 December 2020 *Costs for services and use of third party assets* totaled € 342,205 thousand, marking an increase of € 37,458 thousand compared to the balance of the item recorded in the previous year as restated, to be attributed to higher costs for additional and residual services. The increase in 2020 was mainly due to the consolidation for 12 months of the Rekeep Polska Group, which contributed for € 17,825 thousand to the item in 2020. There was instead a stabilization of a trend of reduction in costs for third-party services: from the previous years the Group started in fact a major process of internationalization in performing some activities, which entailed a change in the mix of production factors in favor of the labor cost, as described in note 26 below.

26. PERSONNEL COSTS

The breakdown of the item is shown below for the years ended 31 December 2020 and 31 December 2019, as restated:

	For the year ended	
	31 December 2020	**31 December 2019 restated**
Wages and salaries	301,290	272,266
Social security charges	75,686	83,018
Secondment costs	28,688	30,783
ESI paid to INPS (National Social Security Institute) and to funds	23,209	16,280
Directors' fees	1,202	1,532
Other personnel costs	1,535	546
Current benefits	**431,610**	**404,425**
Employee termination indemnity provision	506	609
Subsequent benefits	**506**	**609**
Employment termination benefits	1,024	1,064
Employment termination benefits	**1,024**	**1,064**
PERSONNEL COSTS	433,140	406,098

At 31 December 2020, Personnel Costs, equal to € 433,140 thousand, showed an increase of € 27,042 thousand compared to the previous year, as restated (when they amounted to € 406,098 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 153% at 31 December 2020 against 146% at 31 December 2019, as restated. The "make-or-buy ratio" shows that the Group is continuing to implement an organizational preference for producing by greater recourse to internal production factors than to purchasing services from external sources.

The cost of personnel related to the work performed in Italy was Euro 351,842 thousand (Euro 400,446 thousand at 31 December 2019).

27. OTHER OPERATING COSTS

The breakdown of the item is shown below for the years ended 31 December 2020 and 31 December 2019, as restated:

	For the year ended	
	31 December 2020	**31 December 2019 restated**
Capital losses on disposals of assets	185	206
Losses on receivables	50	0
Other taxes	2,201	1,600
Fines and penalties	83,915	1,205
Credit Discount on assignments of receivables	214	72
Other operating costs and contingent items	5,168	5,637
OTHER OPERATING COSTS	91,733	8,720

Other operating costs amounted to € 91,733 thousand, showing an increase of € 83,013 thousand compared to the restated value for the previous year (€ 8,720 thousand at 31 December 2019, as restated).

The change was mainly attributable to the recognition in the 2020 financial year of the fine imposed on the Parent Company Rekeep S.p.A. by the Competition Authority in relation to the Consip FM4 tender, for € 79,800 thousand in addition to collection charges and surcharges of € 2,612 thousand. While continuing to have confidence in the reasonableness of the defence arguments, the Directors, given the enforceability of the fine, have decided to recognize the total amount of the fine in the financial statements at 31 December 2020, in accordance to what is stated in the Competition Authority's order, even in consideration of the uncertainties surrounding the actual outcome of the appeal against the Regional Administrative Court's judgment and of any possible appeal on the merits on this new Competition Authority's order of 29 October 2020.

After excluding the amount of the fine, Other operating costs would amount to Euro 9,533, showing an increase of € 813 thousand for higher taxes, penalties and other operating costs.

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

The breakdown of the item is shown below for the years ended 31 December 2020 and 31 December 2019, as restated:

	For the year ended	
	31 December 2020	31 December 2019 restated
Amortization of intangible assets	7,293	7,682
Depreciation of property, plant and equipment	22,558	19,279
Amortization of Rights of use	6,787	8,031
Write-downs of receivables, net of releases	3,284	1,649
Other write-downs	550	6
AMORTIZATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACK OF ASSETS	40,472	36,647

At 31 December 2020 *Amortization/depreciation, write-downs and write-backs of assets* amounted to € 40,472 thousand, showing an increase of € 3,825 thousand compared to the balance of item in the previous year as restated.

Specifically note the following :

- an increase in amortization/depreciation for a total of € 1,646 thousand, mainly attributable to property, plant and equipment;
- a decrease in write-downs of receivables made for € 1,635 thousand during the year;
- an increase in other write-downs, mainly concerning non-trade receivables for € 544 thousand.

29. DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS

The breakdown of the item is shown below for the years ended 31 December 2020 and 31 December 2019, as restated:

	For the year ended	
	31 December 2020	31 December 2019 restated
Dividends	430	234
Capital gains (capital losses) from sale of equity investments	4,797	106
DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS	**5,227**	**340**

In 2020, dividends were collected from other companies not included under the scope of consolidation for € 430 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 gain of € 3,857 thousand obtained by Servizi Ospedalieri from the disposal of Linea Sterile S.p.A. in which it held 15% of the share capital.

Furthermore, the item included a capital gain of € 17 thousand recognized in 2020 from the transfer to MFM Capital S.r.l. of the investment previously held by Rekeep S.p.A. in Energy Saving Valsamoggia S.r.l..

Finally, the item includes an income of € 900 thousand, in relation to the collection of the premium-for-yield granted under the agreement for the sale of investments to 3i EOPF, which took place in December 2018, linked to uncertain and unforeseeable future events that occurred during 2020 and that were not recognized in the financial statements at the time of sale for this reason. In 2019, the same item included an income of € 579 thousand in relation to the collection of the earn-out on the disposal of Synchron Nuovo San Gerardo di Monza S.p.A. within the scope of the same transaction with 3i EOPF.

30. FINANCIAL INCOME

The breakdown of the item is shown below for the years ended 31 December 2020 and 31 December 2019, as restated:

	For the year ended	
	31 December 2020	**31 December 2019 restated**
Interest on bank current accounts	14	121
Interest on non-property and intercompany current accounts	233	36
Interest on trade receivables	628	1,900
Interest from discounting of non-interest bearing loans	10	4
Interest and other income from securities	1	15
Capital gains on sale of securities	1,160	1,598
Other financial income	529	105
FINANCIAL INCOME	**2,575**	**3,779**

Financial income recorded a decrease compared to the previous year, equal to € 1,204 thousand. The main change in the item related to lower default interest from customers.

Capital gains on securities for € 1,160 thousands were also recognized by the Parent Company Rekeep S.p.A. following the repurchase of portions of its bond issue for a nominal value of € 15,800 thousand, which took place in the second quarter of 2020 (€ 1,598 thousand in 2019 for the purchase of a nominal amount of € 10,300 thousand).

31. FINANCIAL COSTS

The breakdown of the item is shown below for the years ended 31 December 2020 and 31 December 2019, as restated:

	For the year ended	
	31 December 2020	**31 December 2019 restated**
Charges on other loans	34,084	32,275
Financial costs for finance leases	132	134
Financial costs for operating leases	1,790	1,704
Financial costs on intercompany loans	183	164
Interest on bank loans and current account overdrafts	36	30
Interest discount on assignments of receivables without recourse	4,534	3,925
Interest on trade payables	510	496
Other financial costs	8,812	6,246
FINANCIAL COSTS	**50,081**	**44,895**

Financial costs showed a total increase of € 5,186 thousand in 2020 compared to the previous year.

This item was mainly affected by financial costs relating to the Senior Secured Notes that were issued in 2017 and on the correlated Super Senior Revolving Credit Facility ("RCF").

With reference to the Senior Secured Notes, *Financial charges on other loans* include financial costs on the coupons of the Notes for € 30,537 thousand, which accrued in 2020, against € 31,576 thousand at 31 December 2019. The decrease was due to the above-mentioned repurchases of the Notes, which entailed savings of Euro 1,039 thousand. *Other financial costs* included financial charges for amortized cost incurred in 2020 for € 3,977 thousand, including the write-off on the Notes repurchased (€ 402 thousand), against € 3,730 thousand in 2019, which also included the write-off cost of € 387 thousand.

Other financial costs included amortization charges of the initial costs for the Super Senior Revolving Credit Facility ("RCF") of € 50 million, which was entered into at the same time as the bond issue. These costs, which were initially equal to € 1,000 thousand, were also amortized on a straight-line basis throughout the term of the credit facility and gave rise to amortization charges of € 240 thousand in 2020 (unchanged compared to the previous year). Furthermore, during 2020 the RCF was drawn down for the first time for a half-year on 23 March 2020 and subsequently renewed for an additional half-year on 20 September 2020, in order to support cash requirements (if any) that could have arisen as a result of the pandemic in progress. The line was finally repaid on 31 December 2020, against financial costs for the time being equal to € 1,670 thousand.

Finally, the Group finally recorded charges correlated to the assignments of trade receivables without recourse and VAT made during the year for € 4,534 thousand at 31 December 2020 (€ 3,925 thousand at 31 December 2019) and financial costs accrued on the financial liability for operating leases equal to € 1,790 thousand (€ 1,704 thousand in 2019, as restated).

32. CURRENT AND DEFERRED TAXES

The breakdown of the item is shown below for the years ended 31 December 2020 and 31 December 2019, as restated:

	For the year ended	
	31 December 2020	**31 December 2019 restated**
Current IRES tax	13,141	11,352
Current IRAP tax	4,430	4,606
(Income) costs from tax consolidation	(2,536)	(3,225)
Adjustments to current taxes of previous years	707	26
Current taxes	**15,742**	**12,759**
Deferred IRES tax	(1,278)	406
Deferred IRAP tax	131	57
Deferred taxes relating to previous years	29	74
Deferred taxes	**(1,118)**	**537**
CURRENT AND DEFERRED TAXES	**14,624**	**13,296**

In 2020 the Group recorded taxes totaling € 14,624 thousand, marking an increase of € 1,328 thousand compared to the taxes recognized at 31 December 2019.

More specifically, the main changes are as follows:

- an increase of € 1,789 thousand in the current IRES tax balance;
- a decrease of € 176 thousand in the current IRAP tax balance;
- a decrease of € 689 thousand in the balance of income from tax consolidation;
- negative adjustments to current taxes relating to previous years for € 704 thousand;
- the recognition of a net income of € 1,118 thousand, relating to the total balance of prepaid and deferred taxes. 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 8).

At 31 December 2019 the Group recognized Current tax receivables for a total amount of € 10,010 thousand, relating to the net balance of the excess IRES tax advances paid to the Tax Office or receivables from parent company Manutencoop Società Cooperativa which arose within the scope of the national tax consolidation in force with some Group companies, and Current tax payables equal to € 2,274 thousand relating to the IRAP tax balance to be paid.

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 2020 and 31 December 2019 to pre-tax profit is as follows:

	31 December 2020		31 December 2019 restated	
		%		%
PRE-TAX PROFIT	(68,396)		14,222	
of which Discontinued operations	*2,694*		*4,084*	
Taxes calculated at the rate applicable in Italy - IRES tax	12,438		11,044	
(Income) costs from national tax consolidation	(2,536)		(3,225)	
Taxes calculated at the rate applicable in Italy – IRAP tax	4,430		4,606	
Taxes calculated at the rate applicable abroad	703		308	
Taxes for previous years	707		27	
EFFECTIVE TAX / RATE	**15,742**	**N.A.**	**12,759**	**89.71%**
OF WHICH DISCONTINUED OPERATIONS	*125*	***4.65%***	*1,355*	***33.18%***

The applicable theoretical rate in Italy is 24% of taxable income for the year, while taxes for foreign companies are calculated based on tax rates applicable at a local level. The table includes the effects on the current IRES tax arising from the recognition of proceeds from having joined the tax consolidation scheme.

Deferred tax assets and liabilities

At 31 December 2020 the Group recorded deferred tax assets of € 17,945 thousand, net of deferred tax liabilities of € 16,708 thousand, as shown below:

	Tax effect on thebalance sheet			Tax effect through P&L	Tax effect on equity
	31 December 2019	of which Business Combinations	31 December 2020	31 December 2020	31 December 2020
Deferred tax assets:					
Expected credit losses	5,534		4,767	(767)	
Provisions for risks and charges	3,221	(5)	4,074	859	
Amortization	1,008		973	(35)	

	Tax effect on thebalance sheet			Tax effect through P&L	Tax effect on equity
	31 December 2019	of which Business Combinations	31 December 2020	31 December 2020	31 December 2020
Interest expense	3,072		3,071		
Cash cost deduction	43		49	6	
Other consolidation adjustments	932	(696)	321	46	42
Other temporary adjustments	2,901	109	4,690	177	(10)
Foreign exchange effect					1,509
IFRS5 Reclassification	(685)	685			
Total deferred taxassets	**16,026**	**93**	**17,945**	**285**	**1,542**
Deferred tax liabilities:					
Goodwill amortization	(11,118)	-	(11,428)	(310)	
Purchase Price Allocation	(1,606)	-	(1,539)	67	
Cash cost deduction	(1,924)	-	(845)	1,078	
Employee benefit discounting	32	-	18	(0)	23
Other consolidation adjustments	(407)	149	(227)	(2)	20
Other temporary differences	(1,389)	(2)	(2,686)	-	
Foreign exchange effect				(0)	(1,319)
IFRS5 reclassification	18	(18)			
Total deferred taxliabilities	**(16,393)**	**129**	**(16,708)**	**833**	**(1,276)**
NET DEFERRED TAXES	**(367)**	**222**	**1,238**	**1,118**	**266**

33. 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 2020	**31 December 2019 restated**
Net profit attributable to shareholders (in thousands of Euro)	(83,154)	3,285
Number of ordinary shares (excluding own shares) for the purpose of basic earnings per share	109,149,600	109,149,600
BASIC AND DILUTED EARNINGS PER SHARE (IN EURO)	**N.A.**	**0.030**

	For the year ended	
	31 December 2020	**31 December 2019 restated**
Net earnings from continuing operations (in thousands of Euro)	(83,020)	926
Net profit /(loss) from continuing operations pertaining to minority interests (in thousands of Euro)	(2,703)	(65)
Net profit from continuing operations pertaining to the Group (in thousands of Euro)	(85,723)	861
Number of ordinary shares for the purpose of basic earnings per share	109,149,600	109,149,600
BASIC AND DILUTED EARNINGS PER SHARE OF CONTINUING OPERATIONS (IN EURO)	**N.A.**	**0.008**

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.

34. OPERATING SEGMENTS

The services provided by the Rekeep Group can be divided into two primary areas of business, which coincide with the Strategic Business Units (SBU) where business is channeled. The latter is not affected by significant seasonality factors.

The SBUs identified coincide with the CGUs where the Group's activities are conducted. See note 6 for details.

Information on the operating segments for the financial year ended 31 December 202

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

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

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

Information on the operating segments for the financial year ended 31 December 2019, as restated

	Facility management	Laundering & Sterilization	Eliminations	Total
Segment revenues	832,716	135,886	(2,519)	966,083
Segment costs	(792,960)	(120,366)	2,519	(910,808)
Operating income (loss) by segment	**39,755**	**15,520**	**0**	**55,275**
Share of net profit of associates	(362)	270	0	(92)
Net financial income (costs)				(40,961)
Profit (loss) before taxes				**14,222**
Income taxes				(13,296)
Profit (loss) from discontinued operations				2,424
NET PROFIT (LOSS) FOR THE YEAR ENDED 31 DECEMBER 2020				**3,350**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	491,170	115,998	(2,318)	604,849
Goodwill	373,969	13,809		387,778
Investments	9,622	5,711		15,333
Assets held for sale	70,500			70,500
Other assets not allocated and related taxes				229,368
SEGMENT ASSETS AT 31 DECEMBER 2019	**945,261**	**135,518**	**(2,318)**	**1,307,829**
Liabilities allocated to the segment	586,428	58,580	(2,318)	642,691
Liabilities held for sale	26,851			26,851
Other liabilities not allocated and related taxes				485,483
SEGMENT LIABILITIES AT 31 DECEMBER 2019	**613,279**	**58,580**	**(2,318)**	**1,155,025**

	Facility management	Laundering & Sterilization	Total
OTHER SEGMENT INFORMATION AT 31 DECEMBER 2019			
Investments in segment assets	20,717	19,813	**40,530**
Amortization/depreciation and write-downs of segment assets	20,839	16,949	**37,789**

Geographical areas

The Group conducts its core business in Italy. At 31 December 2020 the activities conducted abroad were still marginal for the Group, although on the rise, and generated revenues amounting to € 124,949 thousand (€ 31,681 thousand at 31 December 2019).

The information by geographical area required by IFRS 8 is shown below for the years ended 31 December 2020 and 2019.

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

	Italy	Foreign countries	Eliminations	Total
INFORMATION BY GEOGRAPHICAL AREA AT 31 DECEMBER 2019				
Revenues	975,401	31,681		**1,007,082**
Non-current operating assets	619,289	19,604		**638,893**

35. COMMITMENTS AND GUARANTEES

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

Specifically, the Group signed finance lease agreements primarily for plant and equipment used in the production processes of the Laundering & Sterilization SBU and for motor vehicles and equipment. Moreover, during 2017 a property lease agreement was signed by subsidiary Servizi Ospedalieri S.p.A. to acquire the factory in Lucca, while the acquisitions of EOS and Medical

Device S.r.l., during 2018 and the acquisition of Rekeep Polska (formerly Naprzód) in 2019 contributed additional leases for capital goods and for the use of a property. Finally, during 2020 the Parent Company Rekeep signed two finance lease agreements relating to specific equipment for € 476 thousand, in addition to the execution of new finance lease agreements on the part of the controlling company Servizi Ospedalieri for € 976 thousand relating to machinery for industrial laundering.

Furthermore, the Group holds commitments to the execution of property lease agreements for the Group's offices, as well as long-term hire agreements for the Group companies' corporate fleets and agreements for the hiring of equipment used in performing some work contracts, accounted for in accordance with the new IFRS16 as from 1 January 2019.

The tables below report the breakdown of the amount of future payments under finance lease agreements and their present value at 31 December 2020 and 31 December 2019:

	31 December 2020			
	Finance Lease		Operating Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	1,606	1,689	8,145	6,527
From one year to five years	3,934	3,681	24,583	21,128
After 5 years	1,546	1,056	12,193	11,133
TOTAL LEASE PAYMENTS	**7,086**	**6,426**	**44,921**	**38,788**
Financial charges	(660)		(6,133)	
PRESENT VALUE OF LEASE PAYMENTS	**6,426**	**6,426**	**38,788**	**38,788**

	31 December 2019			
	Finance Lease		Operating Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	1,935	1,451	7,881	6,086
From one year to five years	3,731	3,114	26,079	21,157
After 5 years	1,846	1,288	17,524	15,676
TOTAL LEASE PAYMENTS	**7,512**	**5,853**	**51,484**	**42,920**
Financial charges	(1,659)		(8,564)	
PRESENT VALUE OF LEASE PAYMENTS	**5,853**	**5,853**	**42,920**	**42,920**

Furthermore, as at 31 December 2020, the Group granted sureties to third parties for:

- guarantees for financial obligations of € 11,022 thousand (€ 21,680 thousand compared to 31 December 2019), of which € 2,932 thousand issued in the interest of associates for overdrafts and other financial obligations (€ 3,099 thousand at 31 December 2019);
- sureties issued to third parties to ensure the correct fulfillment of contract obligations in place with customers amounting to € 324,376 thousand (€ 306,134 thousand at 31 December 2019), of which € 1 thousand issued in the interest of associates;
- other guarantees issued by third parties in favor of associates, joint ventures and other shareholdings amounting to € 10,307 thousand (€ 12,545 thousand at 31 December 2019).
- 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 € 48,299 thousand (€ 25,316 thousand at 31 December 2019).

Guarantees arising from the Senior Secured Notes bond issue launched by controlling company CMF S.p.A. in 2017 and from the Super Senior Revolving loan agreement with Unicredit Bank A.G.

CMF S.p.A., which was established by Parent Company Manutencoop Società Cooperativa in 2017, launched a Senior Secured Notes bond issue in 2017, due 2022. On 29 June 2017 CMF also signed, as the Parent Company, a Super Senior Revolving loan agreement for € 50 million, governed by English law, to which Rekeep S.p.A. became a party as Borrower.

CMF S.p.A. was merged by incorporation into Rekeep S.p.A. with statutory, accounting and tax effects running from 1 July 2018, thus executing the provisions of the Indenture signed on 13 October 2017. After the merger, the subsidiary Servizi Ospedalieri S.p.A. may also access the revolving credit facility, since it has provided a specific personal security.

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

- a first-degree pledge over the total shares of Rekeep S.p.A., granted by the controlling company Manutencoop Società Cooperativa;
- 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 2020 no events of default had occurred.

Following the new issue of Senior Secured Notes on 28 January 2021, by which the Notes issued in 2017 were repaid in advance, all the guarantees listed above were cancelled and replaced by those provided for in the new Indenture.

36. TRANSACTIONS WITH RELATED PARTIES

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

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

The Parent Company not only provides technical-production services relating to the core business, but also administrative and IT services for certain Group companies. The Parent Company also has some administrative and lease service contracts in place with its parent company Manutencoop Società Cooperativa.

Finally, in certain cases the Parent Company provides and performs technical services and works for individuals who hold top management positions within the Group, according to contracts entered into at arm's length. Advances of € 984 thousand collected in consideration of these services were recognized at 31 December 2020 (€ 1,311 thousand at 31 December 2019).

The main contracts in place with other Rekeep Group companies, controlled by Manutencoop Società Cooperativa, with the latter and its subsidiaries, are shown below:

- Manutencoop Cooperativa sub-leased to the Company the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The lease has a term of five years and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is € 1,320 thousand to be paid in 12 monthly installments;
- Manutencoop Società Cooperativa also leased to Rekeep S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use . The lease has a term of six years and is tacitly renewable. Annual rent is expected to be € 325 thousand to be paid in 12 monthly installments;
- On 6 July 2007, Rekeep S.p.A. signed a framework agreement with its parent company, Manutencoop Cooperativa, in order to regulate the essential contents of subsequent personnel leases from Manutencoop Cooperativa to Rekeep S.p.A. pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term, and is tacitly renewed, unless terminated by one of the parties. As a result of said agreement, which has the legal nature of a prescriptive contract that does not provide rights to third parties, Rekeep S.p.A. and the parent company Manutencoop Cooperativa set out the

conditions that regulate any future contracts for the leasing of shareholding personnel of Manutencoop Cooperativa, and the operating rules for establishing and terminating said contracts;

- Manutencoop Cooperativa is committed, on the basis of contracts stipulated with the individual companies of the Rekeep Group, to prepare pay packets;
- Rekeep S.p.A. signed agreements with Manutencoop Cooperativa 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 Manutencoop Società Cooperativa.

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

	31 December 2019	31 December 2018
BALANCE SHEET		
ASSETS		
A) Subscribed capital unpaid	52	69
B) Fixed assets	316,234	321,247
C) Current assets	30,166	22,688
D) Accrued income and prepaid expenses	993	1,109
TOTAL ASSETS	**347,445**	**345,114**
LIABILITIES		
A) Shareholders' equity:		
Share capital	5,034	5,713
Reserves	277,737	280,839
Profit/(Loss) for the year	8,381	(3,102)
B) Provisions for risks and charges	684	148
C) Employee Severance Indemnity	984	1,280
D) Payables	53,995	59,594
E) Accrued expenses and deferred income	630	642
TOTAL LIABILITIES	**347,445**	**345,114**
INCOME STATEMENT		
A) Value of production	34,282	30,658

	31 December 2019	31 December 2018
B) Costs of production	(33,230)	(29,797)
C) Financial income and costs	9,033	(3,827)
D) Value adjustments to financial assets	(2,855)	(697)
Income taxes for the year	1,151	561
Profit/(Loss) for the year	**8,381**	**(3,102)**

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 2020, as well as those paid to executives with strategic responsibilities in the Parent Company, including for roles held in other Group companies:

	31 December 2020	31 December 2019 restated
Board of Directors		
Short-term benefits	416	416
Post-employment benefits	0	0
TOTAL BOARD OF DIRECTORS	**416**	**416**
Executives with strategic responsibilities		
Short-term benefits	2,787	3,254
Post-employment benefits	133	136
TOTAL EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**2,920**	**3,389**
Board of Statutory Auditors		
Short-term benefits	104	133
TOTAL BOARD OF STATUTORY AUDITORS	**104**	**133**

The table below reports the fees accounted for in the 2020 consolidated income statement for audit and non-audit services rendered by EY S.p.A. and by other entities in its network:

	31 December 2020	31 December 2019 restated
Audit services	614	515
Certification services	34	27
Other services	744	140
TOTAL FEES DUE TO EY S.P.A. NETWORK COMPANIES	**1,392**	**682**

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

37. 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.

During the last quarter of the 2017 financial year the parent company Manutencoop Società Cooperativa carried out a corporate reorganization and refinancing of the entire Manutencoop Group. The corporate reorganization involved the transfer of the shares held by Manutencoop Società Cooperativa in the Parent Company Rekeep S.p.A. to a newly-established corporate SPV named CMF S.p.A., which is now the direct Parent Company of Rekeep S.p.A. itself. Specifically, CMF S.p.A. was established for the launch of a Senior Secured bond issue aimed at repurchasing the Notes already issued by the Parent Company Rekeep S.p.A. in 2013, as well as at purchasing the shares held by the minority interests in the share capital of the Parent Company Rekeep S.p.A. and repaying the other financial debt of the entire Group controlled by Manutencoop Società Cooperativa.

Therefore, 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. The Notes, which were reserved for institutional investors and were listed on the Euro MTF segment managed by the Luxembourg Stock Exchange, as well as on the Extra MOT, Pro Segment, of Borsa Italiana, were issued at a price equal to 98% and a coupon at a fixed rate of 9.0% p.a., payable on a six-monthly basis. At the same time, using the remaining portion of

cash acquired through the subscription of the Notes, CMF S.p.A. completed the acquisition of the shares held by Institutional Investors in the share capital of Rekeep S.p.A. (equal to 33.2%), thus becoming the sole shareholder of Rekeep S.p.A..

After having attained the set objectives, as required by the Offering Memorandum for the bond issue, on 1 July 2018 the Group completed the merger of CMF S.p.A. by incorporation into its subsidiary Rekeep S.p.A., according to Article 2501-bis (merger with debt). The merger entailed the acquisition, directly by Rekeep S.p.A., of the high-yield bond issue named "€360,000,000 9.0% Senior Secured Notes due 2022", which is not convertible and not subordinated, for an overall amount of principal of € 360 million, due 15 June 2022.

During 2019 and 2020 some distinct buy-back transactions of Senior Secured Notes for a total amount of € 26.1 million were pursued, 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 an offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The 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, organised 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 proceeds from offering the new Senior Secured Notes (totalling € 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, 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 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 2020 and 31 December 2019:

		Hierarchy Levels				Hierarchy Levels		
	31 December 2020	**Level 1**	**Level 2**	**Level 3**	**31 December 2019**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss								
Financial assets, securities and other non-current financial assets	101	101			**101**	101		
- of which securities	101	101			**101**	101		
Available for sale financial assets								
Financial assets and other current financial assets	**0**	0			**0**	0		
- of which securities	**0**	0			**0**	0		
- of which hedging derivatives	**0**	0			**0**	0		
- of which non-hedging derivatives	**0**	0			**0**	0		
TOTAL FINANCIAL ASSETS	**101**	**101**			**101**	**101**		

The other financial assets posted in the Statement of financial position are not measured at fair value and the Group has no financial liabilities measured at fair value at 31 December 2020 and 31 December 2019. 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 2020:

	31 December 2020	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
NON-CURRENT FINANCIAL ASSETS			
Other investments	7,130	7,130	
Non-current financial assets	5,529		5,529
Other non-current assets	3,408		3,408
Total non-current financial assets	**16,067**	**7,130**	**8,937**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	431,121		431,121
Current tax receivables	10,010		10,010
Other current assets	25,636		25,636
Current financial assets	5,994		5,994
Cash and cash equivalents	90,464		
Total current financial assets	**563,225**	**0**	**472,761**
TOTAL FINANCIAL ASSETS	**579,292**	**7,130**	**481,698**
FINANCIAL INCOME (COSTS)	**8,554**	**5,227**	**3,327**

	31 December 2020	Financial Liabilities at Fair Value through profit or loss	FinancialLiabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	380,738		38,738
Financial liabilities for non-current derivatives	0		0
Other non-current liabilities	60		60
Total non-current financial liabilities	**380,798**	**0**	**380,798**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	412,849		412.849
Current tax payables	2,274		2.274
Other current liabilities	184,249		184.249
Bank borrowings and other financial liabilities	50,047		50,047
Total current financial liabilities	**649,419**	**0**	**649,419**
TOTAL FINANCIAL LIABILITIES	**1,030,217**	**0**	**1,030,217**
FINANCIAL INCOME (COSTS)	**(54,615)**	**0**	**(54,615)**

Below is the same information for the financial year ended 31 December 2019:

	31 December 2019	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
NON-CURRENT FINANCIAL ASSETS			
Other investments	4,957	4,957	
Non-current financial assets	4,819		4,819
Other non-current assets	97,801		97,801
Total non-current financial assets	**107,577**	**4,957**	**102,620**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	412,572		412,572
Current tax receivables	10,090		10,090
Other current assets	31,054		31,054
Current financial assets	4,819		4,819

	31 December 2019	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
Cash and cash equivalents	97,143		
Total current financial assets	**555,678**	**0**	**458,535**
TOTAL FINANCIAL ASSETS	**663,255**	**4,957**	**561,155**
FINANCIAL INCOME (COSTS)	**4,136**	**340**	**3,796**

	31 December 2019	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	396,759		396,759
Financial liabilities for non-current derivatives	0		0
Other non-current liabilities	551		551
Total non-current financial liabilities	**397,310**	**0**	**397,310**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	405,950		405,950
Current tax payables	1,280		1,280
Other current liabilities	192,465		192,465
Bank borrowings and other financial liabilities	71,830		71,830
Total current financial liabilities	**671,525**	**0**	**671,525**
TOTAL FINANCIAL LIABILITIES	**1,068,835**	**0**	**1,068,835**
FINANCIAL INCOME (COSTS)	**(48,965)**	**0**	**(48,965)**

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), finance leases and medium/long-term loans.

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

For this purpose the Group may make use of committed credit lines in the form of loans or of assignments without recourse of trade receivables in order to meet financial requirements (if any).

On 27 December 2018 the Parent Company Rekeep S.p.A. and its subsidiary Servizi Ospedalieri S.p.A. signed a 3-year maturity factoring agreement with Bancafarmafactoring S.p.A. concerning the assignment without recourse and on a revolving basis of receivables claimed by the same companies from entities in the National Health System and Public Authorities, in an amount of up to € 200 million. The new agreement replaces the previous one, which was also signed with Banca Farmafactoring S.p.A. in 2016 and which provided for an annual ceiling of up to € 100 million for the assignment of receivables claimed from the National Health System only.

Within the context of the abovementioned refinancing transaction, CMF S.p.A. also signed a Super Senior Revolving (RCF) loan agreement for a total amount of € 50 million, governed by English law, transferred to Rekeep S.p.A. following the above-mentioned reverse merger. Specifically, the Super Senior Revolving Loan agreement was entered into between, among others, CMF S.p.A., on the one hand, and J.P. Morgan Limited and UniCredit S.p.A., which act as Mandated Lead Arrangers, UniCredit Bank AG, Milan Branch, as Agent and Security Agent, and the Original Lenders, on the other hand. After the merger, the indirect subsidiary Servizi Ospedalieri S.p.A. may also access the revolving credit facility, providing a specific personal security. 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 facility was drawn down for a half-year on 23 March 2020 and subsequently renewed on 20 September 2020 for an additional half-year in order to meet temporary cash requirements (if any), and was finally repaid on 31 December 2020.

The Group's management believes that the structure of the financial debt maturity, as well as the availability of the abovementioned committed credit lines, allow the Group to meet its financial requirements in an adequate manner.

Price risk

Risks of this nature which the Group is exposed to could involve changes in the price:

- of oil products relating to heat management activities ,
- of cotton, the raw material in the linen used for laundering activities .

However, concerning oil products, these changes are, for the most part, accommodated by the conditions of contracts in place with customers, given that price revision is provided for both by contract, and by art. 115 of Decree Law no. 163 of 12 April 2006. Therefore, it is deemed that the effect on the Group's profit for the year arising from changes in prices, even significant, would essentially have been insignificant, in terms of amount.

Credit risk

The Group's portfolio mix, which, in the past, was made up mainly of contracts with the Public Administration, a situation that did not present insolvency problems, but which required constant contact with customers in order to minimise delays caused by the Authority's red-tape and jointly resolve problems relating to their financial management. At present the portfolio mix also includes some large Italian industrial and banking groups, mainly organized as a network all over the country.

There are no significant credit concentration risks to report, which are carefully monitored by the Group. Furthermore, given the continuing economic downturn, the Group has equipped itself with specific procedures and structures aimed at a more efficient management of its working capital, as well as of debt collection.

Fair value

The carrying amount of the Group's financial instruments recorded in the Consolidated Financial Statements does not deviate from the fair value, including the value of those classified as assets held for sale. Market interest rates were applied to financial assets and liabilities as at the balance sheet date.

The comparison between the carrying amount and fair value of the main financial assets and liabilities is shown below:

	Carrying Amount		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
FINANCIAL ASSETS				
Cash and cash equivalents	90,464	97,143	90,464	97,143
Receivables and other current financial assets	5,994	4,819	5,994	4,819
Other minority interests	7,130	4,957	7,130	4,957
Non-current financial receivables	5,529	4,819	5,529	4,819
FINANCIAL LIABILITIES				
Loans:				
- Variable rate loans	9,724	15,247	9,724	15,247
- Fixed rate loans	359,785	390,480	359,785	390,480
Other current financial liabilities	61,276	62,862	61,276	62,862

Interest rate risk

With the refinancing transaction carried out through CMF 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 9% following the merger of CMF S.p.A. by incorporation into Rekeep S.p.A. on 1 July 2018. It should be noted that in January 2021 the Parent Company Rekeep S.p.A. repaid the previous bond by subscribing to a new Senior Secured loan at a more favorable fixed rate of 7.25%.

In addition to the bond issue the Group uses, as medium/long-term financing, bank loans subject to the application of fixed interest rates and finance lease agreements subject to the application of variable interest rates.

The forms of short-term financing used by the Group, which are mainly subject to the application of variable rates which can be identified as the EURIBOR rate, include current account overdrafts, short- and very short-term (hot money) bank loans and assignments of receivables.

The Group's indebtedness mix is then mainly linked to medium/long-term fixed interest rates.

The breakdown of financial instruments of the Group exposed to interest rate risks is listed in note 19, to which reference should be made as regards Loans, and in notes 10 and 13 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 2020	+ 150 bps	(2,362)
	- 30 bps	472
Financial year ended 31 December 2019	+ 150 bps	(635)
	- 30 bps	127

The sensitivity analysis confirms the rigidity of the financial structure adopted by the Rekeep Group, which is mainly based on medium/long-term fixed-rate loans, as already detailed above.

Exchange rate risk

The Group companies have limited dealings with countries in different currencies; however, the Group operates through subsidiaries at a local level in countries that are not part of the Eurozone. In relation to exchange rate risk, it should be noted that the amount of accounting balances denominated in currencies other than the functional currency is to be regarded as not significant compared to the Group's total revenues.

Therefore, the Group remains exposed to exchange rate risk on the balances of assets and liabilities denominated in foreign currency at the end of the year.

The Group has neither entered into nor is planning to enter into hedging instruments against exchange rate fluctuations in the future.

Capital management

The key objective of the Group's capital management is to guarantee that a solid credit rating is maintained as well as adequate capital ratios to support operations and to maximize value for shareholders.

The Group manages the capital structure and amends it on the basis of changes in economic conditions. In order to maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay principal or issue new shares.

The Group checks its debt ratio, by assessing the ratio of net debt to the total of own equity and net debt: interest-bearing loans, trade payables, other payables and provisions for employee severance indemnity net of cash and cash equivalents.

	31 December 2020	31 December 2019
Employee termination indemnity	11,267	12,443
Interest-bearing loans	369,509	405,727
Trade payables and contract liabilities	412,849	405,950
Other current payables	184,249	192,465
Other current financial payables	61,276	62,862
Cash and cash equivalents	(90,464)	(97,143)
Other current financial assets	(5,994)	(4,819)
Total Net Debt	**942,692**	**977,485**
Group shareholders' equity	69,337	151,970
Undistributed net profit (loss)	83,154	(3,285)
Total Capital	**152,491**	**148,685**
EQUITY AND NET DEBT	**1,095,183**	**1,126,170**
INDEBTEDNESS RATIO	**86.1%**	**86.8%**

The debt ratio was substantially unchanged compared to the value at 31 December 2019 following an increase in net debt, which was due to, among others, the recognition of higher current payables due to the recognition of liabilities relating to the notice of payment of the fine requested within the dispute relating to the FM4 Tender. This change was accompanied by a simultaneous decrease in the capital, following the distribution of reserves to the sole shareholder (€ 13,000 thousand).

38. OTHER INFORMATION

In 2020 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 2020 financial year some Group companies achieved income from tax credits for sanitization and the purchase of protective equipment regulated by Article 125 of the Relaunch Decree (Decree Law no. 34 of 2020).

Furthermore, the Parent Company Rekeep S.p.A. and Medical Device S.r.l. entered into soft loans named "Artigiancassa Loan" and "Sabatini Loan", respectively, as described in note 16 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.

39. SUBSEQUENT EVENTS

On 18 January 2021, Rekeep S.p.A. announced the launch of an offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The agreement ("Indenture") was signed between the issuer, Law Debenture Trust Corporation p.l.c. as trustee, Unicredit S.p.A. as Security Agent and Bank of New York Mellon as Paying and Transfer Agent. Within the scope of the transaction, JP Morgan Securities Plc and UniCredit Bank AG acted as Joint Global Coordinators and Joint Physical Bookrunners, while Goldman Sachs International and Credit Suisse acted as Joint Bookrunners. The stock was admitted for listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. The bonds were offered for subscription and were placed (i) in the United States of America, only reserved for qualified institutional buyers in accordance with Rule 144A of the Securities Act and (ii) outside of the United States of America in accordance with Regulation S of the Securities Act and in particular in Europe and in Italy, only subject to exemption from the EU and Italian regulations governing public offerings provided for in the Prospectus Directive, the Consolidated Act on Finance and the Issuers' Regulation.

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

The proceeds from offering the new Senior Secured Notes (totaling € 370 million), together with Cash and Cash equivalents that were already stated in the Company's accounts, were used to pay off the Senior Secured Notes that had been issued in

2017 with an annual coupon of 9% and due 2022, as well as to pay the costs sustained for the redemption premium of these Notes and replenish the liquidity with which the previous RCF line of credit had been repaid.

At the same time as the issue of 28 January 2021, Rekeep S.p.A. finally signed a new revolving loan agreement that will guarantee a senior secured line of credit ("RCF") for an amount of up to € 75 million, to be used for general purposes and to manage the working capital of the Issuer and its subsidiaries. In particular, the RCF loan agreement was entered into between, among others, Rekeep S.p.A., on the one hand, and on the other, Credit Suisse AG Milan Branch, Goldman Sachs Bank Europe SE, JP Morgan AG and Unicredit S.p.A. (as Mandated Lead Arrangers), Unicredit S.p.A. as Agent and Security Agent, and the Original Lenders. The interest rate applicable to each use of the RCF loan for each interest period will be equal to the percentage rate resulting from the sum of the fixed margin (equal to 3.5) and the applicable EURIBOR parameter.

Zola Predosa, 15 April 2021

The Chairman and CEO

Giuliano Di Bernardo

ANNEX I

GROUP COMPANIES

PARENT COMPANY

	Currency	Registered Office	City
Rekeep S.p.A.	Euro	Via Ubaldo Poli no. 4	Zola Predosa (BO)

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name	Registered Office	City	% Held	Currency
Bologna Strade Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	54.37%	Euro
Catermed S.A.	ul. Traktorowa n. 126/201, 91-204	Łódź (Poland)	64.2%	PLN
Cefalù Energia S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	70%	Euro
CO.GE.F. Soc. Cons. a r.l	Via Ubaldo Poli no. 4	Zola Predosa (BO)	80%	Euro
Consorzio Igiene Ospedaliera Soc. Cons. a r.l	Via Ubaldo Poli no. 4	Zola Predosa (BO)	66.66%	Euro
Consorzio Stabile CMF	Via Marino Stenico no. 26	Trento (TN)	99%	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
Global Oltremare Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	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)	80%	PLN
KANARIND Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.43%	Euro
Kolumna Transportu Sanitarnego Triomed sp. z o.o.	ul. Północna n. 22, 20-064	Lublin (Poland)	100%	PLN
Infrastrutture Lombardia Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Logistica Sud Est Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro

Name	Registered Office	City	% Held	Currency
Medical Device S.r.l.	Via della Tecnica no. 52	Montevarchi (AR)	60%	Euro
MSE Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	64%	Euro
Naprzód Catering sp. z o.o.	ul. Stefana Banacha 1A, 02-097	Warsaw (Poland)	100%	PLN
Naprzód Cleaning sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Hospital sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Inwestycje sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód IP sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Marketing sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Service sp. z o.o.	ul. Traktorowa n. 126/202, 91-204	Łódź (Poland)	100%	PLN
Palmanova Servizi Energetici Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe „Postęp" sp. z o.o.	ul. Portowa n.16G, 44-100	Gliwice (Poland)	100%	PLN
Rekeep Arabia for Operations and Maintenance Ltd	P.O Box 230888, Riyadh, 11321, K.S.A., 28th floor, Kingdom tower.	Riyadh (Saudi Arabia)	100%	SAR
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 France S.a.s.	52, Boulevard de Sebastopol	Paris	70%	Euro
Rekeep Polska S.A.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	80%	PLN
Rekeep Rail S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Saudi Co. 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 United Yönetim Hizmetleri A.Ş.	United Plaza Örnektepe Mh. İmrahor Cd. Sivaseli Sk. 4	Istanbul	50,98%	TRY
Rekeep World S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
S.AN.CO S.c.a.r.l.	Via Aurelio Saffi, 51	Bologna	100%	Euro
S.AN.GE S.c.a.r.l.	Viale Sarca 336 – Strada Privata Breda – Edificio 12	Milan	89%	Euro
San Gerardo Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Servizi Brindisi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52%	Euro
Servizi Ospedalieri S.p.A.	Via Calvino no. 33	Ferrara	100%	Euro
Servizi Sanitari Sicilia Soc.Cons. a r.l.	Via Calvino no. 33	Ferrara	70%	Euro
Servizi Taranto Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60.08%	Euro
Telepost S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Vendi Cleaning sp. z o.o.	ul. Traktorowa n.126/201, 91-204	Łódź (Poland)	100%	PLN

Name	Registered Office	City	% Held	Currency
Vendi Marketing sp. z o.o.	ul. Traktorowa n,126, 91-204	Łódź (Poland)	100%	PLN
Vendi Service sp. z o.o.	ul. Traktorowa n.126, 91-204	Łódź (Poland)	100%	PLN
Vendi Servis IP sp. z o.o.	ul. Traktorowa n.126, 91-204	Łódź (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.	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.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Servizi Sportivi Brindisi Soc.cons.r.l. in liquidation	Via Licio Giorgieri 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 Cartiera no. 120	Sasso Marconi (BO)	30%	Euro
Alisei S.r.l. in liquidation	Via Cesari no. 68/1	Modena	100%	Euro
Bologna Gestione Patrimonio Soc.Cons. r.l. in liquidation	Via della Cooperazione no. 9	Bologna	27.58%	Euro
BGP2 Soc.Cons. r.l.	Via Giovanni Papini no. 18	Bologna	41.17%	Euro
Bologna Global Strade Soc.Cons. r.l.	Via Pila no. 18	Sasso Marconi (BO)	59.65%	Euro
Bologna Più' Soc.Cons.r.l in liquidation	Via M.E. Lepido no. 182/2	Bologna	25.68%	Euro
Centro Europa Ricerche S.r.l.	Via G. Zanardelli no. 34	Rome	21.38%	Euro
Como Energia Soc.Cons. r.l. in liquidation	Via Pietro Strazzi no. 2	Como	30%	Euro
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	Via Poiano no. 22	Imola (BO)	60%	Euro
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati no. 84	Padua	60%	Euro
Consorzio Sermagest Soc.Cons. a r.l. in liquidation	Via Filippo Corridoni no. 23	Rome	60%	Euro
Consorzio Servizi Toscana Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro

Name	Registered Office	City	% Held	Currency
F.lli Bernard S.r.l.	Stradella Aquedotto no. 21	Bari	20%	Euro
Gestione Servizi Taranto Soc.Cons.a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	47%	Euro
Gestione Strade Soc.Cons.a r.l.	Strada Manara no. 64/B	Parma	25%	Euro
Gico System S.r.l.	Via Finelli no. 8	Calderara di Reno (BO)	20%	Euro
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	42.40%	Euro
Global Riviera Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	30.66%	Euro
Global Vicenza Soc.Cons. a r.l.	Via Grandi no. 39	Concordia Sulla Secchia (MO)	41.25%	Euro
Gymnasium Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa no. 76	Bologna	29.926%	Euro
Imola Verde e Sostenibile Soc. **Cons. a r.l.**	Via S. Allende no. 39	Bologna	30%	Euro
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi no. 18	Turin	24.75%	Euro
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa no. 23/I	Caltanissetta (CL)	45%	Euro
Manutencoop International Services LLC	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	QAR
MCF servizi Integrati Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Newco Duc Bologna S.p.A.	Via M.E. Lepido no. 182/2	Bologna	24.90%	Euro
Rekeep Austria GmbH in liquidation	IZ NÖ-Süd Straße 2, Obj. M6/7 - 2355	Wiener Neudorf (Austria)	100%	Euro
Roma Multiservizi S.p.A.	Via Tiburtina no. 1072	Rome	45.47%	Euro
San Martino 2000 Soc.Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Euro
S.E.I. Energia Soc. **Cons. a r.l.**	Via Emilia no. 65	Palermo (PA)	49%	Euro
Serena S.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Servizi Napoli 5 Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	45%	Euro
Simagest 2 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	90%	Euro
Simagest 3 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	89.99%	Euro
Società Consortile Adanti Manutencoop a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Steril Piemonte Soc.Cons. r.l.	Corso Einaudi no. 18	Turin	25%	Euro
Tower Soc.Cons. a r.l. in liquidation	Via Zanardi no. 372	Bologna	20.17%	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 19	Changes for the financial year					Net assets 31 December 20	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
2High S.r.l.	30%	0	90					90	90	0
Alisei S.r.l. in liquidation	100%	(87)				(23)		(110)	0	(110)
A.M.G. S.r.l.	50%	2,338		(54)	95			2,379	2,379	
BGP 2 Soc. Cons. a r.l.	41.47%	104			(42)			62	62	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidation	27.58%	0			0			0	0	
Bologna Global Strade Soc. Cons. a. r.l.	60%	60			(1)			59	59	
Bologna Più Soc. Cons. a r.l.	25.68%	5						5	5	
Centro Europa Ricerche S.r.l.	21.38%	67			(1)			66	66	
Co. & Ma. Soc. Cons. a r.l.	50%	5						5	5	
Como Energia Soc. Cons. a r.l. in liquidation	30%	10			(3)			7	7	
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	60%	6						6	6	
Consorzio Polo sterilizzazione Integrata	60%	1						1	1	

	%	Net assets 31 December 19	Changes for the financial year					Net assets 31 December 20	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Consorzio Sermagest in liquidation	60%	0						0	0	
Consorzio Servizi Toscana ar.l.	60%	0	6					6	6	
DUC Gestioni Soc.Cons. a r.l.	49%	10						10	10	
F.lli Bernard S.r.l.	20%	1,727		(60)	(164)			1,503	1,503	
Gestione Servizi Taranto Soc.Cons.a r.l.	47%	0	9					9	9	
Gestione Strade Soc.Cons. a r.l.	25%	13						13	13	
GICO Systems S.r.l.	20%	225		(60)	38			203	203	
Global Provincia di Rimini Soc.Cons. a r.l.	42.40%	4						4	4	
Global Riviera Soc.Cons. a r.l.	30.66%	9						9	9	
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%	398			(15)			382	382	

	%	Net assets 31 December 19	Changes for the financial year					Net assets 31 December 20	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Legnago 2001 Soc. Cons. a r.l.	50%	5						5	5	
Logistica Ospedaliera Soc. Cons. a r.l	45.00%	5						5	5	
Manutencoop International Services LLC	49%	0	(45)			(55)	45	(55)	(0)	(55)
MCF Servizi integrati Soc. Cons. a r. l. in liquidation	60%	0	6		0			6	6	
Newco DUC Bologna S.p.A.	24.90%	1,613			302		(127)	1,788	1,788	
Rekeep Austria GmbH in liquidation	100%	0	108		(108)			0	0	
ROMA Multiservizi S.p.A.	45.47%	2,618		0	(1,244)		(23)	1,350	1,350	
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	
Società - Consortile Adanti Manutencoop a r.l. in liquidation	50%	10						10	10	
Serena S.r.l.	50%	9						9	9	
Servizi Napoli 5 Soc. Cons. a r.l.	45%	5						5	5	
Servizi Sportivi Brindisi Soc. Cons. a r.l. in liquidation	50%	5						5	5	

	%	Net assets 31 December 19	Changes for the financial year					Net assets 31 December 20	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Simagest 2 Soc.Cons.a r.l. in liquidation	90%	45						45	45	
Simagest 3 Soc.Cons.a r.l. in liquidation	89.99%	45						45	45	
Steril Piemonte Soc. Cons. a r.l.	25%	986			14			1,000	1,000	
T&M Protection Resources Holdings Italy S.r.l.	40%	0	(4)		4			0	0	
Tower Soc.Cons. a r.l.	20.17%	20						20	20	
Yougenio S.r.l. in liquidation.	100%	0	6,315		(6,315)	(168)		(168)	0	(168)
	NET BOOK VALUE	**10,289**	**6,485**	**(174)**	**(7,441)**	**(246)**	**(105)**	**8,806**	**9,140**	**(333)**

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
Manutencoop Società Cooperativa	31-Dec-19	159	32,014		1,123	31-Dec-19	65	8,082	8,943	33,096
	31-Dec-20	175	27,024			31-Dec-20	57	8,915	5,912	17,040

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-19					31-Dec-19				
	31-Dec-20		116			31-Dec-20			215	
Alisei s.r.l. in liquidation	31-Dec-19					31-Dec-19	3			1
	31-Dec-20					31-Dec-20	3			1
AMG S.r.l.	31-Dec-19		270			31-Dec-19			293	
	31-Dec-20		251			31-Dec-20	1		331	
BGP2 Soc.Cons. r.l.	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	31-Dec-19	60	878			31-Dec-19	355		1,043	
	31-Dec-20	(148)	244			31-Dec-20	165		501	
Bologna Multiservizi Soc.Cons. a r.l.	31-Dec-19		40			31-Dec-19				
	31-Dec-20					31-Dec-20				
Bologna Più Soc.Cons.a r.l. in liquidation	31-Dec-19					31-Dec-19		3	3	2
	31-Dec-20					31-Dec-20		3	3	2
Bologna Global Strade Soc. Cons. a r.l	31-Dec-19	2,638	4,711			31-Dec-19	2,322	336	3,588	
	31-Dec-20	457	767			31-Dec-20	86	383	1	
Cardarelli	31-Dec-19		7			31-Dec-19				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Soc. Cons. a r.l.	31-Dec-20					31-Dec-20				
Centro Europa Ricerche S.r.l.	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
Como Energia Soc.Cons.a r.l.	31-Dec-19					31-Dec-19			102	
	31-Dec-20		7			31-Dec-20			111	
Consorzio Imolese Pulizie soc.Cons. in liquidation	31-Dec-19					31-Dec-19		36	12	
	31-Dec-20					31-Dec-20		36	12	
Consorzio Polo Sterilizzazione Integrata a r.l.	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
Consorzio Sermagest Soc.Cons.a r.l in liquidation	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
Consorzio Servizi Toscana Soc.Cons.a r.l in liquidation	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20	282		177	
CO.& MA. Soc. Cons. a r.l	31-Dec-19	360	1,035			31-Dec-19	240	20	839	
	31-Dec-20	360	1,203			31-Dec-20	60	20	568	
DUC Gestione Sede Unica Soc. Cons. a r.l.	31-Dec-19	7,075	3,538			31-Dec-19	3,877		996	
	31-Dec-20	7,141	3,218			31-Dec-20	3,140		1,037	
Fr.lli Bernard s.r.l.	31-Dec-19	12	34			31-Dec-19	41	50	61	
	31-Dec-20	60	23			31-Dec-20	76	50	32	
Gestione Servizi Taranto Soc.Cons.a r.l.	31-Dec-19					31-Dec-19				
	31-Dec-20	1,570	1,345			31-Dec-20	1,584	32	847	
Gestione Strade soc.cons.r.l.	31-Dec-19	107	1,273			31-Dec-19	57	63	815	
	31-Dec-20	223	1,278			31-Dec-20	78	63	433	
Gico Systems S.r.l.	31-Dec-19	10	1,388			31-Dec-19	9		953	
	31-Dec-20	6	1,717			31-Dec-20	2		984	
Global	31-Dec-19					31-Dec-19		70	13	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Provincia di RN Soc.Cons.a r.l. in liquidation	31-Dec-20					31-Dec-20		70	13	
Global Riviera Soc.Cons.a r.l.	31-Dec-19		8			31-Dec-19			(23)	
	31-Dec-20		9			31-Dec-20			(14)	
Global Vicenza Soc.Cons. a r.l.	31-Dec-19		(4)			31-Dec-19		10	14	
	31-Dec-20		3			31-Dec-20		10	16	
GR.A.AL. Soc. Cons. a. r.l.	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
Gymnasium Soc. cons. a r.l in liquidation	31-Dec-19					31-Dec-19	1	8	33	
	31-Dec-20					31-Dec-20	1	8	33	
MCF Servizi integarti Soc. cons. a r.l. in liquidation	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	31-Dec-19					31-Dec-19				3
	31-Dec-20	285	274			31-Dec-20	114		102	3
IPP S.r.l.	31-Dec-19	16				31-Dec-19	12	59		
	31-Dec-20	15	158			31-Dec-20	27	59	149	
Legnago 2001 Soc. Cons. r.l.	31-Dec-19		4			31-Dec-19	158		54	
	31-Dec-20		5			31-Dec-20	158		59	
Logistica Ospedaliera Soc. Cons. a r.l.	31-Dec-19					31-Dec-19			15	
	31-Dec-20		4			31-Dec-20			19	
Manutencoop International Services LLC	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
MCF Servizi integarti Soc. cons. a r.l. in liquidation	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20	689		322	
Newco DUC Bologna S.p.A	31-Dec-19		15			31-Dec-19			51	
	31-Dec-20					31-Dec-20			51	
Palazzo della Fonte S.c.p.a.	31-Dec-19	2,401				31-Dec-19	(1)			
	31-Dec-20					31-Dec-20				
Rekeep Austria G.m.b.H. in liquidation	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20		8		

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Roma Multiservizi S.p.A.	31-Dec-19	818	1,124			31-Dec-19	3,377		341	
	31-Dec-20	716	(569)			31-Dec-20	409		627	
San Martino 2000 Soc.Cons. r.l.	31-Dec-19	1,585	2,425			31-Dec-19	135		1,556	
	31-Dec-20	1,555	2,618			31-Dec-20	1,114		531	
Serena S.r.l. - in liquidation	31-Dec-19					31-Dec-19		3		
	31-Dec-20					31-Dec-20		3		
Servizi Napoli 5 Soc.Cons. a r.l.	31-Dec-19	1,400	1,322			31-Dec-19	2,773		1,731	
	31-Dec-20	1,357	1,290			31-Dec-20	3,853		2,612	
S.E.I. Energia Soc. Cons. a r.l.	31-Dec-19	67		22		31-Dec-19	121	776		
	31-Dec-20	49	3,944	22		31-Dec-20	44	757	2,347	
S.I.MA.GEST 2 Soc. Cons. r.l. in liquidation	31-Dec-19					31-Dec-19		75	13	2
	31-Dec-20					31-Dec-20		75	13	2
S.I.MA.GEST 3 Soc. Cons. r.l in liquidation	31-Dec-19					31-Dec-19		3	3	
	31-Dec-20		4			31-Dec-20		3	7	
Società Consortile Adanti Manutencoop in liquidation	31-Dec-19					31-Dec-19			53	
	31-Dec-20					31-Dec-20			53	
Steril Piemonte Soc. cons. a.r.l	31-Dec-19		714			31-Dec-19	7		496	
	31-Dec-20		394			31-Dec-20	7		189	
T&M Protection Resources Holdings Italy S.p.A.	31-Dec-19	47				31-Dec-19				
	31-Dec-20					31-Dec-20				
Tower Soc.Cons. a r.l. in liquidation	31-Dec-19					31-Dec-19	33	29		
	31-Dec-20					31-Dec-20	33	29		
Yougenio S.r.l. in liquidation	31-Dec-19					31-Dec-19				
	31-Dec-20	684	192	114		31-Dec-20	705		232	29

SUBSIDIARIES OF MANUTENCOOP SOCIETA' COOPERATIVA

		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-19					31-Dec-19	1			
	31-Dec-20					31-Dec-20	1			
Nugareto Società Agricola Vinicola S.r.l.	31-Dec-19	1	5			31-Dec-19			5	
	31-Dec-20				703	31-Dec-20		6		
Sacoa S.r.l.	31-Dec-19	43	20			31-Dec-19	15			
	31-Dec-20	41	24			31-Dec-20	12		2	
Sacoa Servizi Telematici S.r.l.	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
Segesta servizi per l'Ambiente S.r.l.	31-Dec-19	5				31-Dec-19	2			
	31-Dec-20	5				31-Dec-20	6			

ASSOCIATES OF MANUTENCOOP SOCIETA' COOPERATIVA OR OTHER RELATED PARTIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Società Cooperativa	31-Dec-19	73				31-Dec-19	26			
	31-Dec-20	72				31-Dec-20	19			
Consorzio Karabak 2 Società Cooperativa	31-Dec-19	5	1			31-Dec-19	2			
	31-Dec-20	4				31-Dec-20	1			
Consorzio Karabak 4 Società Cooperativa	31-Dec-19					31-Dec-19			1	
	31-Dec-20		1			31-Dec-20			1	
Consorzio Karabak 5 Società Cooperativa	31-Dec-19					31-Dec-19			1	
	31-Dec-20					31-Dec-20				
Consorzio	31-Dec-19					31-Dec-19				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Karabak 6 Società Cooperativa	31-Dec-20					31-Dec-20				
Holmo S.p.A.	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL	**31-Dec-19**	**16,882**	**50,822**	**22**	**1,123**	**31-Dec-19**	**13,631**	**9,623**	**22,004**	**33,104**
	31-Dec-20	**14,627**	**45,545**	**136**	**703**	**31-Dec-20**	**12,727**	**10,530**	**18,528**	**17,077**

ANNEX IV

STATEMENT OF RECONCILIATION OF THE RECLASSIFIED STATEMENT OF CASH FLOW AND THE STATUTORY SCHEDULE ITEMS

	For the year ended 31 December			
		2020		2019 restated
Cash and cash equivalents at the beginning of the year		**97,143**		**94,733**
Cash flow from current operations:		**50,748**		**55,194**
Profit before tax	10,986		14,222	
Profit (loss) from discontinued operations	2,569		2,424	
Capital gains from disposal of discontinued operations	(13,589)		0	
Other unrealized write-downs on discontinued operations	405		0	
Amortization, depreciation, write-downs and (write-backs) of assets	40,666		37,789	
Accrual (reversal) of provisions for risks and charges	8,236		4,270	
Employee termination indemnity provision	585		1,086	
Share of net profit of associates, net of dividends collected	7,555		290	
Financial charges (income) for the year	47,130		41,428	
Net interests received (paid) in the year	(37,786)		(33,904)	
Income taxes paid in the year	(16,036)		(5,055)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*(9,587)*		*(7,357)*	
Cash flow from current operations of discontinued operations	*9,615*		*0*	
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR):		**(6,380)**		**(6,258)**

	For the year ended 31 December			
		2020		2019 restated
Payments of employee termination indemnity	(1,695)		(2,119)	
Use of provisions for risks and charges	(4,685)		(4,139)	
CHANGE IN NWOC:		**(16,892)**		**4,634**
Decrease (increase) in inventories	(5,629)		(1,453)	
Decrease (increase) in trade receivables	(24,522)		5,978	
Increase (decrease) in trade payables	13,259		109	
INDUSTRIAL AND FINANCIAL CAPEX:		**16,288**		**(48,934)**
(Purchase of intangible assets, net of sales)	(5,264)		(7,681)	
(Purchase of property, plant and equipment)	(28,921)		(25,020)	
Proceeds from sale of property, plant and equipment	629		63	
(Acquisition of investments)	(386)		8,700	
Decrease (increase) of financial assets	(4,360)		2,114	
Financial effects of business combinations	(6,173)		(10,813)	
Discontinuing operations	53,935		(2,941)	
Reclassifications:				
Change in current financial assets	*3,241*		*(2,108)*	
Financial effects of business combinations	*6,054*		*(8,484)*	
Financial effects of discontinued operations	*8,147*		*(11,127)*	
Cash flow from current operations of discontinued operations	*(10,615)*		*0*	
Reclassification of Debt of Discontinued Operations	*0*		*8,363*	
CHANGE IN NET FINANCIAL LIABILITIES:		**39,980**		**21,647**
Change in finance lease debt	573		(1,143)	
New (repayment of) operating lease debt	(8,125)		(6,993)	
Non-current borrowings	3,670		0	
Repayment of non-current borrowings	(24,963)		(12,199)	
Net opening (repayment) of short-term bank credit lines	3,504		(4,574)	
Other net changes in borrowings	(16,451)		6,350	
Reclassifications:				

	For the year ended 31 December			
		2020		2019 restated
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*9,587*		*7,357*	
Net change in current financial assets	*(3,241)*		*2,108*	
Non-cash elements on acquisitions of rights of use	*4,953*		*6,493*	
Financial effects of business combinations	*(6,054)*		*8,484*	
Financial effects of discontinued operations	*(1,770)*		*0*	
Dividend distribution authorized in the previous year	*(13,000)*		*0*	
Non-monetary effects on equity investments	*12,338*		*0*	
Distribution of reserves and other changes in Equity	*0*		*13,000*	
Reclassification of Debt of Discontinued Operations	*0*		*(8,363)*	
OTHER CHANGES:		**(11,463)**		**(23,872)**
Decrease (increase) in other current assets	5,943		(6,962)	
Increase (decrease) in other current liabilities	4,293		2,894	
Dividend distribution authorized in previous years	(13,000)		0	
Acquisition/sale of minority interests in subsidiaries	324		(230)	
Differences from translation of financial statements in foreign currency	646		(81)	
Reclassifications:				
Non-cash elements on acquisitions of rights of use	*(4,953)*		*(6,493)*	
Financial effects of discontinued operations	*(5,377)*		*0*	
Dividend distribution authorized in the previous year	*13,000*		*0*	
Non-monetary effects on equity investments	*(12,338)*		*0*	
Distribution of reserves and other changes in Equity	*0*		*(13,000)*	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**90,464**		**97,143**

INDIPENDENT AUDITOR'S REPORT

rekeep

minds that work

Rekeep S.p.A.

Consolidated financial statements as at December 31, 2020

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

EY S.p.A.
Via Massimo D'Azeglio, 34
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Sole Shareholders 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 at December 31, 2020, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in shareholders' equity 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 at December 31, 2020, 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 "*17. Provisions for risks and charges*" and note "*21. Trade payables, contract liabilities and other current liabilities*" of the consolidated financial statements, in which the Directors describe the 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.

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 at December 31, 2020, 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 at December 31, 2020 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 at December 31, 2020 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, March 31, 2021

EY S.p.A.
Signed by: Alberto Rosa, Auditor

This report has been translated into the English language solely for the convenience of international readers.

SEPARATE FINANCIAL STATEMENTS

AT 31 DECEMBER 2020

rekeep

minds that work

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 EXECUTIVE OFFICER
Giuliano Di Bernardo

VICE CHAIRMAN
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.

2020 SEPARATE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(in Euro)	NOTES	31 December 2020	31 December 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	7,549,801	7,440,296
Property, plant and equipment under lease	4	27,138,483	29,722,725
Goodwill	6	326,421,263	326,421,263
Other intangible assets	5	18,057,730	20,573,087
Investments in Subsidiaries, Joint-ventures, Associates	7	114,153,187	120,062,906
Other investments	7	7,009,964	4,695,463
Non-current financial assets	8	29,206,551	30,188,317
Other non-current assets	9	2,707,511	97,315,218
Deferred tax assets	33	11,160,134	11,284,217
TOTAL NON-CURRENT ASSETS		**543,404,626**	**647,703,494**
CURRENT ASSETS			
Inventories	10	517,045	817,774
Trade receivables and advances to suppliers	11	286,270,770	289,192,950
Current tax receivables		7,753,005	6,473,758
Other current assets	12	12,385,498	16,797,511
Current financial assets	13	46,130,812	25,264,955
Cash and cash equivalents	14	53,822,821	64,653,659
TOTAL CURRENT ASSETS		**406,879,951**	**403,200,608**
Assets held for sale	15	0	40,142,289
TOTAL NON-CURRENT ASSETS HELD FOR SALE		**0**	**40,142,289**
TOTAL ASSETS		**950,284,577**	**1,091,046,391**

(in Euro)	NOTES	31 December 2020	31 December 2019
SHAREHOLDERS' EQUITY			
Share capital		109,149,600	109,149,600
Share premium reserve		145,018,390	145,018,390
Reserves		(92,358,621)	(98,134,262)
Retained earnings		3,808,987	3,808,987
Profit/(loss) for the year		(66,398,856)	5,741,154
TOTAL SHAREHOLDERS' EQUITY	**16**	**99,219,501**	**165,583,869**
NON-CURRENT LIABILITIES			
Employee termination indemnity	17	5,615,832	6,728,023
Provisions for risks and charges, non-current	18	21,990,375	22,707,396
Long-term financial debt	19	354,927,809	377,265,176
Deferred tax liabilities	33	12,252,699	13,163,836
Other non-current liabilities		32,000	32,000
TOTAL NON-CURRENT LIABILITIES		**394,818,715**	**419,896,432**
CURRENT LIABILITIES			
Provisions for risks and charges, current	18	8,700,932	5,449,825
Trade payables and contract liabilities	21	274,681,436	281,404,455
Current tax payables		259,229	0
Other current liabilities	22	142,107,739	163,019,148
Bank borrowings, including current portion of long-term debt, and other financial liabilities	19	30,497,025	55,692,663
TOTAL CURRENT LIABILITIES		**456,246,361**	**505,566,090**
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		**950,284,577**	**1,091,046,391**

STATEMENT OF PROFIT OR LOSS

	NOTES	31 December 2020	31 December 2019
REVENUE			
Revenue from contracts with customers	23	676,027,108	688,894,984
Other revenue	24	1,035,452	1,282,261
TOTAL REVENUE		**677,062,560**	**690,177,246**
OPERATING COSTS			
Costs of raw materials and consumables	25	(117,145,019)	(114,068,236)
Costs for services and use of third-party assets	26	(234,136,507)	(226,258,795)
Personnel costs	27	(255,438,684)	(278,743,520)
Other operating costs	28	(86,618,166)	(4,523,654)
Amortization, depreciation, write-downs and write- backs of assets	29	(27,966,333)	(21,746,909)
Accrual (reversal) to provisions for risks and charges		(6,163,699)	(2,911,437)
TOTAL OPERATING COSTS		**(727,468,407)**	**(648,252,550)**
OPERATING INCOME		**(50,405,846)**	**41,924,695**
FINANCIAL INCOME AND EXPENSES			
Dividends and net income/(loss) from sale of investments	30	20,942,866	11,014,672
Financial income	31	5,493,433	6,640,433
Financial expenses	32	(44,049,473)	(42,674,437)
Gains / (losses) on exchange rate		254	(15)
Profit/(loss) before taxes		**(68,018,767)**	**16,905,347**
Income taxes, current , prepaid and deferred	33	(9,035,017)	(11,164,194)
Profit/(loss) from continuing operations		**(77,053,784)**	**5,741,154**
Profit (loss) from discontinued operations	15	10,654,928	(11,164,194)
NET PROFIT (LOSS)		**(66,398,856)**	**5,741,154**

STATEMENT OF OTHER COMPREHENSIVE INCOME

(in Euro)	NOTES	31 December 2020	31 December 2019
Profit/(Loss) for the year		**(66,398,856)**	**15,971,159**
Other components of the comprehensive income for the period, which will be subsequently reclassified under profit/(loss) for the year		**0**	**0**
Other components of the comprehensive income, which will be subsequently reclassified under profit/(loss) for the year:			
Actuarial gains/(losses) on defined benefit plans		(7,671)	130,560
Income taxes		42,159	
Net effect of actuarial gains/(losses)	**17**	**34,488**	**(444,440)**
Other components of the comprehensive income forthe year, which will not be subsequently reclassified under profit/(loss) for the year		**34,488**	**(444,440)**
Total profit/(loss) in the statement of comprehensive income, net of taxes		**34,488**	**(444,440)**
Total comprehensive income/(loss), net of taxes		**(66,364,368)**	**15,526,719**

STATEMENT OF CASH FLOWS

(In thousands of Euro)	For the year ended	
	31 December 2020	31 December 2019
Net profit (loss) from continuing operations for the year	**(77,054)**	**5,741**
Income taxes for the year	9,035	11,164
Profit (loss) before taxes	**(68,019)**	**16,905**
Profit (loss) from discontinued operations	11,060	0
Other unrealized write-downs on discontinued operations	(404)	0
Amortization, depreciation, write-downs and (write-backs) of assets	27,996	21,747
Accrual (reversal) of provisions for risks and charges	6,164	2,911
Employee termination indemnity provision	62	123
Payments of employee termination indemnity	(1,175)	(52)
Utilization of provisions for risks and charges	(3,630)	(3,284)
Financial charges (income) for the year	38,556	36,034
Operating cash flows before movements in working capital	**10,581**	**74,385**
Decrease (increase) of inventories	301	(176)
Decrease (increase) of trade receivables	301	17,349
Decrease (increase) of other current assets	5,162	(4,039)
Increase (decrease) of trade payables	(6,723)	(3,671)
Increase (decrease) of other current liabilities	58,491	(899)
Change in Working Capital	**57,531**	**8,565**
Net interest received (paid) in the year	(36,101)	(33,878)
Income tax paid in the year	(12,848)	(8,564)
Net cash flow from operating activities	**19,163**	**40,507**
(Purchase of intangible assets, net of sales)	(3,923)	(5,276)
(Purchase of property, plant and equipment)	(1,631)	(3,311)
Sales of property, plant and equipment	139	3,720
(Acquisition) Disposal of investments	45,328	68
(Decrease) increase of financial assets	(17,648)	(2,885)
Net cash flow used in investing activities	**22,265**	**(7,684)**
Proceeds from non-current borrowings	0	(2,581)
Repayment of non-current borrowings	(23,817)	(10,300)

(In thousands of Euro)	For the year ended	
	31 December 2020	31 December 2019
Proceeds from / (Repayment of) short term bank debt	(3,575)	(8,593)
Proceeds from / (Repayment of) intercompany loans	(6,816)	(9,063)
Proceeds from / (Repayment of) operating leases	(2,460)	(5,493)
Proceeds from / (Repayment of) other loans	(2,591)	4,483
Net change in loans	**(39,259)**	**(31,547)**
Dividends paid	(13,000)	0
Net cash flow from / (used in) financing activities	**(52,259)**	**(31,547)**
Changes in cash and cash equivalents	**(10,831)**	**1,276**
Cash and cash equivalents at the beginning of the year	64,654	63,379
Changes in cash and cash equivalents	(10,831)	1,276
Cash and cash equivalents at the end of the year	**53,823**	**64,654**
Details of cash and cash equivalents:		
Cash and bank current accounts	53,823	64,654
TOTAL CASH AND CASH EQUIVALENTS	**53,823**	**64,654**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the year ended	
	31 December 2020	31 December 2019
Interest paid	(39,330)	(38,244)
Interest received	3,228	4,366
Dividends paid	(13,000)	0
Dividends received	21,389	10,418

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
31 December 2018	**109,150**	**145,018**	**(99,056)**	**3,809**	**15,971**	**174,893**
Effects of changes in accounting standards			(1,635)			**(1,635)**
1 January 2019	**109,150**	**145,018**	**(100,691)**	**3,809**	**15,971**	**173,257**
Allocation of profits			15,971		(15,971)	**0**
Resolution on dividends distribution			(13,000)			**(13,000)**
Comprehensive profit/(loss) for the year			(414)		5,741	**5,327**
31 December 2019	**109,150**	**145,018**	**(98,134)**	**3,809**	**5,741**	**165,584**
Allocation of profits			5,741		(5,741)	**0**
Comprehensive profit/(loss) for the year			34		(66,399)	**(66,364)**
31 December 2020	**109,150**	**145,018**	**(92,359)**	**3,809**	**(66,399)**	**99,220**

EXPLANATORY NOTES

1. GENERAL INFORMATION

Rekeep S.p.A.'s Separate Financial Statements (separate financial statements based on the definition used by IAS 27) for the financial year ended 31 December 2020 were approved by resolutions of the Board of Directors' meeting held on 18 March 2021 and the Shareholders' Meeting held on 15 April 2021.

At 31 December 2020 the share capital of Rekeep S.p.A. was wholly held by the sole shareholder Manutencoop Società Cooperativa, which carries out Management and Coordination activities .

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

1.1 The business

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

Therefore, the Company, provides a wide and coordinated range of integrated services, aimed at rationalizing and improving the quality of the non-strategic and auxiliary activities of major private groups and public authorities.

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

- Cleaning;
- Technical Services;
- Landscaping.

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

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

- design and implementation of redevelopment and adjustment work into line with the safety legislation;

- design and installation of devices for energy saving and for the reduction of emissions of polluting agents into the atmosphere.

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

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

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

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

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The Separate Financial Statements at 31 December 2020 comprise the Statement of financial position, the Statement of Profit or Loss, the Statement of other Comprehensive Income, Statement of cash flows, Statement of changes in Shareholders' equity, and the related Explanatory Notes.

The Separate Financial Statements were prepared on a historical cost basis, except for the financial instruments that have been measured at fair value.

After considering the possible areas of doubt regarding the continuation of business, including the financial risks described in note 36 and any other market risk associated with the pending proceedings described in explanatory notes 18 and 20, the Directors decided to prepare these financial statements on the going concern basis.

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

The Financial statements at 31 December 2020 have been presented in Euro. All values showed in the statements and in the Explanatory Notes are in thousands of Euro, unless otherwise stated.

2.1 Statement of compliance with international accounting standard (IFRS)

The Separate Financial Statements at 31 December 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS). The Company is subject to Letter f) of Article 2 under the Italian Legislative Decree no. 38 of 28 February 2005, which rules the exercise of the options provided for by the Article 5 of Regulation (EC) 1606/2002 about the International Financial Reporting Standards and, therefore, pursuant to Article 3, paragraph 2 and Article 4, paragraph 5, of the aforesaid Italian Legislative Decree, the Company has applied the IFRS as adopted by the European Union in the preparation of its separate Financial Statements as from the year ended 31 December 2005.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the separate Financial Statements are consistent with those used to prepare the separate Financial Statements of the previous year, with the exception of the aspects detailed below for the standards and interpretations which are newly issued and applicable from 1 January 2020, 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.

New or revised IFRS and interpretations applicable from 1 January 2020 or subsequent financial periods

The IASB has issued amendments to some existing standards, applicable as from 1 January 2020:

- *IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates.* The IASB has clarified the definition of “materiality” in order to support the application of the standard. The amendments will become applicable from the financial periods ending after 1 January 2020, with early adoption permitted;
- *IFRS 3 - Business Combinations.* The amendments are aimed at clarifying the definition of a business. The entities shall apply the amendments from the financial periods ending after 1 January 2020;
- IFRS 7 - *Financial Instruments: Disclosures*, IFRS 9 - *Financial Instruments* and IAS 39 - *Financial Instruments: Recognition and Measurement*. On 26 September 2019 the International Accounting Standards Board published the Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7) in order to take account of the consequences of the reform on financial reporting in the period preceding the replacement of an existing interest rate benchmark with an alternative reference rate. The amendments provide for temporary and limited exceptions to the provisions governing hedge accounting. The entities shall apply the amendments from the financial periods ending after 1 January 2020;
- *Amendments to references to the Conceptual Framework in IFRS Standards*. On 29 March 2018 the IASB published these amendments with the aim of improving both the definitions of "assets" and "liabilities" and the process for their measurement, derecognition and reporting. The document also clarifies key concepts such as the identification of the users of financial

statements and the objectives that the financial statements are intended to achieve, as well as deals with the issue of prudence and uncertainty in measurements for disclosures in financial statements;

- *Amendment to IFRS 16 Leases - Covid 19-Related Rent Concessions*. On 28 May 2020 the IASB published an amendment clarifying that the lessee may consider, as a practical expedient, that specific rent reductions (as a direct consequence of Covid-19 virus) may not be regarded as lease modifications and therefore account for them accordingly. This amendment will be applicable from 1 June 2020, but it may be applied by the lessees in advance from 1 January 2020 and was endorsed on 9 October 2020.

The application of these amendments has not had any significant impact on the 2020 Financial Statements.

New accounting standards and amendments not yet applicable and not early adopted

Amendments to IAS 1 - "Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current. On 23 January 2020 the IASB published these amendments in order to clarify the presentation of liabilities in the financial statements of entities. Specifically they: (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and in particular on the right to defer settlement by at least twelve months; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The new amendments will be applicable from 1 January 2023 (with the IASB's decision to postpone the date of first-time adoption, which was previously scheduled on 1 January 2022).

Amendments to IFRS 3 - "Business combinations", IAS 16 – "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", Annual Improvements 2018-2020. On 14 May 2020 the IASB published a package of amendments that clarify and make minor changes to the following IFRS:

- *IFRS 3: Updating a reference to the Conceptual Framework* (no change in the accounting treatment of business combinations);
- *IAS 16*: the amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. The entity must recognise such sales as revenues separately from related costs through profit or loss;
- *IAS 37*: the amendment clarifies the costs to be included in the measurement of losses generated from a contract.

The new amendments will become applicable from 1 January 2022.

Amendments to IFRS 4 "Insurance Contracts - Deferral of effective date of IFRS 9": On 25 June 2020 the IASB published an amendment to support entities in the implementation of the new standard and to make it easier to report their financial performance. The new amendment will be applicable from 1 January 2021.

IFRS 7 - Financial Instruments: Disclosures, IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement. On 27 August 2020 the International Accounting Standards Board published the Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7) – Phase 2 in order to take account of the impact of the reform itself on financial reporting in the period preceding the replacement of an existing interest rate benchmark with an alternative reference rate. The amendments provide for temporary and limited exceptions to the provisions governing hedge accounting. The entities shall apply the amendments as from the financial periods ending after 1 January 2021.

IFRS17 – Insurance Contracts: On 18 May 2017 the IASB published IFRS 17 - Insurance contracts. The new accounting standard aims to help investors, but not only investors, to better understand the insurers' risk exposure, profitability and financial position. On 25 June 2020 the IASB amended the IFRS 17, which had been issued in May 2017, in order to facilitate the implementation of the standard and make it easier to describe financial results. 'IFRS 17, including its amendments, will be applicable to annual financial statements for financial periods commencing after 1 January 2023.

No significant impact is expected from the application of the new standard on the Financial Statements, as the Company does not conduct any insurance business.

2.3 Discretionary assessments and significant accounting assumptions

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

Discretionary assessments

The main decisions taken by the Directors on the basis of discretionary assessments (excluding those relating to accounting estimates), in the application of the accounting standards, with a significant effect on the values recognized in the accounts relate to the adoption, starting from 2007, of the continuity of values principle for the recognition of business combinations under common control. Application of this principle gives rise to the recognition in the statement of financial position of values equal to those that are stated in the consolidated financial statements of the common controlling 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 Manutencoop Società Cooperativa. The additional difference, which cannot be recognized, gives rise to a negative equity reserve.

Uncertainty of estimates

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

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 31 December 2020 the carrying amount of the goodwill stood at € 326,421 thousand (unchanged compared to 31 December 2019): for more details see note 6.

Provisions for risks and charges and Allowance for doubtful accounts

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

Recognition of revenues and costs relating to contract activities

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

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

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

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

The cost of defined-benefit pension plans and of any other post-employment medical benefit, as well as the present value of the defined-benefit liability, are determined on the basis of actuarial assumptions. Actuarial assessments require various assumptions to be made which can differ from actual developments in the future. These assumptions also include the calculation of the discount rate, future pay rises, the mortality rate and future increases in pensions.

Owing to the complexity of the assessment and its long-term nature, these estimates are extremely sensitive to changes in assumptions. All the assumptions are reviewed on an annual basis.

2.4 Summary of the main accounting criteria

Property, plant and equipment

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

Depreciation is calculated on a straight line basis in line with the estimated useful life of the asset, starting from the date the asset becomes available for use, until the date it is sold or disposed of.

The carrying amount of the property, plant and equipment is subject to impairment test when events or changes suggest that the carrying amount may not be recoverable.

A tangible asset is eliminated from the financial statements at the moment of sale or when no future economic benefits are expected from its use or disposal. Any profits or losses (calculated as the difference between net income from the sale and the carrying amount) are included in the income statement in the year of the aforementioned elimination.

The residual value of the asset, useful life and method applied are reviewed annually and adjusted, if necessary, at the end of each financial year.

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

	Useful life
Plant and equipment, maintenance and landscaping	11 years
Plant and equipment, maintenance and construction of properties	From 6.5 to 10 years
Telephone systems	4 years
Equipment for cleaning/landscaping activities	6.5 years
Equipment for technological system management	3 years

	Useful life
Equipment for building construction and maintenance	2.5 years
Other industrial and commercial equipment	10 years
Laundry equipment	8 years
Linen	From 2.5 to 4 years
Vehicles	From 4 to 5 years
Office furniture and equipment	From 5 to 8 years
Leasehold improvements (including under plant and equipment)	< between useful life and lease term

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

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

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

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

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

Goodwill

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

Subsequently, goodwill (consisting of the sum of individual items of goodwill recognized following each business combination carried out by the Company and at the end of the consequent 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 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 Company are recorded by modifying the amortization period or method, as necessary, and treated as changes in the accounting estimates. The amortization charges of intangible assets with a finite useful life are recorded in the income statement under the cost item '(amortization, impairment losses) write-backs of assets'.

The Company did not record any intangible assets with an indefinite useful life, with the exception of goodwill. The principles the Company applied for intangible assets are summarized below:

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

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

Equity investments in subsidiaries, associates and joint ventures

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

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

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

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

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

The carrying amount of property, plant and equipment is subject to impairment test when events or changes suggest that the carrying amount may not be recoverable.

Impairment of assets

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

At the close of each financial year, the Company also assesses the existence of indications that the impairment losses recorded previously no longer exist (or have fallen) and, if said indications exist, estimate the recoverable value. The value of an asset previously written down can only be restored if there have been changes to the estimates used to calculate the recoverable value of the asset following the latest recognition of an impairment loss. In said case, the carrying amount of the asset is adjusted to the recoverable value, without, however, the increased value exceeding the carrying amount that would have been determined,

net of amortization, if no impairment loss had been recognized in the preceding years. Any write-back is recorded as income in the income statement, in the same category in which the write-down was recorded, except where the asset is recognized in a revalued amount, in which case the write-back is treated as a revaluation. After a write-back has been recorded, the amortization charge of the asset is adjusted in future periods, in order to break down the modified carrying amount, net of any residual values, on a straight line basis over the remaining useful life.

Financial assets

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

- financial assets at fair value with changes booked to the income statement, a category which includes the financial assets held for trading, i.e. all assets acquired for short-term sale;
- loans and receivables, defined as non-derivative financial assets with fixed or determinable payments that are not listed on an 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 (replacement cost).

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, which generally have contractual maturities of between 30-90 days, are recorded at nominal value, stated in the invoice net of the bad debt provision. This allocation is made 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.

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, resources are likely to be sacrificed to meet said obligation and its amount can be reliably estimated.

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 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 booked directly to the income statement, as a cost, when recognized. ESI accrued up until 31.12.2006 remains a defined benefit plan, without future contributions.

The Company records actuarial gains or losses in the accounts deriving from the application of the aforementioned method (Projected Unit Credit Method), in an appropriate shareholders’ equity reserve according to the provisions of IAS 19 .The actuarial valuation of the liability was entrusted to an independent actuary. The Company has no other significant defined benefit pension plans.

Leases

According to IFRS16 a lease is an agreement that grants the right to use an asset (“the underlying asset”) for a certain period of time against the payment of a consideration.

At the inception of the contract the entity must assess whether the contract is, or contains, a lease. The contract is, or contains, a lease if it gives the entity the right to control the use of a specified asset for a period of time in exchange for consideration. An entity must reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are amended.

For a contract that is, or contains, a lease, the entity must account for each lease component as a lease separately from non-lease components. For contracts that contain a lease component and one or more lease and non-lease components, the lessor must allocate the consideration under the contract by applying IFRS 15.

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

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

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

Revenues recognition

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

Provision of services

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

- management and maintenance of properties and plants, often associated with the provision of heat (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.

Interests

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

Dividends

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

Government grants

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

Income taxes

Current taxes

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

Deferred taxes

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

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

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

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

- deferred tax assets connected to deductible temporary differences derive from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, does not have any effect on the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with equity investments in subsidiaries, associates and joint ventures, deferred tax assets are recorded only to the extent in which it is likely that the deductible temporary differences will

be reversed in the immediate future and that sufficient tax profits will be generated against which the temporary differences can be used.

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

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

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

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

VAT

Revenues, costs and assets are recorded net of VAT, with the exception of the case in which said tax applied to the purchase of goods or services is non-deductible, in which case it is recognized as part of the purchase cost of the asset to the income statement.

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

Earnings per share

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

Conversion of foreign currency items

The financial statements are presented in Euro, the Company's functional currency.

Statements of financial position and income statements stated in foreign currency are converted to Euro using the year-end exchange rates for financial position items and average exchange rates for items in the income statement.

Changes in accounting estimates and errors

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

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

Restatement is not applied and errors are recognized prospectively if the errors and omissions are considered immaterial.

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that the users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

3. PROPERTY, PLANT AND EQUIPMENT

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

	Property	Plant and equipment	Total
At 1 January 2020, net of accumulated depreciation and impairment	**325**	**7,116**	**7,440**
Additions from acquisitions		1,631	**1,631**
Disposals		(139)	**(139)**
Depreciation for the year	(25)	(1,358)	**(1,383)**
At 31 December 2020	**300**	**7,250**	**7,550**

	Property	Plant and equipment	Total
At 1 January 2020			
Historical cost	2166	55,526	**57,692**
Accumulated depreciation and impairment losses	(1,841)	(48,411)	**(50,252)**
NET BOOK VALUE	**325**	**7,116**	**7,440**
At 31 December 2020			
Historical cost	2,166	57,157	**59,323**
Accumulated depreciation and impairment losses	(1,866)	(49,908)	**(51,774)**
NET BOOK VALUE	**300**	**7,250**	**7,550**

The increases in the year, for a total amount of € 1,631 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 2019:

	Property	Plant and equipment	Total
At 1 January 2019, net of accumulated depreciation and impairment	**350**	**7,161**	**7,511**
Additions from acquisitions		2,097	**2,097**
Disposals		(453)	**(453)**
Depreciation for the year	(25)	(1,689)	**(1,714)**
At 31 December 2019	**325**	**7,116**	**7,440**
At 1 January 2019			
Historical cost	2,166	54,623	**56,789**
Accumulated depreciation and impairment losses	(1,816)	(47,462)	**(49,278)**
NET BOOK VALUE	**350**	**7,161**	**7,511**
At 31 December 2019			
Historical cost	2,166	55,526	**57,692**
Accumulated depreciation and impairment losses	(1,841)	(48,411)	**(50,252)**
NET BOOK VALUE	**325**	**7,116**	**7,440**

4. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

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

	Plant and equipment under finance lease	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2020, net of accumulated depreciation	**0**	**24,871**	**4,851**	**29,723**
Additions for new contracts and rental adjustments	476	220	2,787	**3,483**
Early termination		(893)	(193)	**(1,086)**
Depreciation for the year	(48)	(2,987)	(1,946)	**(4,981)**
At 31 December 2020	**428**	**21,211**	**5,499**	**27,138**
At 1 January 2020				
Historical cost		38,992	17,071	**56,063**
Accumulated depreciation and impairment losses		(14,121)	(12,220)	**(26,341)**
NET BOOK VALUE	**0**	**24,871**	**4,851**	**29,723**
At 31 December 2020				
Historical cost	476	37,793	19,380	**57,649**
Accumulated depreciation and impairment losses	(48)	(16,582)	(13,881)	**(30,510)**
NET BOOK VALUE	**428**	**21,211**	**5,499**	**27,138**

Additions from acquisitions for the year mainly related to the execution of new long-term hire contracts for the corporate fleet vehicles (€ 2,787 thousand), as well as of new property leases for the operating offices throughout Italy for € 87 thousand. Furthermore, rentals were increased for the leases already in place following ISTAT (Italian Statistics Institute) index adjustments for € 133 thousand.

Cases of early termination for the year gave rise to impairment losses for € 1,086 thousand, of which an amount of € 893 thousand relating to property leases.

The table below shows the changes in property, plant and equipment under a financial lease in the period ended 31 December 2019:

	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2019, net of accumulated depreciation and impairment	**27,922**	**5,669**	**33,591**
Additions for new contracts and rental adjustments	218	1,839	**2,057**
Early termination	(204)	(188)	**(391)**
Depreciation for the year	(3,065)	(2,468)	**(5,534)**
At 31 December 2019	**24,871**	**4,851**	**29,723**
At 1 January 2019			
Historical cost	39,148	17,386	**56,534**
Accumulated depreciation and impairment losses	(11,227)	(11,717)	**(22,944)**
NET BOOK VALUE	**27,922**	**5,669**	**33,591**
At 31 December 2019			
Historical cost	38,992	17,071	**56,063**
Accumulated depreciation and impairment losses	(14,121)	(12,220)	**(26,341)**
NET BOOK VALUE	**24,871**	**4,851**	**29,723**

No finance lease assets had been recognized in 2019.

5. OTHER INTANGIBLE ASSETS

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

	Other intangible assets	Goodwill	Total
At 1 January 2020, net of accumulated amortization and impairment	**20,573**	**326,421**	**346,994**
Additions from acquisitions	3,938		**3,938**
Impairment losses	(15)		**(15)**
Amortization for the year	(6,438)		**(6,438)**
At 31 December 2020	**18,058**	**326,421**	**344,479**
At 1 January 2020			
Cost	91,730	326,421	**418,151**
Accumulated amortization and impairment losses	(71,158)		**(71,158)**
NET BOOK VALUE	**20,573**	**326,421**	**346,994**
At 31 December 2020			
Cost	95,668	326,421	**422,089**
Accumulated amortization and impairment losses	(77,610)		**(77,610)**
NET BOOK VALUE	**18,058**	**326,421**	**344,479**

Other intangible assets, amounting to € 18,058 thousand at 31 December 2020, mainly consist of investments in software carried out as part of the projects aimed at upgrading and enhancing the company IT systems. The additions from acquisitions for the year (€ 3,938 thousand were due almost entirely to the investments in software used in the company IT systems.

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

Amortization allowances for the year amounted to € 6,438 thousand compared to € 6,257 thousand in the previous year.

Backlog, stated among other intangible assets, amounted to € 2,395 thousand at 31 December 2020 (€ 2,634 thousand at 31 December 2019).

At 31 December 2020 goodwill amounted to € 326,421, without reporting any changes during 2020.

The table below shows the changes in intangible assets in the year ended 31 December 2019:

	Other intangible assets	Goodwill	Total
At 1 January 2019, net of accumulated amortization and impairment	**21,554**	**326,421**	**347,975**
Additions from acquisitions	5,294		**5,294**
Disposals	(18)		**(18)**
Amortization for the year	(6,257)		**(6,257)**
At 31 December 2019	**20,573**	**326,421**	**346,994**
At 1 January 2019			
Cost	86,437	326,421	**412,858**
Accumulated amortization and impairment losses	(64,883)		**(64,883)**
NET BOOK VALUE	**21,554**	**326,421**	**347,975**
At 31 December 2019			
Cost	91,730	326,421	**418,151**
Accumulated amortization and impairment losses	(71,158)		**(71,158)**
NET BOOK VALUE	**20,573**	**326,421**	**346,994**

6. IMPAIRMENT TEST OF GOODWILL

Pursuant to IAS 36, goodwill is not amortized for accounting purposes, but is tested for any possible impairment on an annual basis, or should specific events or circumstances arise which provide evidence of this impairment. The impairment test, prepared by the Management and presented to the Board of Directors at the time of the approval of the draft financial statements, was carried out through the comparison between the goodwill net book value and the recoverable value of the individual CGUs/SBUs, to which it was allocated.

The cash flows of the CGU Facility Management, used for the impairment test, were taken from the Business Plan approved by the Board of Directors' meeting of Rekeep S.p.A. held on 18 March 2021 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 2020. It is the result of the various business combinations carried out by the Company since its incorporation in 2003, as described below:

- "Palladio" contributions, 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 Manutencoop Società Cooperativa (€ 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 Manutencoop Società Cooperativa (€ 33,183 thousand).

The estimated value in use of Facility Management CGU at 31 December 2020 is based on the following assumptions:

- the expected future cash flows, for the period from 2021 to 2024, extrapolated from the Business Plan, are derived from projected cash flows obtained through: (i) 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, (ii) 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 2024 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 6.73% (2019: 7.51%). 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 200 basis points in each period of time.

For CGUs under consideration, the analysis confirmed that the recoverable value exceeds the associated carrying amount, therefore not requiring any write-downs. On a prudential basis, "Worst Case" scenarios were outlined with reference to the WACC, the growth rates applied and a deterioration in operating cash flows compared to forecasts, both with reference to the plan time frame and with reference to the terminal value. In simulating nil or negative growth rates, also in combination with WACC exceeding by two percentage points those applied (and, then, equal to more than 8.73%) there would be no need to make write-downs in both CGUs/SBUs, as the recoverable value would exceed the related book value.

7. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

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

The table below summarizes the information regarding their name, registered office and the amount of share capital held, corresponding to the percentage of votes held at shareholders' meetings, as at 31 December 2020:

DIRECTLY-CONTROLLED COMPANIES ***Name***	**Registered office**	**Ownership %**
Alisei S.r.l. in liquidation	Modena (MO)	100%
Cefalù Energia S.p.A.	Zola Predosa (BO)	70%
Co.Ge.F. Soc.Cons. a r.l.	Zola Predosa (BO)	80%
Consorzio Igiene Ospedaliera Soc.Cons. a r.l.	Zola Predosa (BO)	66.66%
Consorzio Imolese Pulizie Soc. Cons. r.l. in liquidation	Imola (BO)	60%
Consorzio Sermagest Servizi Manutentivi Gestionali in	Rome (RM)	60%

DIRECTLY-CONTROLLED COMPANIES ***Name***	**Registered office**	**Ownership %**
liquidation		
Consorzio Servizi Toscana Soc.Cons. a r.l.	Zola Predosa (BO)	60%
Ferraria Soc. Cons. a r.l.	Zola Predosa (BO)	69%
Global Oltremare Soc. Cons. a r.l.	Zola Predosa (BO)	60%
Gymnasium Soc.Cons. a r.l. in liquidation	Zola Predosa (BO)	68%
H2H Facility Solutions S.p.A.	Zola Predosa (BO)	100%
Infrastrutture Lombardia Servizi Soc. Cons. a r.l.	Zola Predosa (BO)	60%
ISOM Gestione Soc. Cons. a r.l.	Zola Predosa (BO)	52.97%
ISOM Lavori Soc. Cons. a r.l.	Zola Predosa (BO)	62.71%
Kanarind Soc. Cons. a r.l.	Zola Predosa (BO)	62.43%
Logistica Sud Est Soc. Cons. a r.l.	Zola Predosa (BO)	60%
M.S.E. Soc. Cons. r.l. (*)	Zola Predosa (BO)	45%
MCF Servizi Integrati Soc. Cons. a r.l.	Zola Predosa (BO)	60%
Palmanova servizi energetici Soc.Cons. a r.l.	Zola Predosa (BO)	60%
Rekeep Digital S.r.l.	Zola Predosa (BO)	100%
Rekeep Rail S.r.l.	Zola Predosa (BO)	100%
Rekeep World S.r.l.	Zola Predosa (BO)	100%
S.AN.CO. Soc. Cons. a r.l.	Bologna (BO)	100%
S.AN.GE Soc. Cons. a r.l.	Milan (MI)	89%
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	Zola Predosa (BO)	90%
S.I.MA.GEST3 Soc. Cons. r.l. in liquidation	Zola Predosa (BO)	89.99%
San Gerardo Servizi Soc. Cons. a r.l.	Zola Predosa (BO)	60%
Servizi Brindisi Soc.Cons. a r.l.	Zola Predosa (BO)	52%
Servizi Ospedalieri S.p.A.	Ferrara (FE)	100%
Servizi Taranto Soc. Cons. a r.l.	Zola Predosa (BO)	60.08%
Telepost S.r.l.	Zola Predosa (BO)	100%
Yougenio S.r.l. in liquidation	Zola Predosa (BO)	100%

(*) Indirect 11% quota held by Rekeep Digital S.r.l.

JOINT VENTURES *Name*	Registered office	Ownership %
CO. & MA. Società Consortile a r.l.	Tremestieri Etneo (CT)	50%
DUC Gestione Sede Unica Soc.Cons. a r.l.	Zola Predosa (Bo)	49%
Legnago 2001 Soc.Cons. a r.l.	Zola Predosa (BO)	50%
Servizi Sportivi Brindisi Soc. Cons. a r.l.	Rome	50%
SCAM S.r.l. - Soc.Cons. Adanti Manutencoop a r.l. in liquidation	Zola Predosa (Bo)	50%
Serena S.r.l. in liquidation	Zola Predosa (Bo)	50%

ASSOCIATES *Name*	Registered office	Ownership %
2High S.r.l.	Sasso Marconi (BO)	30%
BGP 2 Soc. Cons. a r.l.	Bologna (BO)	41.17%
Bologna Gestione Patrimonio Soc. Cons. a r.l.	Bologna (BO)	27.58%
Bologna Global Strade soc.cons. a r.l.	Sasso Marconi (BO)	59.65%
Bologna Più Soc.Cons. a r.l.	Bologna (BO)	26%
Centro Europa Ricerche s.r.l.	Rome	21%
Como Energia Soc.Cons. a r.l.	Como (CO)	30%
Gestione Strade Soc. Cons. a r.l.	Parma (PR)	25%
Gico Systems S.r.l.	Zola Predosa (BO)	20%
Global Provincia di Rimini Soc.Cons. a r.l. in liquidation	Zola Predosa (Bo)	42.40%
Global Riviera Soc.Cons. a r.l.	Zola Predosa (Bo)	23.11%
Global Vicenza soc.cons. a r.l.	Concordia sulla Secchia (MO)	41.25%
GR.A.AL. Soc. Cons. r.l.	Bologna (BO)	29.926%
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%
TOWER Soc. Cons. a r.l. in liquidation	Bologna (BO)	20.17%

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

DIRECTLY-CONTROLLED COMPANIES	1 January 2020	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2020
Alisei S.r.l. in liquidation	0					0
Cefalù Energia S.p.A.	0	140				140
Consorzio Sermagest Servizi Manutentivi Gestionali in liquidation	0					0
Co.Ge.F. s. cons. a r.l.	8					8
Consorzio Igiene Ospedaliera s. cons. a r.l.	7					7
Consorzio Imolese Pulizie s.cons.a r.l.	6					6
Consorzio Servizi Toscana s.cons.a r.l.	6					6
Energy Saving Valsamoggia S.r.l.	302	772	(1,074)			0
Ferraria Soc. Cons. a r.l.	7					7
Global Oltremare Soc. Cons. a r.l.	6					6
Gymnasium Soc.cons.a r.l.	7					7
H2H Facility Solutions S.p.A.	12,771					12,771
Infrastrutture Lombardia Servizi Soc.cons.a r.l.	0	6				6
Isom Gestione Soc. Cons. a r.l.	5					5
Isom Lavori Soc. Cons. a r.l.	6					6
Kanarind Soc. Cons. a r.l.	6					6
Logistica Sud Est Soc. Cons. a r.l.	6					6
M.S.E. società consortile a r.l.	5					5
MCF Servizi Integrati Soc. Cons. a r.l.	6					6
Palmanova servizi energeticis. cons. a r.l.	6					6
Rekeep Digital s.r.l.	1,510					1,510
Rekeep Rail S.r.l.	166	1,000				1,166
Rekeep World S.r.l.	11,895			(4,681)		7,214
S.AN.CO. Soc. Cons. a r.l.	5					5
S.AN.GE Soc. Cons. a r.l.	9					9

DIRECTLY-CONTROLLED COMPANIES	1 January 2020	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2020
S.I.MA.GEST2 s.cons.r.l. in liquidation	45					45
S.I.MA.GEST3 s.cons.r.l. in liquidation	45					45
San Gerardo servizi soc.cons.	6					6
Servizi Brindisi s.cons. a r.l.	5					5
Servizi Ospedalieri S.p.A.	80,570					80,570
Servizi Taranto Soc. Cons. a r.l.	6					6
Telepost S.r.l.	7,299					7,299
Yougenio S.r.l.	628	2.000		(2,628)		0
TOTAL SUBSIDIARIES	**115,350**	**3,918**	**(1,074)**	**(7,309)**	0	**110,884**

JOINT VENTURES	1 January 2020	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2020
CO. & MA. Società Consortile a r.l.	5					5
Duc Dest sede unica Soc. Cons.a r.l.	10					10
Legnago 2001 Soc. Cons a r.l.	5					5
SCAM società consortile r.l.	10					10
Serena s.r.l.	8					8
Servizi Sportivi Brindisi Soc. Cons. a r.l.	5					5
TOTAL JOINT-VENTURES	**43**	**0**	**0**	**0**	**0**	**43**

ASSOCIATES	1 January 2020	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2020
2High S.r.l.	0	90				90
BGP 2 Soc.Cons. a r.l.	24					24
Bologna Gestione Patrimonio Soc. Cons. a r.l.	6					6
Bologna Global Strade Soc.Cons. r.l.	61					61
Bologna più Soc. Cons. a r.l.	5					5

ASSOCIATES	1 January 2020	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2020
Centro Europa Ricerche s.r.l.	69					69
Como Energia Soc. Cons. a r.l.	78					78
Gestione Strade Soc. Cons. r.l.	13					13
Gico Systems S.r.l.	29					29
Global Prov.Rimini Soc. Cons. a r.l.	4					4
Global Riviera Soc. Cons. a r.l.	7					7
Global Vicenza Soc.Cons. a r.l.	4					4
GR.A.AL. Soc. Cons. r.l.	3					3
Imola Verde e Sostenibile Soc. Cons. a r.l.	6					6
Logistica Ospedaliera Soc. Cons a r.l.	5					5
Newco Duc Bologna S.p.A.	1,004					1,004
Roma Multiservizi S.p.A.	3,324			(1,534)		1,790
S.E.I. Energia Soc.Cons. a r.l.	5					5
Servizi Napoli 5 Soc. Cons. a r.l.	5					5
Tower soc. cons. r.l.	20					20
TOTAL ASSOCIATES	**4,671**	**90**	**0**	**(1,534)**	**0**	**3,227**

	1 January 2020	Increases	Assignments/ Liquidation	Write-downs	Other changes	31 December 2020
TOTALE SUBSIDIARIES, JOINT-VENTURES, ASSOCIATES	**120,064**	**4,008**	**(1,074)**	**(8,843)**	**0**	**114,153**

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

Yougenio S.r.l.

The increase of € 2,000 thousand relates to the payment for an increase in capital reserve, as per the resolutions passed by the Board of Directors' meeting held on 14 May 2020 and 16 June 2020. A write-down of the investment, amounting to € 2,628

thousand was also accounted for at 31 December 2019, equal to the loss accrued at 31 December 2020 regarded as permanent and not recoverable.

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

Rekeep World S.r.l.

A write-down of the investment, amounting to € 4,681 thousand, equal to the operating loss regarded as permanent and not recoverable, was also accounted for at 31 December 2020.

Rekeep Rail S.r.l.

The increase of € 1,000 thousand relates to the payment for an increase in capital reserve, as per the resolutions passed by the Board of Directors' meeting held on 24 March 2020.

Energy Saving Valsamoggia S.r.l.

On 23 December 2020 Rekeep S.p.A. transferred an investment equal to 97.9% of the capital of Energy Saving Valsamoggia S.r.l. (the company holding the service concession agreement with the Municipality of Valsamoggia (BO) for the integrated operation of thermal energy and public lighting supply and management services) to MFM Capital S.r.l. for a consideration of € 605 thousand. A minority interest of 1% was maintained, the value of which (€ 23 thousand) was, therefore, reclassified to "Other investments".

Roma Multiservizi S.p.A.

A write-down of the investment, amounting to € 1,534 thousand, equal to the accrued operating loss regarded as permanent and not recoverable, was also accounted for at 31 December 2020.

Other investments

	31 December 2020	31 December 2019
Other investments	7,010	4,695
TOTAL	**7,010**	**4,695**

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

This item was valued at purchase or establishment cost since there is no active market in these securities, which for the most part cannot be freely transferred to third parties due to limitations and covenants preventing their free circulation. In any case, this valuation method provides an adequate measure of the security's fair value.

The change, with respect to the previous year, mainly refers to:

- an increase equal to € 100 thousand for capital payments into Consorzio Integra Soc. Coop.;
- an increase equal to € 192 thousand for capital payments into MFM Capital S.r.l.;
- the acquisition of a quota equal to 5.96% of EULIQ VII S.A. (which then changed its name to Starfire S.A.) for a consideration equal to € 2,000 thousand on 28 February 2020. This company is controlled directly by AED S.r.l., the entity that has acquired control over Sicura S.p.A., and will allow Rekeep S.p.A. to maintain an industrial partnership with the companies included in the group controlled by Sicura S.p.A., which was sold on the same date;
- an increase equal to € 23 thousand for the reclassification of the 1% quota in Energy Saving Valsamoggia S.r.l. after the disposal of thecontrolling interest to MFM Capital S.r.l., as described above.

8. NON-CURRENT FINANCIAL ASSETS

The table below sets forth the breakdown of non-current financial assets at 31 December 2020 and at 31 December 2019:

	31 December 2020	31 December2019
Loans to Group companies	26,390	26,963
Loans to third parties	232	232
Other financial assets	2,585	2,994
TOTAL NON-CURRENT FINANCIAL ASSETS	**29,207**	**30,188**

The balance is mainly composed of loans granted to associate and affiliate companies. Some of these are non-interest bearing loans as they are disbursed pro-quota by each member of the consortium and, therefore, they are discounted on the basis of their expected residual term, applying as the reference interest rate the Eurirs plus a spread. The nominal value of non-interest bearing loans at year-end amounted to € 1,313 thousand, while the discount fund amounted to € 29 thousand.

In particular, the item includes the subordinated loan in favor of the subsidiary Servizi Ospedalieri S.p.A. (€ 24 million at 31 December 2020, unchanged compared to 31 December 2019) as well as the long-term receivable, equal to € 2,357 thousand, relating to the deferred price paid for the transfer of MFM Capital S.r.l. to 3i European Operational Projects SCSp in 2018. This receivable will be collected upon the completion of the phases of implementation of some project finance companies subject to transfer .

The changes compared to the previous year were mainly attributable to a:

- a decrease of € 565 thousand in the interest-bearing loan granted to Energy Saving Valsamoggia S.r.l., as a result of its transfer to MFM Capital S.r.l.;
- a decrease of € 409 thousand for the closing by settlement of the claim against the assignee Energy Project S.r.l., a subsidiary company sold in 2013.

9. OTHER NON-CURRENT ASSETS

	31 December 2020	31 December 2019
Receivables for caution money	1,554	96,057
Other prepaid expenses	950	1,053
Other receivables	204	205
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**2,707**	**97,315**

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

At 31 December 2019 *Other non-current assets* included € 94,611 thousand relating to the deposit to be paid to the Competition Authority in relation to the FM4 dispute. As at 31 December 2019, the Company had in fact recognized the liability arising from the notice of payment issued by the Revenue Agency – Collection department, concerning the Competition Authority's fine in relation to the FM4 tender among "Other current liabilities" for the corresponding amount (€ 94,611 thousand). Furthermore, the deposit subject to installment was stated among balance sheet assets, since it constituted a receivable against sums that are potentially subject to return following the settlement of the existing dispute, and that cannot however be claimed automatically, even following the repayment of the entire debt. For this reason, this receivable was recognized among "Other non-current assets".

Following the developments of this dispute, which only partially granted the Company's appeal and provided for new methods of calculating the fine imposed by the Competition Authority, a liability of € 82,200 thousand was recognized in the financial statements at 31 December 2020, at the same time as the elimination of the deposit and the remaining debt for the installment repayment. Finally, on 22 December 2020, the Revenue Agency provided an updated installment plan, deducting the installments that had already been paid as deposit for € 3,010 thousand.

10. INVENTORIES

	31 December 2020	31 December 2019
Raw materials (at cost)	517	818
TOTAL	**517**	**818**

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

11. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

Trade receivables net of discount and depreciation funds are broken down as follows:

	31 December 2020	of which from related parties	31 December 2019	of which from related parties
Trade receivables, gross	223,229	2,325	222,603	552
Allowance for doubtful accounts	(20,295)		(21,253)	
Advances to suppliers	3,582		6,488	
Trade receivables from third parties	**206,515**	**2,325**	**207,838**	**552**
Contract assets	29,111		26,355	
Contract assets	**29,111**		**26,355**	
Trade receivables from Parent Companies	35	35	43	43
Trade receivables from subsidiaries	42,922	42,922	42,319	42,319
Trade receivables from Joint Ventures	3,358	3,358	4,276	4,276

	31 December 2020	of which from related parties	31 December 2019	of which from related parties
Trade receivables from associates	4,288	4,288	8,344	8,344
Trade receivables from affiliates	40	40	18	18
Trade receivables from the Manutencoop Group	**50,644**	**50,644**	**55,000**	**55,000**
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**286,721**	**52,969**	**289,193**	**55,552**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 286,721 thousand at 31 December 2020, showing a decrease of € 2,922 thousand compared to the amount at 31 December 2019, equal to € 289,193 thousand.

In 2020, the Company continued to use assignment without recourse of trade receivables for the conversion into cash of receivables from third parties. In fact, on 27 December 2018 Rekeep S.p.A. and the subsidiary Servizi Ospedalieri S.p.A. signed a 3-year maturity factoring agreement with Bancafarmafactoring S.p.A (which replaces the previous one signed in 2016) concerning the assignment on a revolving basis of receivables claimed by the same companies from Entities in the National Health System and Public Authorities, in an amount of up to € 200 million.

On 27 June 2018, the Company signed an additional uncommitted factoring agreement with Banca IFIS, intended for the assignment without recourse of trade receivables specifically accepted for the individual transactions carried out.

Moreover, on 18 December 2018, it obtained an additional credit line for assignments without recourse of up to € 20 million on a revolving basis with Unicredit Factoring S.p.A., which was also aimed at the disinvestment from credit positions specifically negotiated with the factor.

Finally, the Company also signed an uncommitted factoring agreement with Carrefour Italia Finance S.r.l. concerning the assignment without recourse of trade receivables claimed from the Carrefour Group companies on 22 March 2019 and an additional uncommitted agreement withMB Facta S.p.A. was signed for the assignment without recourse of trade receivables claimed from the Telecom Group on 4 December 2019. Finally, spot assignments were made to Banca Sistema S.p.A. and Prime Revenue Inc. during 2020.

The assignments without recourse made during the year are summarized below:

	Assignments made in 2020	Balance not yet collected by the Factor at 31 December 2020	Assignments made in 2019	Balance not yet collected by the Factor at 31 December 2019
Banca Farma Factoring S.p.A.	103,539	21,351	120,541	38,543
Banca IFIS	15,090	1,527	3,729	3,293
Unicredit Factoring	14,904	4,306	4,486	4,486
MB Facta	23,826	12,179	4,967	4,705
Carrefour Finance	6,923	4,211	3,045	1,058
Banca Sistema	15,791	4,203		
Prime Revenue	8,476	4,229		
Total assignments of receivables without recourse	**188,549**	**52,006**	**136,769**	**52,085**

In all assignments, the receivables were subjected to derecognition according to IFRS 9 in consideration of the characteristics of the transactions and entailed interest discount costs equal to € 3,067 thousand and credit discount costs of € 184 thousand.

Trade receivables generally have contractual maturities of between 30 and 90 days. Most of the customers are either Public Authorities, Local Authorities, Local Health Authorities and Hospitals, who are notorious for payment delays.

With respect to non-performing loans which are difficult to fully recover, a provision for bad debts was set aside, amounting to € 20,295 thousand at 31 December 2020 (at 31 December 2019: € 21,253 thousand), which is regarded as fair with respect to the disputes known at the reporting date.

	31 December 2019	Increases	Uses	Releases	Others	31 December 2020
Provision for bad debts	21,253	2,885	(3,579)	(264)		20,295

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

The table below shows the analysis of trade receivables due from third parties net of the write-down provision in place as at 31 December 2020:

	Total	Trade receivables reaching maturity	Overdue trade receivables				
			< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	beyond 120 days
31 December 2020	201,348	158,496	8,669	6,242	2,235	2,292	23,415
31 December 2019	201,350	156,603	9,203	4,356	3,651	2,261	29,494

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

12. OTHER CURRENT ASSETS

	31 December 2020	31 December 2019
Receivables from employees	31	101
Advances to suppliers	1,500	1,388
Due from social security institutions	620	76
Due from parent company	4	6
Due from subsidiaries	508	530
Due from associates	135	88
Due from INPDAP	2,172	2,172
Due from INAIL	1,239	1,084
Due for VAT	2,076	6,338
Sundry receivables from others	2,949	3,648
Due from tax authorities	331	331
Tax credit to be offset	823	1,035
OTHER CURRENT ASSETS	**12,385**	**16,798**

The amount of € 2,172 thousand reported for amounts “due from INPDAP” refers to the balance of current accounts held at Unicredit, managed in the name and on behalf of INPDAP (Social Security Institution for employees in public administration), as provided for in a property contract stipulated with the aforementioned authority by the company B.S.M. S.r.l., merged in 2006. At present some restrictions have been placed on said accounts as a result of the dispute that has arisen with INPDAP. Therefore, for the purposes of an accurate presentation, it was deemed appropriate to classify said item under Other current receivables rather than among cash and cash equivalents.

It should be noted that miscellaneous receivables are recognized net of the provision for doubtful accounts of € 1,909 thousand (€ 1,595 thousand in 2019) and was allocated following a specific analysis of these accounts receivable.

The main change, compared to the previous year, relates to the item “Due for VAT”, which decreased by € 4,263 thousand. Following the annual 2019 VAT return filed, refunds were requested for € 7,600 thousand on 22 March 2020 and for € 13,279 thousand during the year for VAT credits accrued on a quarterly basis. Assignments were also made without recourse on VAT receivables for a total of € 24,123 thousand.

13. CURRENT FINANCIAL ASSETS

	31 December 2020	31 December 2019
Global Provincia Rimini Soc. Cons. a r.l.	70	70
Consorzio Imolese Pulizie Soc. cons. a r.l.	36	36
Gymnasium Soc.cons. a r.l.	8	8
Gestlotto6 Soc.cons. a r.l.	5	5
Bologna Più Soc. Cons. a r.l.	3	3
Intercompany receivables from companies in liquidation	**122**	**122**
Servizi Ospedalieri S.p.A.	845	776
S.AN.GE Soc. Cons. a r.l.	4,845	4,654
Rekeep World s.r.l.	32,399	11,049
Rekeep Digital s.r.l.	2,420	3,747
Yougenio s.r.l.	0	3,331
H2H Facility Solutions S.p.A.	2,367	0
Other minor items	33	0
Receivables from intercompany financial current accounts	**42,908**	**23,556**
Karabak Soc. Cons. a r.l.	94	4
Dividends to be collected	**4**	**4**
Receivables from the transfer of equity investments	**1,408**	**1,408**
Receivables from factoring agencies	**1,600**	**176**
TOTAL CURRENT FINANCIAL ASSETS	**46,131**	**25,265**

Current accounts held with Group Companies are mainly classified in this item, according to which the financial relations are settled. The balance in these accounts accrues interest at the 3-month or 6-month EURIBOR plus a spread; the loan is repayable on demand and expires on an annual basis, except where tacitly renewed.

The item "current financial assets" came to € 46,132 thousand. The change during the year was mainly due to:

- an increase of € 20,970 thousand in the balance of the current financial account held with subsidiary Rekeep World S.r.l.;
- a decrease of € 1,347 thousand in the balance of the current financial account held with subsidiary Rekeep Digital S.r.l.;
- a decrease of € 3,331 thousand in the balance of the current financial account held with subsidiary Yougenio S.r.l. since, following the start of liquidation operations, this receivable was regarded as no longer recoverable and subject to write-down;
- an increase of € 1,424 thousand in "Receivables from factoring agencies", consisting of the balance of pledged accounts used to manage the collection service.

14. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Bank deposits on demand and cash on hand	41,946	44,087
Consortia - financial current accounts	11,877	20,566
TOTAL CASH AND CASH EQUIVALENTS	**53,823**	**64,654**

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 € 53,823 thousand (31 December 2019: € 64,654 thousand).

15. ASSETS HELD FOR SALE AND PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

On 28 February 2020 Rekeep S.p.A. sold its full investment in Sicura S.p.A., the Group's sub-holding company which operates in the facility management sector as a provider of specialist services in the fields of safety and fire prevention. The transfer to Argos Wityu, a pan-European Private Equity fund, entailed the recognition of a consideration of € 55,041 thousand, which was paid by the Italian Company AED S.r.l.. In accordance with IFRS5, the value of the interest held in Sicura S.p.A. (equal to € 40,142 thousand) was reclassified to “Assets held for sale” at the reporting date of the Separate Financial Statements at 31 December 2019. Given a market value that is recognized as higher than the carrying amount of the investment itself, no impairment had been reported for fair value adjustments.

No Liabilities directly associated with non-current assets held for sale had been reported at 31 December 2019.

Profit/(loss) from discontinued operations

	31 December 2020
Gross capital gains on sale of Sicura S.p.A.	11,194
Capital loss on sale of Energyproject S.r.l. (2013)	(205)
Capital loss on sale of MIA S.p.A. (2014)	(200)
Profit (loss) before tax from discontinued operations	**10,789**
Income taxes from discontinued operations:	

	31 December 2020
- related to capital gains on sale	(134)
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**10,655**
Basic earnings per share from discontinued operations	*0.0976*
Diluted earnings per share from discontinued operations	*0.0976*

As at 31 December 2020 the result from discontinued operations consisted of a profit equal to € 10,655 thousand, including the capital gain generated by the disposal of Sicura S.p.A. for € 11,193 thousand (net of additional transaction costs and price adjustments upon closing which are being settled with the counterparty).

The Profit (loss) from discontinued operations for the 2020 financial year also includes charges of € 404 thousand that arose in relation to sales in previous years, specifically on the sale of Energy Project S.r.l. and MIA S.p.A. , which took place in 2013 and 2014, respectively.

Financial flows generated from/used in discontinued operations

Financial flows generated from/used in discontinued operations (specifically the sale of Sicura S.p.A.) for total of € 53,936 thousand.

	31 December 2020
Collection of deferred consideration for the sale of Energy Project S.r.l. (2014)	205
Collection of consideration for the sale of Sicura S.p.A. (2020)	53,732
CASH FLOW FROM DISCONTINUED OPERATIONS	**53,936**

Furthermore, the collection of an additional amount of € 205 thousand of the deferred consideration related to the sale of Energy Project was recognized in compliance with a settlement agreement signed in April 2020.

16. SHARE CAPITAL AND RESERVES

	31 December 2020	31 December 2019
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 2020 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 31 December 2018	**145,018**	**20,124**	**(119,181)**	**45,962**	**3,809**
Effects of the change in accounting standards			(1,635)	**(1,635)**	
1 January 2019	**145,018**	**20,124**	**(120,816)**	**44,326**	**3,809**
Allocation of profits of previous years		799	15,173	**15,971**	
Economic effects accounted on equity			(414)	**(414)**	
Resolution on dividend distribution		907	(13,907)	**(13,000)**	
At 31 December 2019	**145,018**	**21,830**	**(119,964)**	**46,884**	**3,809**
Allocation of profits of previous years			5,741	**5,741**	
Economic effects accounted on equity			34	**34**	
At 31 December 2020	**145,018**	**21,830**	**(114,188)**	**52,660**	**3,809**

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

Nature and purpose of reserves

				Summary of uses in 3 previous years	
NATURE/DESCRIPTION	**Amount**	**Possibility of use**	**Amount available**	**For covering losses**	**For other reasons**
Share Capital	**109,150**				
Share Capital reserves:					
- Share premium reserve	145,018	**A,B,C**	145,018		
Profit reserves:					
- Legal Reserve	21,830	**A,B**	21,830		
- Extraordinary Reserve	43,967	**A,B,C**	43,967		**13,000**
- Other reserves	(158,156)				
- Profits/(Losses) carried forward	3,809	**A,B,C**	3,809		
- Profits/(Losses) for the year	(66,399)				
TOTAL	**99,219**				
Non-distributable portion	99,219				
Remaining distributable portion	0				
KEY					
Possibility of use:					
A: for share capital increase					
B: to cover losses					
C: for distribution to shareholders					

17. EMPLOYEE TERMINATION INDEMNITY (TFR)

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

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

	31 December 2020	31 December 2019
Interest expenses on benefit obligation	24	123
Net cost of the benefit recognized through profit or loss	**24**	**123**
Net actuarial (gains)/ losses recognized in equity	8	414
TOTAL NET BENEFIT COST	**32**	**537**

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 2020	31 December 2019
Opening balance of the present value of the defined benefit obligation	**6,728**	**7,071**
Increases/ (decreases) for transfer	9	(6)
Benefits paid	(1,152)	(874)
Interest expenses on benefit obligation	24	123
Net actuarial gains (losses) recognized in the year	8	414
CLOSING BALANCE OF THE PRESENT VALUEOF THE DEFINED BENEFIT OBLIGATION	**5,616**	**6,728**

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

	2020	2019
Discount rate	-0.20%	0.37%
Inflation rate	1.00%	1.00%
Turnover	6.50%	6.50%

The discount rates used to assess the TFR obligation are defined on the basis of curves of rates of return of high-quality fixed-interest securities, the amounts and maturity dates of which correspond to the amounts and maturity dates of the payments of expected future benefits.

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

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

	Discount rate	Inflation rate	Actuarial assumption
Financial year ended 31 December 2020	+ 0.25 bps	+ 0.25 ppt	+ 2.00 ppt
	5,518	5,673	5,544
	- 0.25 bps	- 0.25 ppt	- 2.00 ppt
	5,717	5,560	5,705
Financial year ended 31 December 2019	+ 0.25 bps	+ 0.25 ppt	+ 2.00 ppt
	6,637	6,827	6,682
	- 0.25 bps	- 0.25 ppt	- 2.00 ppt
	6,880	6,688	6,830

Below are reported the data relating to the average number of the Group's employees and of the workers provided to the Company by Manutencoop Società Cooperativa:

	2020	2019
Executives	31	31
Office workers	596	637
Manual workers	11,663	12,562
Average number of Employees	**12,290**	**13,230**

In 2020 the average number of leased personnel employed, including those shown in the table below, was equal to no. 305 (no. 356 in 2019).

18. PROVISIONS FOR RISKS AND CHARGES

Below is the breakdown of changes in provisions for risks and charges in 2020:

	Risks on job orders	Pending disputes	Risks on investments	Tax disputes	Employee legal disputes	Other provision for risks and charges	Total
At 1 January 2020	**4,346**	**19,325**	**401**	**447**	**3,333**	**304**	**28,157**
Accruals	3,855		191		2,252	482	6,781
Uses	(340)	(1,697)			(1,592)	(1)	(3,630)
Reversals	(480)					(137)	(617)
Others	(319)	319					0
At 31 December 2020	**7,062**	**17,948**	**592**	**447**	**3,994**	**648**	**30,691**
Current 2020	*7,062*		*592*	*447*		*600*	*8,701*
Non-current 2020		*17,948*			*3,994*	*49*	*21,990*
At 31 December *2020*	***7,062***	***17,498***	***592***	***447***	***3,994***	***648***	***30,691***
Current 2019	*4,346*		*401*	*447*		*255*	*5,450*
Non-current 2019		*19,325*			*3,333*	*49*	*22,707*
At 31 December *2019*	***4,346***	***19,325***	***401***	***447***	***3,333***	***304***	***28,530***

Provision for risks on job orders

The provision of € 3,855 thousand is to cover risks relating to certain job orders in progress for charges that are likely to be incurred, against customer disputes. Specifically, provisions for € 3,275 thousand were recognized in relation to probable future additional costs connected with the cogeneration business conducted at two private industrial sites, mainly relating to previous years.

Other changes consisted of reclassifications of a portion of the provisions to another item due to the settlement of some pending disputes. Finally, reversals of € 480 thousand were recognized against the successful conclusion of a dispute with a customer in the Healthcare market.

The provisions made represent the best estimate on the basis of knowledge possessed at the reporting date.

Provision for pending disputes

At the reporting date of the financial statements, the risk was assessed for the Company to be required to pay future compensation in the event of losing cases in legal actions pending with customers, suppliers, employees and others. During the year ended 31 December 2020 the provision, totaling € 17,498 thousand, recorded decreases for uses of € 1,697 thousand for the settlement of a dispute with a supplier, which had been commenced in previous years.

On 20 January 2016 the Competition Authority ("AGCM") imposed on the Parent company Rekeep S.p.A. (formerly Manutencoop Facility Management S.p.A.) a fine of € 48.5 million due to the breach of competition rules on the part of some

companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012 ("Consip Scuole"). The fine was subsequently reduced to € 14.7 million and paid in full by the Company as early as in 2019.

On 7 January 2017 the Company served a writ of summons on the entity, asking the Ordinary Court of Rome to establish the unlawfulness of the notice of termination of the agreements and order Consip S.p.A. to compensate for any damage suffered by the Company. The 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. Following the judgment handed down by the Council of State 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 that had been appealed against, and adjourned the discussion of the merits of the case to the hearing scheduled on 7 October 2021. However, a monocratic judge 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.

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. By an order dated 11 March 2021 the Council of State however granted the preliminary request submitted by the Company and suspended the enforcement of the challenged judgment.

The Consip Sanità, Consip Caserme and Consip Musei tenders did not generate consolidated Revenues until 31 December 2020 and were not included in the Group's backlog at 31 December 2020.

In the Financial Statements at 31 December 2020 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 2020.

On 23 March 2017, the Competition Authority notified Manutencoop Facility Management S.p.A. (now Rekeep 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, in relation to reasons related to the calculation of the fine and set the parameters for its redetermination according to which the Competition Authority set the new fine at € 79.8 million. The Company challenged both the Regional Administrative Court's judgment before the Council of State (hearing for the discussion on the merits scheduled for 30 March 2021) 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.

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.

However, on 31 December 2019, the Company took steps to recognize the liability arising from the notice of payment issued by the Revenue Agency – Collection department among "Other current liabilities" in the Statement of Financial Position for the corresponding amount (€ 94,611 thousand). Furthermore, the deposit subject to installment payment was stated among the balance sheet assets, since it constitutes a receivable against sums that are potentially subject to return following the settlement of the existing dispute, and that cannot however be claimed automatically, even following the repayment of the entire debt. For this reason, this receivable was recognized among "Other non-current assets".

The entry of this debt in the taxpayers' list was made enforceable by the Revenue Agency following the issue of a notice of payment on 18 December 2019 for an amount equal to € 94,611 thousand, including collection charges of € 2,756 thousand (equal to 3% of the amount of the debt entered in the taxpayers' list). On 23 December 2019 the Company submitted a request for payment of these sums in installments, which was formally granted on 10 January 2020. This order provides for the payment

of 72 monthly installments, at an interest rate of 4.5% as from 24 January 2020. The Company has started to pay these installments on a regular basis, waiting for the developments of the legal action expected in the trial proceedings. 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") has however provided, among others, for the possibility of suspending the payment of installment payment plans already granted by the Revenue Agency. The Company availed itself of this suspension and therefore, three installments equal to € 3,010 thousand had been duly paid at 31 December 2020, which, after the settlement of the trial proceedings, were deducted in full in the new installment plan. While continuing to have confidence in the reasonableness of the defense arguments, the Directors, given the enforceability of the fine, recognized the debt and cost relating to expected financial outlay in the financial statements at 31 December 2020 for an amount equal to what is stated in the new Competition Authority's order (€ 79,800 thousand), even in consideration of the uncertainty surrounding the actual outcome of the appeal against the Regional Administrative Court's judgment and the appeal on the merits concerning the Competition Authority's new order of 29 October 2020. The payment of any sum entered in the taxpayers' list may take place, as already occurred for the sums owed as a deposit in the first stage of the litigation, in installments and within the time limits and according to the methods prescribed by law, also pursuant to Article 19 of Presidential Decree 602/1973 and Ministerial Decree of 6 November 2013, as supplemented by the Directives issued by the Revenue Agency – Collection department. On 22 December 2020, the Revenue Agency provided in fact the related updated installment plan, deducting the installments already paid as deposit for € 3,010 thousand. The amount of the debt entered in the accounts includes surcharges and collection costs (equal to 3% of the amount of the debt entered in the taxpayers' list) for € 2,612 thousand. Finally, it should be noted that the Company resumed the payment of monthly installments on 24 January 2021.

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, which was firstly postponed to 2 December 2020, then to 17 March 2021 and, finally, to 23 June 2021.

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 verifying the consolidated financial planning and the actual conditions to be able to meet non-recurring cash outflows (if any), the Directors do not see any uncertainties for the purposes of assessing the going-concern assumption.

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

Provision for investment risks

The provision for investments risks, amounting to € 592 thousand, includes as early as from the 2019 financial year the provision to cover any future losses of Alisei S.r.l. in liquidation in an amount of € 87 thousand and S.AN.CO Soc. cons. r.l. in an amount of € 314 thousand. Increases of € 191 thousand were also recognized at 31 December 2020, of which € 23 thousand for Alisei S.r.l. and € 168 thousand for Yougenio S.r.l..

Provision for employee legal proceedings

The provision for risks related to employee legal proceedings, amounting to € 3,994 thousand, refers to the best estimation of liabilities as at 31 December 2020, which are regarded as probable following the settlement of pending labor law disputes.

Other Provisions for risks and charges

The provision, equal to € 648 thousand, includes the best estimate of future charges on some contracts. During the year note increases of € 482 thousand (linked to costs to be incurred on some contracts for objections received from some customers), as well as reversals for € 137 thousand, mainly as a result of settlement agreements reached with a customer that operates in the healthcare sector.

19. LOANS AND OTHER FINANCIAL LIABILITIES

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

The details are shown below:

	31 December 2020	Within 1 year	After 1 year within 5 years	Beyond 5 years
Senior Secured Notes	328,082		328,082	
Artigiancassa loan	1,317	239	1,077	
Debt for the acquisition of investments/business units	6	6		
Financial current accounts – Subsidiaries	2,647	2,647		
Financial current account - Manutencoop Società Cooperativa	174	174		
Share capital to be paid into investee companies	113	113		
Prepaid financial expenses	(553)	(551)	(2)	
Accrued financial expenses	1,336	1,336		
Obligations on assignments of receivables with recourse	11,786	11,786		
Due to factoring agencies	4,455	4,455		
Other financial liabilities	1,000	1,000		
Liabilities for reverse factoring	4,570	4,570		
Financial liabilities for finance leases	424	90	334	
Financial liabilities for operating leases	30,067	4,630	9,028	16,409
FINANCIAL LIABILITIES	**385,425**	**30,497**	**338,519**	**16,409**

Below is the breakdown of financial liabilities at 31 December 2019.

	31 December 2019	Within 1 year	After 1 year within 5 years	Beyond 5 years
Senior Secured Notes	339,905		339,905	
C.C.F.S. loan	,889	1,111	7,778	
Artigiancassa loan	1,556	239	1,317	
Debt for the acquisition of investments/business units	6	6		
Current account overdrafts, advance payments and hot money	1	1		
Financial current accounts – Subsidiaries	9,583	9,583		
Financial current account - Manutencoop Società Cooperativa	165	165		
Share capital to be paid into investee companies	3	3		
Prepaid financial expenses	(831)	(509)	(322)	
Accrued financial expenses	1,530	1,530		
Obligations on assignments of receivables with recourse	23,747	23,747		
Due to factoring agencies	2,350	2,350		
Payables for dividends to sole shareholder	13,000	13,000		
Financial liabilities for operating leases	33,055	4,467	15,924	12,663
FINANCIAL LIABILITIES	**432,958**	**55,693**	**364,602**	**12,663**

Senior Secured Notes

On 6 July 2017, the CMF S.p.A vehicle 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. The Notes, which were reserved for institutional investors and were listed on the Euro MTF segment managed by the Luxembourg Stock Exchange, as well as on the Extra MOT, Pro Segment, of Borsa Italiana, were issued at a price equal to 98% and a coupon at a fixed rate of 9.0% p.a., payable on a six-monthly basis. The terms and conditions referred to in the rules of the Bond Issue are laid down in the Indenture, which is governed by the law of the State of New York. This bond issue was initially deposited by Bank of New York in escrow account, until the release of the same on 13 October 2017.

As required by the Offering Memorandum for the bond issue, on 1 July 2018 the Group completed the merger of CMF S.p.A. by incorporation into its subsidiary Rekeep S.p.A., according to Article 2501-bis (merger with debt), thus giving rise to the acquisition directly by Rekeep S.p.A. of the bond issue, together with any related obligations and guarantees described below in this paragraph and in note 34 below.

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

In early 2019 Rekeep S.p.A. also formalized the purchase of portions of its bond issue on the open market for a nominal total of € 10,300 thousand, which were subsequently cancelled. An additional purchase on the open market for an overall nominal amount of € 15,800 thousand was formalized in the second quarter of 2020, and these Notes were cancelled on 7 January 2021. The weighted average repurchase price was in any case less than the price for the issue equal to 98% at 6 July 2017.

The financial charges accrued on the coupons of the Senior Secured Notes came to € 30,537 thousand during 2020 (€ 31,576 thousand in 2019). 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 € 3,977 thousand for the year, of which an amount of € 402 thousand relating to the write-off of the portion relating to the repurchased Notes.

Finally, it should be noted that, on 28 January 2021 and 9 February 2021 Rekeep S.p.A. completed a new issue of Senior Secured Notes due 2026 and coupon of 7.25%, the proceeds from which (totaling € 370 million), have been used, together with the Cash and cash equivalents already reported in the Company's financial statements, to pay off the Senior Secured Notes issued during 2017.

Super Senior Revolving Credit Facility (RCF)

At the same time as the bond issue, CMF S.p.A. also entered, as the Parent Company, into a Super Senior Revolving loan agreement for € 50 million ("RCF"), to which Rekeep S.p.A. was a party as Borrower.

The 5-year credit facility (expiring on 15 December 2021) provides for a credit line at sight, in a maximum nominal amount of € 50 million, for the entire term. The facility was activated in order to meet temporary cash requirements (if any) and therefore ensures financial flexibility. After the merger by incorporation of CMF S.p.A. into the subsidiary Rekeep S.p.A., Servizi Ospedalieri S.p.A. may also access the Super Senior Revolving credit facility, providing a specific personal security. The Super Senior Revolving loan agreement provides for compliance with a financial covenant, which is preliminary to the possible use of the line granted. This financial covenant is in line with the market practice for similar financing transactions and is recognized on a quarterly basis on the basis of the data relating to the last 12 months, as resulting from the financial position, results of operations and cash flows approved during the quarter prior to the date of the application for use of the credit facility. On the reporting date of these financial statements the financial covenants had been complied with.

The facility was activated for a half-year on 23 March 2020 and subsequently renewed on 23 September 2020 for an additional half-year in order to meet temporary cash requirements (if any), including in relation to the difficult economic situation that is accompanying the Covid-19 emergency in Italy. Therefore, this credit facility was terminated on 31 December 2020, with an impact of € 1,670 thousand in terms of financial costs accrued in the meantime. No drawdown on the RCF line had been requested during 2019.

C.C.F.S. loan

The C.C.F.S. loans was early repaid on 29 June 2020.

The related agreement had been signed on 14 November 2017 by Rekeep S.p.A. for a total amount of € 10 million, at an interest rate composed of a 6-month EURIBOR plus a spread and the loan, which was backed by a pledge on the shares of subsidiary H2H Facility Solutions S.p.A., was also paid off on 9 July.

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 2020.

Current account overdrafts, advance payments and hot money

Bank overdrafts and advances on current accounts are not backed by guarantees. Their management is linked to temporary reductions in liquidity, within the flows of receipts and payments on the reporting date. No uses of the credit facilities were reported at 31 December 2020.

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. (€ 1,026 thousand) and Telepost S.r.l. (€ 1,557 thousand), as well as of interest accrued on these financial accounts and not yet invoiced at the reporting date (€ 61 thousand). Furthermore, the financial debt in current account to the parent company Manutencoop Società Cooperativa was also stated (€ 174 thousand).

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

Share capital to be paid into investee companies

The amount of € 113 thousand relates to the payable for the quota capital to be paid into the subsidiary Cefalù Energia S.p.A..

Obligations from assignments of receivables with recourse

During 2020 the Company entered into a new agreement for the assignment with recourse of trade receivables with Banca Sistema S.p.A. concerning receivables from Public Authorities. This agreement superseded the previously applicable agreement for assignment with recourse, which had been executed with Unicredit Factoring S.p.A. in 2015. During 2020 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 35,615 thousand. As at the reporting date of the Financial Statements at 31 December 2020 the exposure was equal to € 10,438 thousand (€ 17,857 thousand at 31 December 2019 on the agreement with Unicredit Factoring S.p.A.).

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 € 4,455 thousand at 31 December 2020) were transferred to the factor in the first days of the subsequent financial year.

Prepaid financial expenses

At 31 December 2020 the Company recognized prepaid interest expenses of € 553 thousand. The item mainly related to arrangement fees initially paid by CMF S.p.A. for entering into the Super Senior Revolving (RCF) facility agreement. In 2017

CMF S.p.A. charged back all the costs concerning the subscription of this credit line (initially equal to € 1.0 million) to Rekeep S.p.A.. These costs were amortized on a straight-line basis throughout the term of the credit facility and showed a remaining balance of € 229 thousand at 31 December 2020.

Accrued financial expenses

At 31 December 2020 the Company recognized accrued interest expenses for € 1,336 thousand relating to the coupon of the Senior Secured Notes due 15 June 2021.

Obligations arising from reverse factoring transactions

As at 31 December 2020 Rekeep S.p.A. had in place some reverse factoring lines with Unicredit Factoring and Banca Farmafactoring, which ensure a greater amount of overdraft facilities with respect to payments to some suppliers. The exposure was equal to € 4,570 thousand at 31 December 2020.

Other financial liabilities

As at 31 December 2020 other financial liabilities were recorded for € 1,000 thousand. In accordance with the provisions of the assignment agreement, the payable for adjustments to the price for the transfer of Sicura S.p.A. was recognized in 2020 for a total of € 2,110 thousand, of which an amount of € 800 thousand had not yet been paid at 31 December 2020. Furthermore, an amount of € 200 thousand was recognized against claims submitted by the assignee on disposals of subsidiaries in previous years.

Finance lease obligations

The lease agreements entered into are not secured and were signed by Rekeep S.p.A. during the year on plant and machinery used in some contracts. New loans were raised for € 476 thousand, with a 3-year maturity and monthly payments. The remaining debt amounted to € 424 thousand at 31 December 2020.

Financial liabilities for operating leases

As at 31 December 2020 the financial liability for operating leases amounted to € 30,067 thousand. Specifically, during the 2020 financial year there were early termination transactions for € 1,086 thousand and increases for the execution of new agreements concerning property leases and the long-term hire of vehicles and equipment, equal to € 3,007 thousand, in addition to the payment of lease and hire rentals.

20. CONTINGENT LIABILITIES

As at the date of approval of the financial statements, contingent liabilities had arisen for the Company which had not been recognized in the accounts and for which the Management believes that the related financial risks can be regarded as possible but unlikely or for which these risks cannot be quantified and recognized in the financial statements at 31 December 2020.

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

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

The Company successfully challenged the order before the Regional Administrative Court, but, within appellate proceedings brought by ANAC, the disqualification order was confirmed by the Council of State; at the end of the procedure for application of extraordinary means of appeal (appeal for review and judicial appeal to the Supreme Court), it became final on 4 December 2020 with the filing of the Supreme Court's judgment no. 27770/2020. As a result of this judgment, any suspension effect of ANAC Resolution no. 1106/2017 was therefore removed, which entails, in addition to a fine of € 10,000, the exclusion of Rekeep S.p.A. from public tender procedures and subcontracting of public contracts for a financial period of 6 months in accordance with Legislative Decree 50 of 2016 (the "Public Contracts Code"). The entry, which had been previously blacked out by ANAC, was therefore re-inserted in the computerized records of economic operators in public contracts relating to works, services and supplies as from 25 December 2020 and until 17 June 2021. Rekeep S.p.A. had formally asked ANAC to postpone the immediate new reinstatement of the entry in the records until the conclusion of the proceedings initiated by ANAC on the Application for Re-examination submitted on 20 October 2020 and, subordinately, to specify that the disqualifying effects of these records, as provided for by Article 38, paragraph 4, of the "Rules for the management of the Computerized Records of public contracts for works, services and supplies, in accordance with Article 213, paragraph 10, of Legislative Decree no. 50 of 18 April

2016", are only limited to exclusion "from tender procedures or from access to qualification if the expiry of the time limit set for submitting bids or the application for qualification falls within the effective period of the entry". ANAC replied to this notice with an additional memo sent on 5 January 2021, whereby it also notified that it rejected the Company's request and intended to reinstate the entry in question, as any other wording would not be in line with the principle according to which tendering requirements must necessarily be met on an ongoing basis". The Company has lodged an appeal against this order before the Lazio Regional Administrative Court, which declared the appeal as being inadmissible by a judgment dated 29 March 2021.

Given that ANAC's order provides for the disqualification of Rekeep S.p.A. only from taking part in public tenders and from awarding public contracts under sub-contract agreements, it is believed that this measure does not have a disqualifying effect on the other companies in the Rekeep Group, nor does it have any direct effect on the contracts that are already in the portfolio and included in the Group's backlog. Moreover, ANAC's order does not provide for the disqualification of Rekeep S.p.A. from participating in tenders issued by private parties. The Group's commercial pipeline (corresponding to the total value of the tenders issued by public entities in which the Group has participated and for which it is awaiting the related outcome) is historically segmented among the various subsidiaries and the parent company, Rekeep S.p.A., currently accounts for less than 10% of the commercial pipeline at consolidated level. The Company has appointed a representative to lodge an appeal with the European Court of Human Rights in order to protect its interests.

Italian Finance Police's Report of Findings served in 2019

On 10 April 2019 the Italian Tax Police (*Guardia di Finanza*) - Bologna Economic and Financial Police Unit – started a tax audit involving Rekeep S.p.A.. The audit was completed on 25 July 2019 with the service of the report of findings (*Processo Verbale di Constatazione*, PVC), which reported some remarks regarding VAT on some specific supply contracts, as well as remarks regarding VAT, IRES and IRAP tax. During 2020 the Company settled its position following the confrontation with the Revenue Agency.

21. TRADE PAYABLES AND CONTRACT LIABILITIES

The table below sets forth the breakdown of the item at 31 December 2020 and 31 December 2019:

	31 December 2020	of which to related parties	31 December 2019	of which to related parties
Trade payables	210,351	1,085	214,521	968
Trade payables to Associates and Joint-Ventures	9,689	9,689	10,233	10,233
Trade payables to Subsidiaries	29,704	29,704	28,804	28,804
Trade payables to Parent companies	4,685	4,685	7,104	7,104
Trade payables to Affiliates	0		5	5

	31 December 2020	of which to related parties	31 December 2019	of which to related parties
Contract liabilities for work to be performed	20,253		20,738	
TRADE PAYABLES AND CONTRACT LIABILITIES	**274,681**	**45,163**	**281,404**	**47,114**

At 31 December 2020 trade payables and contract liabilities amounted to € 274,681 thousand compared to a balance of € 281,804 thousand at 31 December 2019.

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 2020 and 31 December 2019:

	31 December 2020	31 December 2019
Payables to employees	34,671	36,893
Payables to social security institutions	5,122	6,638
Tax payables	4,483	4,812
Collections on behalf of ATI ("*Associazione temporanea di Imprese*")	10,807	12,382
Other payables to Subsidiaries	891	862
Other payables to Parent Company	15	27
Other payables to Associates	2	2
Property collection on behalf of customers	2,176	2,176
Payable for notices of payment to be paid in installments (AGCM FM4)	79,402	94,611
Other payables	4,539	4,617
OTHER CURRENT LIABILITIES	**142,108**	**163,019**

Other payables are settled after 30 days on average, excluding some 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 2019 the item included the payable relating to the deposit for the fine imposed by the Competition Authority in relation to the Consip FM4 Tender, (see note 18 "Provisions for risks and charges"). Even while pending the proceedings on

the merits, the Company recognized in fact the liability arising from the notice of payment issued by the Revenue Agency – Collection department for the corresponding amount (€ 94,611 thousand). This notice of payment had been issued following a deposit requested by AGCM in consideration of the pending dispute for an amount equal to the value of the fine (stated among non-current balance sheet assets).

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, in relation to reasons related to the calculation of the fine and set the parameters for its redetermination. Therefore, AGCM reset the new fine at € 79,800 thousand. While continuing to have confidence in the reasonableness of the defense arguments, the Directors, given the enforceability of the fine, recognized the debt relating to expected financial outlay in the financial statements at 31 December 2020 for an amount equal to what is stated in the Competition Authority's order, even in consideration of the uncertainty surrounding the actual outcome of the appeal against the Regional Administrative Court's judgment and the appeal on the merits concerning the Competition Authority's new order of 29 October 2020. The payment of sums entered in the taxpayers' list may take place, as already occurred for the sums owed as a deposit in the first stage of the litigation, in installments and within the time limits and according to the methods prescribed by law, pursuant to Article 19 of Presidential Decree 602/1973 and Ministerial Decree of 6 November 2013, as supplemented by the Directives issued by the Revenue Agency – Collection department. On 22 December 2020, in fact, the Revenue Agency provided the updated installment payment plan, deducting the installments already paid as deposit for € 3,010 thousand. The amount of the debt entered in the accounts also includes the expected surcharges and collection costs (equal to € 2,612 thousand). Finally, it should be noted that the Company resumed the regular payment of the monthly installments as from 24 January 2021.

23. REVENUE FROM CONTRACTS WITH CUSTOMERS

The table below sets forth the breakdown of the item for the years ended 31 December 2020 and 31 December 2019:

	31 December 2020	31 December 2019
Integrated services - system and building maintenance	141,608	130,944
Cleaning and sanitation services	240,339	276,690
Heat management	84,223	91,715
Construction work, building restructuring	64,875	61,323
Plant construction work	36,469	26,720
Landscaping services	3,126	3,797
Porterage services	20,639	8,529
Asset management	128	116

	31 December 2020	31 December 2019
Cemetery services	0	7
Other services	84,620	89,054
REVENUE FROM CONTRACTS WITH CUSTOMERS	**676,027**	**688,895**

In 2020 revenues recorded a slight decrease of € 12,868 thousand compared to the value posted in 2019.

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

It should be noted that, as from the second half of February 2020, the domestic scenario was strongly characterized by the health emergency deriving from the spread of the Coronavirus (COVID-19) epidemic. This health emergency, and the consequent need to contain the spread of the virus as much as possible, led the Italian Government to adopt urgent legislative measures that entailed a substantial lockdown of the entire economy of the country from the second period of ten days of March and until the end of April, except for essential activities and services. On the other hand, Rekeep S.p.A. has received requests for extra services and supplies such as extraordinary sanitization and cleaning, fitting out hospital wards, other non-routine maintenance work, above all in the healthcare sector. On the other hand there was a partial reduction in activity in the private domestic market and in the sector of Public non-health Entities owing to the partial or total closure of offices, schools, museums, transport and commercial businesses.

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 2020 and 31 December 2019:

	31 December 2020	31 December 2019
Reimbursement of damages	130	292
Gains on sales of property, plant and machinery	48	33
Grants	493	462
Other revenues	365	495
OTHER REVENUES	**1,035**	**1,282**

As at 31 December 2020, the balance was € 1,035 thousand, compared to € 1,282 thousand in the previous year.

The item "Other Revenue" is mainly made up of the recovery of costs for seconded personnel for an amount of € 173 thousand. An amount of € 493 thousand was also recognized as operating grants, mainly relating to employee training projects (€ 462 thousand at 31 December 2019).

25. COSTS OF RAW MATERIALS AND CONSUMABLES

The table below sets forth the breakdown of the item for the years ended 31 December 2020 and 31 December 2019:

	31 December 2020	31 December 2019
Change in inventories of raw materials	(301)	176
Fuel consumption	(35,214)	(43,071)
Consumption of raw materials	(70,564)	(64,400)
Purchase of auxiliary materials and consumables	(4,876)	(4,899)
Other purchases	(6,190)	(1,874)
COSTS OF RAW MATERIALS AND CONSUMABLES	**(117,145)**	**(114,068)**

The item included, among others, the costs for fuel (diesel and methane) as well as utilities and fuels mainly used as part of the Company'smaintenance work and heat management operations.

26. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

he table below sets forth the breakdown of the item for the years ended 31 December 2020 and 31 December 2019:

	31 December 2020	31 December 2019
Third-party services	(132,583)	(126,479)
Professional services	(27,944)	(28,008)
Consortia services	(49,469)	(46,318)
Utilities	(2,054)	(2,260)
Other personnel services	(4,997)	(5,256)
Transport	(111)	(21)
Equipment maintenance and repair	(4,621)	(4,612)
Insurance and sureties	(4,336)	(5,044)

	31 December 2020	31 December 2019
Travel expenses and reimbursement of expenses	(1,207)	(1,833)
Advertising and marketing	(323)	(305)
Statutory Auditors and Committees' fees	(88)	(127)
Bank services	(95)	(90)
Bonuses and commissions	0	(1)
Other services	(902)	(1,147)
COSTS FOR SERVICES	**(228,730)**	**(221,500)**
Rent expense	(1,712)	(1,147)
Hires and others	(3,695)	(3,611)
COSTS FOR USE OF THIRD PARTY ASSETS	**(5,407)**	**(4,758)**
COSTS FOR SERVICES AND USE OF THIRD PARTYASSETS	**(234,137)**	**(226,259)**

For the year ended 31 December 2020 the item amounted to € 234,137 thousand, against € 226,259 thousand in 2019. The increase was mainly linked to a rise in services provided by investee consortium companies (€ 3,151 thousand) and third-party services (€ 6,104 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 linked 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 2020 and 31 December 2019:

	31 December 2020	31 December 2019
Wages and salaries	(170,921)	(186,600)
Social security charges	(53,902)	(58,887)
Temporary and leased personnel	(19,346)	(22,040)
Other current benefits	(604)	(101)
CURRENT BENEFITS	**(244,744)**	**(267,629)**
Employment termination indemnity	(62)	(123)
DEFINED BENEFITS	**(62)**	**(123)**

	31 December 2020	31 December 2019
Payments to employee pension funds	(10,118)	(10,603)
DEFINED CONTRIBUTION BENEFITS	**(10,118)**	**(10,603)**
EMPLOYMENT TERMINATION BENEFITS	**(484)**	**(389)**
PERSONNEL COSTS	**(255,439)**	**(278,744)**

The financial year ended 31 December 2020 showed a decrease of € 23,305 thousand against the balance in 2019. The portion of termination indemnity paid to the INPS and to supplementary pension funds is recognized under current benefits. The average number of employees decreased from 13,076 units in 2019 to 12,290 units in 2020.

The reduction in the cost for the year was also due to the use of extraordinary wage-support schemes and other employment benefits provided on a non-recurring basis under government measures in relation to the Sars Covid-19 pandemic that arose as from the second quarter of the year.

28. OTHER OPERATING COSTS

The breakdown of the item is shown below for the years ended 31 December 2020 and 31 December 2019:

	31 December 2020	31 December 2019
Other operating costs	(2,212)	(2,829)
Fines and penalties	(671)	(315)
Competition Authority's fine for the FM4 Tender	(82,200)	0
Taxes other than income taxes	(1,350)	(1,173)
Capital losses on disposals of assets	(2)	(177)
Securitization credit discount	(184)	(30)
OTHER OPERATING COSTS	**(86,618)**	**(4,524)**

Capital losses from disposal of assets (€ 2 thousand at 31 December 2020 against € 177 thousand at 31 December 2019) include the operating loss on the disposal of some specific assets following the non-renewal of some contracts.

The year also saw the recognition of credit discount costs equal to € 184 thousand (€ 30 thousand at 31 December 2019) relating to the agreement for anassignment of receivables without recourse in place with Unicredit Factoring S.p.A..

As at 31 December 2020 Rekeep S.p.A. recorded the cost for the fine imposed by the Competition Authority relating to an alleged anti-competitive agreement for the Consip FM4 Tender. The Company 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. While continuing to have confidence in the reasonableness of the defense arguments, the Directors, given the enforceability of the fine, recognized the cost and debt relating to expected financial outlay in the financial statements at 31 December 2020 for an amount equal to what is stated in the Competition Authority's order of 29 October 2020 (€ 79,800 thousand), even in consideration of the uncertainty surrounding the actual outcome of the pending appeals and the appeal on the merits of this order. The payment of any sum entered in the taxpayers' list may take place, as already occurred for the sums owed as a deposit in the first stage of the litigation, in installments and within the time limits and according to the methods prescribed by law, pursuant to Article 19 of Presidential Decree 602/1973 and Ministerial Decree of 6 November 2013, as supplemented by the Directives issued by the Revenue Agency – Collection department. On 22 December 2020, in fact, the Revenue Agency provided the updated installment payment plan, deducting the installments already paid as deposit during 2020. The amount entered in the accounts also includes the expected surcharges and collection costs (equal to € 2,612 thousand).

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

The breakdown of the item is shown below for the years ended 31 December 2020 and 31 December 2019:

	31 December 2020	31 December 2019
Amortization of intangible assets	(6,438)	(6,257)
Depreciation of property, plant and equipment	(1,377)	(1,659)
Depreciation of property, plant and equipment under lease	(4,981)	(5,925)
Write-down of equity investments in Group companies	(11,999)	(6,508)
Write-downs of trade receivables	(2,885)	(2,023)
Transfer of bad debt provision	264	625
Write-downs of other assets	(550)	0
AMORTIZATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACKS OF ASSETS	**(27,966)**	**(21,747)**

The item Amortization/depreciation, write-downs and write-backs of assets increased from € 21,747 thousand at 31 December 2019 to € 27,966 thousand in 2020.

The item 'Write-down of the Group's Companies equity investments" of € 11,999 thousand includes the value adjustment recognized on the investment in Roma Multiservizi S.p.A. for € 1,533 thousand, as well as in Rekeep World S.r.l. for € 4,681

thousand and Yougenio S.r.l. for Euro 5,785 thousand (including the write-down of receivables from the subsidiary for € 3,156 thousand), s a result of losses regarded as not recoverable.

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

The item is made up of:

- Dividends from group companies for € 20,489 thousand (€ 10,418 thousand at 31 December 2019);
- Income from disposal of equity investments for € 900 thousand, net of charges from disposal of equity investments for € 446 thousand (€ 597 thousand at 31 December 2019).

The breakdown of dividends collected as at 31 December 2020 is shown below, compared to 2019:

	31 December 2020	31 December 2019
H2H Facility Solutions S.p.A.	2,000	597
Servizi Ospedalieri S.p.A.	18,000	8,480
Telepost S.r.l.	0	1,204
Sesamo S.p.A.	67	10
Progetto Nuovo Sant'Anna S.r.l.	14	19
Genesi Uno S.p.A.	33	30
MFM Capital S.r.l.	225	55
Progetto ISOM S.p.A.	90	0
Gico System S.r.l.	60	0
Alessandria Project Value S.r.l.	0	22
Other minor items	0	1
TOTAL DIVIDENDS FROM GROUP COMPANIES	**20,489**	**10,418**

The breakdown of income and costs from investments as at 31 December 2020 are shown below, compared to 2019:

	31 December 2020	31 December 2019
Sale of Energy Saving Valsamoggia S.r.l.	(446)	0
Premium-for-yield on the sale of MFM Capital S.r.l.	900	0
Earn-out on the sale of Synchron Nuovo San Gerardo S.p.A.	0	579

	31 December 2020	31 December 2019
Sale of Elene Project S.r.l.	0	13
Other minor items	0	5
TOTAL INCOME AND CHARGES FROM DISPOSAL OF EQUITY INVESTMENTS	**454**	**597**

Furthermore, net capital losses on disposal of equity investments for € 446 thousand were accounted in 2020, linked to the disposal of Energy Saving Valsamoggia S.r.l. to MFM Capital S.r.l.. The Company also recognized income of € 900 thousand in relation to the collection of the premium-for-yield paid on the disposal of MFM Capital S.r.l. to the 3i EOPF fund. This income was not recognized at the same time as the disposal since it was linked to uncertain and unforeseeable future events that occurred during 2020.

Finally, an income of € 579 thousand had been recognized in 2019 in relation to the collection of the earn-out on the disposal of Synchron Nuovo San Gerardo di Monza S.p.A., within the same transaction with 3i EOPF.

31. FINANCIAL INCOME

Below is the breakdown of this item for the financial years ended 31 December 2020 and 2019:

	31 December 2020	31 December 2019
Interest on trade receivables	617	1,891
Interest on loans and intercompany current accounts	3,639	2,951
Interest from discounting of non-interest bearing loans	10	12
Interest on bank current accounts	1	1
Capital gains on securities	1,160	1,598
Other financial income	65	188
FINANCIAL INCOME	**5, 493**	**6,641**

Financial income for the year showed a decrease of € 1,148 thousand compared to 2019, mainly against lower interest income from customers (- € 1,274 thousand), which had showed significant amounts in 2019, relating to default interest obtained against the successful in-court settlement of some disputes that had arisen in previous years.

Moreover, capital gains equal to € 1,160 thousand were also recognized on the purchase of portions of the bond issue on the open market for a nominal total of € 15.8 million during the year (€ 1,598 thousand in 2019, on the purchase of Notes for a nominal amount of € 10.3 million).

32. FINANCIAL CHARGES

	31 December 2020	31 December 2019
Interest on Loans	(32,557)	(31,699)
Financial charges on Group financial accounts	(229)	(376)
Financial costs from securitization	(3,067)	(2,749)
Other financial charges	(6,702)	(6,213)
Financial charges on leases	(1,494)	(1,637)
FINANCIAL CHARGES	**(44,049)**	**(42,674)**

The impact of *financial charges* for the 2020 financial year was equal to € 44,049 thousand up by € 1,375 thousand compared to 2019, when it was equal to € 42,674 thousand. The financial charges accrued on the Senior Secured Notes accrued for € 30,537 thousand in 2020 against € 31,576 thousand in 2019. The above-mentioned buy-back transactions that were carried out during the first half of 2020 (for a nominal amount of € 15.8 million) ensured savings of € 1,039 thousand on the financial charges accrued on the repurchased portions for the time being.

The *upfront fees* relating to the issue of the Senior Secured Notes, accounted for according to the amortized cost method, entailed financial amortization charges of € 3,977 thousand in 2020, of which an amount of € 402 thousand relating to the write-off of the portion relating to the repurchased Notes (€ 3,370 thousand in 2019, with a write-off of € 387 thousand on the buy-back of the previous year).

The initial costs for the subscription of the Super Senior Revolving loan for € 50 million (RCF), equal to € 1 million upon issue, are amortized on a straight-line basis throughout the term of the credit facility. The cost relating to this amortization amounted to € 240 thousand in both comparative periods, to which must be added the commitment fees charged by banks (€ 85 thousand in 2020 against € 450 thousand in 2019). The facility was activated for a half-year on 23 March 2020 and subsequently renewed on 23 September 2020 for an additional half-year in order to meet temporary cash requirements (if any), including in relation to the difficult economic situation that is accompanying the Covid-19 emergency in Italy. Therefore, the line was terminated on 31 December 2020, with an impact in terms of accrued financial charges equal to € 1,670 thousand. No drawdown on the RCF line had been requested in 2019.

Finally, interest discount costs were recognized for € 3,067 thousand during 2020 in relation to the assignments of trade and VAT receivables without recourse (€ 2,749 thousand at 31 December 2019).

33. CURRENT, PREPAID AND DEFERRED TAXES

The breakdown of the income taxes is shown below for the years ended 31 December 2020 and 31 December 2019:

	31 December 2020	31 December 2019
Current IRES tax	7,995	8,281
Current IRAP tax	3,218	3,413
(Income) charges from tax consolidation	(2,252)	(1,256)
Adjustments to current taxes of previous years	819	(92)
Current taxes	**9,780**	**10,347**
Prepaid/deferred IRES tax	(840)	778
Prepaid/deferred IRAP tax	95	40
Prepaid/deferred taxes relating to previous years	0	0
Prepaid/(deferred) taxes	**(745)**	**817**
CURRENT, PREPAID AND DEFERRED TAXES	**9,035**	**11,614**

Current taxes

The reconciliation between IRES tax and IRAP tax recorded and theoretical tax resulting from application of the tax rates in force for the years ended 31 December 2020 and 31 December 2019 to pre-tax profit is as follows:

Reconciliation between theoreticaland actual IRES tax rate	31 December 2020	%	31 December 2019	%
Pre-tax profit (continuing and discontinuedoperations)	**(57,364)**		**16,905**	
Ordinary rate applicable		24%		24%
Effect of increases (decreases):				
- Temporary differences	7,689		(1,181)	
- Permanent differences	74,164		18,782	
IRES taxable income	24,489		34,506	
ACTUAL RATE/TAX	**5,877**	**N.A.**	**8,281**	**7.18%**

Reconciliation between theoreticaland actual IRAP tax rate	31 December 2020	%	31 December 2019	%
Pre-tax profit (continuing and discontinued operations)	**(57,364)**		**16,905**	
Ordinary rate applicable				

Reconciliation between theoreticaland actual IRAP tax rate	31 December 2020	%	31 December 2019	%
		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	255,439		278,744	
- Balance from financial management	17,613		25,019	
- Other difference between taxable base and pre-tax result	(143,780)		(239,342)	
IRAP taxable income	**71,907**		**81,326**	
- of which at 2.68%	1,789		1,820	
- of which at 2.93%	100		189	
- of which at 3.10%	47		0	
- of which at 3.90%	48,020		50,793	
- of which at 4.73%	1,023		994	
- of which at 4.82%	23,154		25,135	
- of which at 4.97%	2,590		2,396	
ACTUAL RATE/TAX	**3,218**	**4.48%**	**3,413**	**4.20%**

The result before tax for the year posted a loss as a result of accounting for the cost of the Competition Authority's fine (€ 82,411 thousand). Furthermore, in 2020 the Company recognized a profit before tax from discontinued operations equal to € 10,655, including the aforementioned capital gain from the sale of the investment in Sicura S.p.A..

Compared to the previous year the Group recognized lower current, prepaid and deferred taxes for € 2,129 thousand against a lower Profit (loss) before tax from continuing operations (excluding the cost accrued for the Competition Authority's fine) for € 2,724 thousand.

Prepaid and deferred taxes

The breakdown of the prepaid and deferred taxes as at 31 December 2020 and at the end of the previous year is shown below:

Breakdown of Prepaid and deferred taxes	Equity tax effect		Economic tax effect	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Prepaid taxes:				
Multi-year costs				6
Presumed losses on receivables	3,614	4,463	(848)	232
Provisions for risks and charges	3,149	2,470	679	(57)
Write-downs on asset items				219
Fees of Directors, Statutory Auditors and Independent Auditors	60	70	(10)	17
Amortization	1	1		1
Interest expense		3,068		3,068
Employee benefits		29		
Cash cost deduction	24	23	2	
Effects of IFRS16 recognized in Equity	633	633		
Other temporary differences	610	556	12	136
TOTAL PREPAID TAXES	**11,160**	**11,284**	**166**	**553**
Deferred taxes:				
Goodwill amortization	(9,875)	(9,619)	234	334
Purchase Price Allocation (PPA)	(1,539)	(1,606)	(67)	(67)
Other temporary differences	(26)	(48)	(1)	(3)
Amortized cost	(814)	(1,892)	(1,078)	0
TOTAL DEFERRED TAXES	**(12,253)**	**(13,164)**	**(911)**	**265**
NET PREPAID/(DEFERRED) TAXES	**(1,093)**	**(1,880)**	**(745)**	**817**

34. COMMITTMENTS AND GUARANTEES

The Company has commitments in place which arise from the execution of finance and operating lease agreements.

During 2020 the Company signed two finance lease agreements relating to equipment used on projects for € 476 thousand.

Furthermore, the Company holds commitments to the execution of property lease agreements for the its offices in Italy, as well as long-term hire agreements for the corporate fleet, accounted for as operating leases in accordance with IFRS16.

The tables below report the breakdown of the amount of future payments under finance lease agreements and their present value at 31 December 2020 and 31 December 2019:

	31 December 2020			
	Finance Lease		Operating Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	101	90	5,927	4,630
From one year to five years	351	334	18,951	16,409
After 5 years	0	0	9,900	9,021
TOTAL LEASE PAYMENTS	**452**	**424**	**34,778**	**30,067**
Financial charges	(28)		(4,711)	
PRESENT VALUE OF LEASE PAYMENTS	**424**	**424**	**30,069**	**30,069**

	31 December 2019			
	Finance Lease		Operating Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year			5,915	4,467
From one year to five years			19,028	15,924
After 5 years			14,120	12,663
TOTAL LEASE PAYMENTS	**0**	**0**	**39,063**	**33,055**
Financial charges			(6,008)	
PRESENT VALUE OF LEASE PAYMENTS	**0**	**0**	**33,055**	**33,055**

Guarantees given

The Company had the following guarantees as at 31 December 2020:

- guarantees for financial obligations of € 7,112 thousand (€ 18,055 thousand at 31 December 2019), wholly issued in the interests of subsidiaries and associates for bank overdrafts and other financial obligations (€ 7,199 thousand at 31 December 2019);

- sureties granted to third parties as security for the correct performance of commercial contracts in place with customers, equal to € 274,375 thousand (€ 259,487 thousand at 31 December 2019), of which an amount of € 26,672 thousand issued in the interests of subsidiaries and associates (€ 14,521 thousand at 31 December 2019);
- other guarantees issued by third parties in favor of associates, joint ventures and other equity investments for € 10,307 thousand (€ 25,050 thousand at 31 December 2019).
- 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 € 47,569 thousand (€ 13,116 thousand at 31 December 2019), of which an amount of € 2,559 thousand issued in the interests of subsidiaries and associates (€ 423 thousand at 31 December 2019).

Guarantees arising from the Senior Secured Notes bond issue launched by CMF S.p.A. in 2017 and from the Super Senior Revolving loan agreement with Unicredit Bank A.G.

CMF S.p.A., which was established by Parent Company Manutencoop Società Cooperativa in 2017, launched a Senior Secured Notes bond issue in 2017, due 2022. On 29 June 2017 CMF S.p.A. also signed, as the Parent Company, a Super Senior Revolving loan agreement for € 50 million, governed by English law, to which Rekeep S.p.A. became a party as Borrower.

CMF S.p.A. was merged by incorporation into Rekeep S.p.A. with statutory, accounting and tax effects from 1 July 2018, applying the provisions laid down in the Indenture signed on 13 October 2017. After the merger, the subsidiary Servizi Ospedalieri S.p.A. may also access the revolving credit facility, providing a specific personal security.

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

- a first-degree pledge over the total shares of Rekeep S.p.A., paid by the controlling company Manutencoop Società Cooperativa;
- 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 pursuantto 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 abovementioned 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 2020 no events of default had occurred.

All the guarantees listed above were annulled and replaced by those envisaged in the new Indenture with the new issue of Senior Secured Notes that took place in 28 January 2021, by which the Notes issued in 2017 were early repaid.

35. RELATED-PARTY TRANSACTIONS

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

Non-interest bearing loans are only disbursed in the case of pro-quota financing granted by syndicated shareholders to consortium companies. These loans, if long-term, were discounted in the financial statements of the Company.

The Company not only provides technical-production services relating to the core business, but also administrative and IT services for certain Group companies. Furthermore, some administrative and lease service contracts are in place with its parent company Manutencoop Società Cooperativa.

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

PARENT COMPANY		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Manutencoop Società Cooperativa	31-Dec-20	125	20,119		703	35	7,277	4,685	14,272
	31-Dec-19	124	24,091		961	43	5,548	7,104	28,803
TOTAL PARENT COMPANY	**31-Dec-20**	**125**	**20,119**		**703**	**35**	**7,277**	**4,685**	**14,272**
	31-Dec-19	**124**	**24,091**		**961**	**43**	**5,548**	**7,104**	**28,803**

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.	31-Dec-20					3			1
	31-Dec-19					3			1
Bologna Strade soc.cons.a r.l.	31-Dec-20	68				21			
	31-Dec-19	8				9			
Cefalù Energia S.p.A.	31-Dec-20	5				5			105
	31-Dec-19	1,279		47		1,207	551		
Co.Ge.F. Soc.Cons.a r.l.	31-Dec-20	973	846			2,306		1,305	
	31-Dec-19	1,150	918			2,226		1,403	
Cons. Igiene Ospedaliera Soc.Cons.a r.l.	31-Dec-20	63	156			268		398	
	31-Dec-19	62	129			192		231	
Cons. Imolese Pulizie Soc.Cons.a r.l.	31-Dec-20						36	12	
	31-Dec-19						36	12	
Consorzio Stabile CMF	31-Dec-20	1,656	2,173	1		2,306	88	1,084	
	31-Dec-19	365	1,877			524	63	937	

DIRECTLY AND INDIRECTLY-CONTROLLED COMPANIES		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cons. Servizi Toscana Soc.Cons.a.r.l.	31-Dec-20					282		177	
	31-Dec-19	20	68			282		177	
Gestlotto 6 Soc.Cons.a r.l.	31-Dec-20						5		
	31-Dec-19						5		
Global Oltremare Soc.Cons.a.r.l.	31-Dec-20		15					85	
	31-Dec-19		24					71	
Energy Saving Valsamoggia S.r.l.	31-Dec-20								
	31-Dec-19	1,279		47		1,207	551		
Ferraria Soc.Cons.a r.l.	31-Dec-20	4,300	5,143			3,421		2,277	
	31-Dec-19	4,304	4,919			3,653		2,852	
Sicura S.p.A	31-Dec-20								
	31-Dec-19	576	958		90	643	24	1,037	3,015
Gymnasium Soc.Cons.a r.l.	31-Dec-20					1	8	33	
	31-Dec-19					1	8	33	
Imola Verde e Sostenibile Soc. Cons. a r.l.	31-Dec-20								
	31-Dec-19								3
Isom Gestione Soc.Cons.a.r.l.	31-Dec-20	14,987	9,438			15,859		5,880	
	31-Dec-19	14,143	8,024			9,572		3,325	
Isom Lavori Soc.Cons.a.r.l.	31-Dec-20	20	1			535		308	
	31-Dec-19	24				521		215	
Infrastrutture Lombardia Servizi Soc. Cons. a r.l.	31-Dec-20	1,234	894			1,235		894	5
	31-Dec-19	1,279		47		1,207	551		
H2H Facility Solutions S.p.a.	31-Dec-20	2,871	1		29	1,642	2,421	3	104
	31-Dec-19	2,739	3		120	913	46	5	4,364
H2H Cleaning S.r.l.	31-Dec-20	130	13			233	1	26	271
	31-Dec-19	20	13			83	3	13	22
Medical Device S.r.l.	31-Dec-20		39			3		46	
	31-Dec-19					3			
M.S.E. Soc. Cons. a r.l.	31-Dec-20		4			78	135	119	
	31-Dec-19	103	347			108	256	345	
Palmanova servizi energetici soc.cons. a r.l.	31-Dec-20		8			810		596	
	31-Dec-19	26	73			807		588	
S.AN.CO. Soc. Conso a r.l.	31-Dec-20	37	(9)			11	861	(269)	618
	31-Dec-19	37	(54)			33	861	(260)	604

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.GE Soc. Cons. a r.l.	31-Dec-20	22,619	13,318	168		5,600	4,845	7,365	
	31-Dec-19	21,899	13,349	164		5,232	4,654	6,353	
Servizi Brindisi soc.cons.a r.l.	31-Dec-20		7			264	6	(58)	
	31-Dec-19		6			264		(65)	
Servizi Ospedalieri S.p.A.	31-Dec-20	1,190	1,569	2,422		452	24,916	503	4
	31-Dec-19	979	36	2,329		1,161	24,830	30	4
Servizi Taranto Soc. Cons. a r.l.	31-Dec-20	1,068	3,093			592		1,628	56
	31-Dec-19	1,511	3,685			464		1,624	56
Simagest 2 Soc.Cons.a r.l.	31-Dec-20						75	13	2
	31-Dec-19						75	13	2
Simagest 3 Soc.Cons.a r.l.	31-Dec-20		4				3	7	
	31-Dec-19						3	3	
Telepost S.r.l.	31-Dec-20	700	713		26	253		147	1,591
	31-Dec-19	741	507		11	163		254	496
Logistica Sud-Est Soc. Cons. a r.l.	31-Dec-20	799	2,141			355		802	
	31-Dec-19	810	2,055			611		1,023	
Rekeep Digital S.r.l.	31-Dec-20	324	2,760	83		118	2,461	1,471	96
	31-Dec-19	349	2,206	63		18	3,774	1,466	86
San Gerardo Servizi Soc. Cons. a r.l.	31-Dec-20	3,748	3,739			1,820		2,696	
	31-Dec-19	5,372	3,830			4,772		3,129	
Rekeep World S.r.l.	31-Dec-20	392		652		36	32,417	14	15
	31-Dec-19	211	18	278		42	11,054	31	14
Rekeep Saudi Co.Ltd.	31-Dec-20				(95)	95			
	31-Dec-19	1,279		47		1,207	551		
Protec S.r.l.	31-Dec-20	3							
	31-Dec-19	20				24			
Evimed S.r.l.	31-Dec-20								
	31-Dec-19	27	456			32		426	
MCF Servizi Integrati Soc. Cons. a r.l.	31-Dec-20	33				689		322	
	31-Dec-19	65	29			797		453	
KANARIND Soc. Cons.a rl	31-Dec-20	9,919	6,893			5,590		2,687	
	31-Dec-19	10,117	7,219			8,015		4,006	
YOUGENIO S.r.l.	31-Dec-20	106	187	114		94	3,164	219	3
	31-Dec-19	117	10	101		7	3,330	13	0

DIRECTLY AND INDIRECTLY-CONTROLLED COMPANIES		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Elene Project S.r.l.	31-Dec-20								
	31-Dec-19	1,558	27	43		408	9	29	
Rekeep Rail S.r.l.	31-Dec-20	359		33		274	69		1,028
	31-Dec-19	361			3	52	34		1,945
TOTAL DIRECTLY AND INDIRECTLY-CONTROLLED COMPANIES	**31-Dec-20**	**67,605**	**53,147**	**3,474**	**(40)**	**45,249**	**71,512**	**30,789**	**3,899**
	31-Dec-19	**68,990**	**50,732**	**3,025**	**223**	**42,842**	**49,615**	**29,771**	**10,611**

JOINT VENTURES		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cardarelli Soc. Cons. a r. l.	31-Dec-20								
	31-Dec-19		7						
DUC Gestione Sede Unica Soc.Cons.a r.l.	31-Dec-20	7,141	3,218			3,140		1,037	
	31-Dec-19	7,075	3,538			3,877		996	
Legnago 2001 Soc.Cons.a r.l.	31-Dec-20		5			158		59	
	31-Dec-19		4			158		54	
SCAM Soc.Cons. a r.l.	31-Dec-20							53	
	31-Dec-19							53	
Serena s.r.l. in liquidation	31-Dec-20						3		
	31-Dec-19						3		
CO. & MA.Soc. Cons. a r.l	31-Dec-20	360	1,203			60	20	568	
	31-Dec-19	360	1,035			240	20	839	
TOTAL JOINT VENTURES	**31-Dec-20**	**7,501**	**4,426**			**3,358**	**24**	**1,717**	
	31-Dec-19	**7,576**	**4,618**	**0**	**0**	**4,124**	**27**	**1,844**	**0**

ASSOCIATES		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Bologna Multiservizi soc.cons.a r.l.	31-Dec-20								
	31-Dec-19		40						
Bologna Più Soc.Cons. a r.l. in liquidation	31-Dec-20						3	3	2
	31-Dec-19						3	3	2
Como Energia Soc.Cons.a r.l.	31-Dec-20		7					111	
	31-Dec-19							102	
Gico Systems S.r.l.	31-Dec-20	6	1,679			2		935	
	31-Dec-19	7	1,306			5		919	
Global Provincia di RN Soc.Cons.a r.l.	31-Dec-20						70	13	
	31-Dec-19						70	13	
Global Riviera Soc.Cons.a r.l.	31-Dec-20		9					(14)	
	31-Dec-19		8					(23)	
Global Vicenza soc.cons. a r.l.	31-Dec-20		3				10	16	
	31-Dec-19		(4)				10	14	
Logistica Ospedaliera Soc.Cons.a r.l.	31-Dec-20		4					19	
	31-Dec-19							15	
Newco DUC Bologna S.p.A.	31-Dec-20							51	
	31-Dec-19		15					51	
Roma Multiservizi S.p.A.	31-Dec-20	93	961			79		627	
	31-Dec-19	164	1,124			2,825		345	
Servizi Napoli 5 soc.cons. r.l.	31-Dec-20	1,357	1,290			3,853		2,612	
	31-Dec-19	1,400	1,322			2,773		1,731	
TOWER Soc. Cons. a r.l. in liquidation	31-Dec-20					33	29		
	31-Dec-19					33	29		
Bologna Global Strade Soc. Cons a r.l.	31-Dec-20	457	767			86	383	1	
	31-Dec-19	2,638	4,711			2,322	336	3,461	
BGP2 Soc.Cons. a r.l.	31-Dec-20	(208)	244					501	
	31-Dec-19		878			208		844	
Gestione Strade Soc. Cons. a r.l.	31-Dec-20	223	1,278			78	63	433	
	31-Dec-19	107	1,273			57	63	815	
S.E.I. Energia Soc. Cons. a r.l.	31-Dec-20	49	3,944	22		44	757	2,347	
	31-Dec-19	67		22		121	776		
2High S.r.l.	31-Dec-20		116					215	
	31-Dec-19								

ASSOCIATES		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.	31-Dec-20	285	274			114		102	3
	31-Dec-19								
TOTAL ASSOCIATES	**31-Dec-20**	**2,262**	**10,576**	**22**		**4,288**	**1,314**	**7,971**	**5**
	31-Dec-19	**4,382**	**10,673**	**22**	**0**	**8,344**	**1,285**	**8,290**	**2**

SUBSIDIARIES AND ASSOCIATES OF MANUTENCOOP SOCIETA' COOPERATIVA		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cerpac S.r.l. in liquidation	31-Dec-20					1			
	31-Dec-19					1			
Nugareto Società Agricola Vinicola S.r.l.	31-Dec-20								
	31-Dec-19		5					5	
Segesta S.r.l.	31-Dec-20	5				6			
	31-Dec-19	5				2			
Sacoa s.r.l.	31-Dec-20	41	19			12			
	31-Dec-19	43	20			15			
TOTAL SUBSIDIARIES OF MANUTENCOOP SOCIETA' COOPERATIVA	**31-Dec-20**	**46**	**19**	**0**	**0**	**19**	**0**	**0**	**0**
	31-Dec-19	**49**	**25**	**0**	**0**	**18**	**0**	**5**	**0**
Consorzio Karabak Società Cooperativa	31-Dec-20	72				19			
	31-Dec-19	73				26			
Consorzio Karabak Due soc.coop	31-Dec-20	4				1			
	31-Dec-19	5	1			2			
Consorzio Karabak Quattro coop	31-Dec-20							1	
	31-Dec-19							1	

SUBSIDIARIES AND ASSOCIATES OF MANUTENCOOP SOCIETA' COOPERATIVA		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL ASSOCIATES OF MANUTENCOOP SOCIETA' COOPERATIVA	**31-Dec-20**	**76**	**0**	**0**	**0**	**19**	**0**	**1**	**0**
	31-Dec-19	**78**	**1**	**0**	**0**	**27**	**0**	**1**	**0**

		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL related parties	**31-Dec-20**	**77,614**	**88,287**	**3,496**	**663**	**52,969**	**80,127**	**45,163**	**18,176**
	31-Dec-19	**81,058**	**90,108**	**3,048**	**1,185**	**55,551**	**56,472**	**47,114**	**39,417**

Sometimes technical services and works are performed in favor of individuals who hold top management positions within the Rekeep Group, on the basis of contracts entered into at arm's length. Advances of € 984 thousand collected against these services were recognized at 31 December 2020.

Below are the main contracts in place within the Group controlled by Manutencoop Società Cooperativa:

- Manutencoop Società Cooperativa sub-leased to the Company the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The duration of the lease has a 5-year term and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is expected to be € 1,320 thousand, to be paid in 12 monthly installments;
- Manutencoop Società Cooperativa also leased to Rekeep S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use. The contract has a 6-year term, tacitly renewable. Annual rent is expected to be € 325 thousand, to be paid in 12 monthly installments.
- On 6 July 2007, Rekeep S.p.A. signed a framework agreement with its parent company, Manutencoop Società Cooperativa, in order to regulate the essential contents of subsequent personnel leases from Manutencoop Cooperativa to the Subsidiary pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term, and is tacitly renewed, unless terminated by one of the parties. As a result of said agreement, which has the legal nature of a legislative contract that does not provide rights to third parties, Rekeep S.p.A. and the parent company Manutencoop Società Cooperativa, set out the conditions that regulate any future contracts for the leasing of shareholding personnel of Manutencoop Società Cooperativa, and the operating rules for establishing and resolving said contracts;
- Manutencoop Società Cooperativa is committed to provide, on the basis of contracts stipulated with the individual companies of the Rekeep Group, the payroll service relating to the Company's employees;
- The Company signed agreements with Manutencoop Società Cooperativa and other Group companies, for the provision of tax consultancy services;

- Starting from 2004, the Company applied the tax consolidation of the Parent Company Manutencoop Società Cooperativa, pursuant to art. 117 et seq. of the TUIR (Italian Consolidated Law on Income Tax). The agreement can be renewed every three years and, during the year, it was extended for the period from 2019 to 2021. Relations between the consolidating company Manutencoop Società Cooperativa 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 Manutencoop Società Cooperativa and, pursuant to art. 2497-bis, paragraph 4 of the Italian Civil Code, the key figures of the latest set of approved financial statements are provided below:

	31 December 2019	31 December 2018
STATEMENT OF FINANCIAL POSITION		
ASSETS		
A) Subscribed capital, unpaid	52	69
B) Fixed assets	316,234	321,247
C) Working capital	30,166	22,688
D) Accrued income and prepaid expenses	993	1,109
TOTAL ASSETS	**347,445**	**345,114**
LIABILITIES		
A) Shareholders' equity:		
Share capital	5,034	5,713
Reserves	277,737	280,839
Profit/(Loss) for the year	8,381	(3,102)
B) Provisions for risks and charges	684	148
C) Employee Severance Indemnity	984	1,280
D) Payables	53,995	59,594
E) Accrued expenses and deferred income	630	642
TOTAL LIABILITIES	**347,445**	**345,114**
INCOME STATEMENT		
A) Value of production	34,282	30,658
B) Costs of production	(33,230)	(29,797)
C) Financial income and costs	9,033	(3,827)
D) value adjustments to financial assets	(2,855)	(697)

	31 December 2019	31 December 2018
Income taxes for the year	1,151	561
Profit/(Loss) for the year	**8,381**	**(3,102)**

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 2020, as well as those paid to the Executives with Strategic Responsibilities:

	2020	2019
BOARD OF DIRECTORS		
Short-term benefits	468	468
TOTAL BOARD OF DIRECTORS	**468**	**468**
BOARD OF STATUTORY AUDITORS		
Short-term benefits	77	109
TOTAL BOARD OF STATUTORY AUDITORS	**77**	**109**
OTHER STRATEGIC EXECUTIVES		
Short-term benefits	2,787	2,773
Subsequent benefits	133	136
TOTAL OTHER STRATEGIC EXECUTIVES	**2,920**	**2,908**

The table below reports the fees accrued in 2020 for the audit and non-audit services rendered by the EY S.p.A and by entities in their network:

	31 December 2020	31 December2019
Audit services	456	381
Other services	334	57
Other certifications	27	27
TOTAL FEES DUE TO THE EY S.p.A. NETWORK	**816**	**465**

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 Manutencoop Società Cooperativa carried out a corporate reorganisation and refinancing of the entire Manutencoop Group. The corporate reorganisation involved the transfer of the shares held by Manutencoop Società Cooperativa in subsidiary Rekeep S.p.A. to a newly-established corporate SPV named CMF S.p.A., which is now the direct Parent Company of Rekeep S.p.A. itself. Specifically, CMF S.p.A. was established for the launch of a Senior Secured bond issue aimed at repurchasing the Notes already issued by the Parent Company Rekeep S.p.A. in 2013, s well as at purchasing the shares held by the minority interests in the share capital of the Parent Company Rekeep S.p.A. and repaying the other financial debt of the entire Group controlled by Manutencoop Società Cooperativa.

Therefore, 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. The Notes, which were reserved for institutional investors and were listed on the Euro MTF segment managed by the Luxembourg Stock Exchange, as well as on the Extra MOT, Pro Segment, of Borsa Italiana, were issued at a price equal to 98% and a coupon at a fixed rate of 9.0% p.a., payable on a six-monthly basis. At the same time, using the remaining portion of cash acquired through the subscription of the Notes, CMF S.p.A. completed the acquisition of the shares held by Institutional Investors in the share capital of Rekeep S.p.A. (equal to 33.2%), thus becoming the sole shareholder of Rekeep S.p.A..

After having attained the set objectives, as required by the Offering Memorandum for the bond issue, on 1 July 2018 the Group completed the merger of CMF S.p.A. by incorporation into its subsidiary Rekeep S.p.A., according to Article 2501-bis (merger with debt). The merger entailed the acquisition, directly by Rekeep S.p.A., of the high-yield bond issue named "€360,000,000 9.0% Senior Secured Notes due 2022", which is not convertible and not subordinated, for an overall amount of principal of € 360 million, due 15 June 2022.

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 an offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The 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 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, 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 other financial instruments that are traditionally used by the Group Companies are made up of:

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

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

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

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

The table below shows the hierarchy for each class of financial asset measured at fair value as at 31 December 2020 and 31 December 2019:

		Hierarchy Levels				Hierarchy Levels		
	31 December 2020	Level 1	Level 2	Level 3	31 December 2019	Level 1	Level 2	Level 3
Financial assets at fair value through profit orloss								
Financial receivables, securities and other non-current financial assets	101	101			101	101		
of which securities	101	101			101	101		
Available for sale financial assets								
Financial receivables and	0				0			

		Hierarchy Levels				Hierarchy Levels		
	31 December 2020	Level 1	Level 2	Level 3	31 December 2019	Level 1	Level 2	Level 3
other current financial assets								
of which hedging derivatives	0				0			
of which non-hedging derivatives	0				0			
TOTAL FINANCIAL ASSETS	**101**	**101**			**101**	**101**		

During 2020 the Company did not make recourse to hedging derivatives. In 2020 there were no transfers between fair value measurement levels.

There were no changes in allocation of financial assets that led to a different class of assets. The Company does not hold instruments to warrant amounts receivable to mitigate credit risk.

Classes of financial assets and liabilities

The following table shows the classification of financial assets and liabilities recorded in the financial statements, as required by IFRS 7, and the associated economic effects for the year closed as at 31 December 2020:

	31 December 2020	Financial Assets at Fair value through OCI	Loans and receivables
Non-current financial assets			
Other investments	7,010	7,010	
Non-current financial assets	29,207		29,207
Other non-current assets	2,708		2,708
Total non-current financial assets	**38,924**	**7,010**	**31,914**
Current financial assets			
Trade receivables and advances to suppliers	286,271		286,271
Current tax receivables	7,753		7,753
Other current assets	12,385		12,385
Current financial assets	46,131		46,131
Cash and cash equivalents	53,823		53,823
Total current financial assets	**406,363**	**0**	**406,363**
Total financial assets	**445,287**	**7,010**	**438,277**
Financial income	**5,493**	**0**	**5,493**

	31 December 2020	Financial Liabilities at Fair Value in Equity/Income statement	Financial Liabilities measured at amortized cost
Non-current financial liabilities			
Non-current loans	354,928		354,928
Total non-current financial liabilities	**354,928**	**0**	**354,928**
Current financial liabilities			
Trade payables and contract liabilities	274,681		274,681
Short-term loans	30,497		30,497
Total current financial liabilities	**305,178**	**0**	**305,178**
Total financial liabilities	**660,106**	**0**	**660,106**
Financial (charges)	**(44,049)**		**(44,049)**

The same information is reported below for the financial year ended 31 December 2019:

	31 December 2019	Financial Assets at Fair value through OCI	Loans and receivables
Non-current financial assets			
Other investments	4,695	4,695	
Non-current financial assets	30,188		30,188
Other non-current assets	97,315		97,315
Total non-current financial assets	**132,199**	**4,695**	**127,504**
Current financial assets			
Trade receivables and advances to suppliers	289,193		289,193
Current tax receivables	6,474		6,474
Other current assets	16,798		16,798
Current financial assets	25,265		25,265
Cash and cash equivalents	64,654		64,654
Total current financial assets	**402,383**	**0**	**402,383**
Total financial assets	**534,582**	**4,695**	**529,886**
Financial income	**6,640**	**0**	**6,640**

	31 December 2019	Financial Liabilities at Fair Value in Equity/ Income statement	Financial Liabilities measured at amortised cost
Non-current financial liabilities			
Non-current loans	377,265		377,265
Total non-current financial liabilities	**377,265**	**0**	**377,265**
Current financial liabilities			
Trade payables and contract liabilities	281,404		281,404
Short-term loans	55,693		55,693
Total current financial liabilities	**337,097**	**0**	**337,097**
Total financial liabilities	**714,362**	**0**	**714,362**
Financial (charges)	**(42,674)**	**0**	**(42,674)**

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), finance leases and medium/long-term loans.

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

For this purpose the Company may make use of committed credit lines in the form of loans or of assignments without recourse of trade receivables in order to meet financial requirements (if any).

On 27 December 2018 Rekeep S.p.A. and its subsidiary Servizi Ospedalieri S.p.A. signed a 3-year maturity factoring agreement with Bancafarmafactoring S.p.A 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 Administration, in an amount of up to € 200 million. The new agreement replaces the previous contract, which was entered into in 2016 again with Banca Farmafactoring S.p.A. and which provided for an annual ceiling of up to € 100 million for the assignment of receivables claimed from the National Health System only.

Within the context of the abovementioned bond issue of 2017 a Super Senior Revolving (RCF2) loan agreement for a total amount of € 50 million was also signed, governed by English law. Specifically, the Super Senior Revolving Loan agreement was entered into between, among others, CMF S.p.A., on the one hand, and J.P. Morgan Limited and UniCredit S.p.A., which act as Mandated Lead Arrangers, UniCredit Bank AG, Milan Branch, as Agent and Security Agent, and the Original Lenders, on the other hand. After the merger of CMF S.p.A. into Rekeep S.p.A., the subsidiary Servizi Ospedalieri S.p.A. was also permitted to access the revolving credit facility, providing a specific personal security. 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 the Company or distributions to CMF S.p.A.. The RCF line is an important cash elasticity tool that can be activated on demand within a limited number of business days. It was activated for a half-year on 23 March 2020 and subsequently renewed on 23 September 2020 for an additional half-year in order to meet

temporary cash requirements (if any), including in relation to the difficult economic situation that is accompanying the Covid-19 emergency in Italy and was finally repaid on 31 December 2020.

The management believes that the structure of the financial debt maturity, as well as the availability of the abovementioned committed credit lines, allow the Group to meet its financial requirements in an adequate manner.

Price risk

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

These changes are, in certain cases accommodated by the conditions of contracts in place with customers, given that price revision is provided for both by contract, and by art. 115 of Decree Law no. 163 of 12 April 2006. Therefore, it is deemed that the effect arising from changes in prices, even significant, on the Company's profit for the year, would essentially be insignificant, in terms of amount.

Credit risk

The Company has contracts with Public Administration, a situation that does not present insolvency problems, but which requires constant contact with customers in order to minimize delays caused by the Authority's red-tape and jointly resolve problems relating to their financial management.

There are no significant credit concentration risks to report, which are carefully monitored by the Company. Furthermore, given the continuing economic downturn, the Company has equipped itself with specific procedures and structures aimed at a more efficient management of its working capital, as well as of debt collection.

Fair value

The Company's financial instruments recorded in the financial statements do not deviate from fair value, given that all are at a variable interest rate, short/medium-term and at market interest rates.

The comparison between the carrying amount and fair value of the main financial assets and liabilities is shown below:

	Carrying amount		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial assets				
Cash and cash equivalents	58,823	64,654	58,823	64,654
Receivables and other current financial assets	46,131	25,265	46,131	25,265
Other minority interests	7,010	4,695	7,010	4,695

	Carrying amount		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Non-current financial receivables	29,207	30,188	29,207	30,188
Financial liabilities				
Loans:				
- Variable rate loans	14,608	42,219	14,608	42,219
- Fixed rate loans	358,573	339,905	358,573	339,905
Other current financial liabilities	12,244	50,834	12,244	50,834

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 9% following the merger by incorporation of CMF S.p.A. on 1 July 2018. This rate was set at 7.25% with the new bond issue launched in 2021.

In addition to the bond issue the Company uses, as medium/long-term financing, bank loans subject to the application of fixed interest rates, and finance lease agreements subject to the application of variable interest rates. The forms of short-term financing used by the Company, which are mainly subject to the application of variable rates which can be identified as the EURIBOR rate, include current account overdrafts, short- and very short-term (hot money) bank loans and assignments of receivables.

The indebtedness mix is then mainly linked to medium/long-term fixed interest rates.

The breakdown of financial instruments exposed to interest rate risks is listed in note 19, to which reference should be made as regards Loans, in addition to the entries in the balance sheet items Cash and cash equivalents in Note 14, Receivables and other current financial assets in Note 13 and Non-current financial assets in Note 8.

Interest rate sensitivity analysis

The structure of the debt is affected, to a marginal extent, by the changes in market rates, as it is mainly based on forms of financing subject to the payment of interest calculated on the basis of fixed rates, as described above. For the remaining amount, the Company makes recourse to variable rate loans, which are linked to the EURIBOR performance.

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

	Increase / Decrease	Effect on profit before taxes (in thousands of Euro)
Financial year ended 31 December 2020	+150 bps	(256)
	-30 bps	51
Financial year ended 31 December 2019	+150 bps	(1,418)
	-30 bps	284

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 2020	31 December 2019
Employee termination indemnity	5,616	6,728
Interest-bearing loans	385,425	432,958
Trade payables and other payables	416,789	444,424
Cash and current financial assets	(99,954)	(89,919)
Net debt	**707,876**	**794,191**
Capital	109,150	109,150
Reserves and retained earnings	(9,930)	56,434
Total capital	**99,920**	**165,584**
EQUITY AND NET DEBT	**807,096**	**959,775**
INDEBTEDNESS RATIO	**88%**	**83%**

There was an increase in the debt ratio compared to 31 December 2019, mainly due to lower net worth as a result of the significant loss in 2020 (linked to the recognition of the cost for the Competition Authority's fine in relation to the FM4 tender, for which reference should be made to note 18), despite lower trade and operating payables for € 27,634 and lower interest-bearing loans for € 47,533 thousand.

37. OTHER INFORMATION

In 2020 the Company received financial benefits from Public Authorities or entities treated as such as referred to in Law no. 124 of 4 August 2017 bearing "*Annual Act on market and competition*".

Specifically, during the 2020 financial year Rekeep S.p.A. achieved income from tax credits of € 12 thousand for the sanitization and the purchase of personal protective equipment regulated by Article 125 of the Relaunch Decree (Decree Law no. 34/2020).

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.

38. SUBSEQUENT EVENTS

On 18 January 2021, Rekeep S.p.A. announced the launch of an offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The agreement ("Indenture") was signed between the issuer, Law Debenture Trust Corporation p.l.c. as trustee, Unicredit S.p.A. as Security Agent and Bank of New York Mellon as Paying and Transfer Agent. Within the scope of the transaction, JP Morgan Securities Plc and UniCredit Bank AG acted as Joint Global Coordinators and Joint Physical Bookrunners, while Goldman Sachs International and Credit Suisse acted as Joint Bookrunners. The stock was admitted for listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. The bonds were offered for subscription and were placed (i) in the United States of America, only reserved for qualified institutional buyers in accordance with Rule 144A of the Securities Act and (ii) outside of the United States of America in accordance with Regulation S of the Securities Act and in particular in Europe and in Italy, only subject to exemption from the EU and Italian regulations governing public offerings provided for in the Prospectus Directive, the Consolidated Act on Finance and the Issuers' Regulation.

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

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

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

among others, Rekeep S.p.A., on the one hand, and on the other, Credit Suisse AG Milan Branch, Goldman Sachs Bank Europe SE, JP Morgan AG and Unicredit S.p.A. (as Mandated Lead Arrangers), Unicredit S.p.A. as Agent and Security Agent, and the Original Lenders. The interest rate applicable to each use of the RCF loan for each interest period will be equal to the percentage rate resulting from the sum of the fixed margin (equal to 3.5) and the applicable EURIBOR parameter.

Law no. 178 of 30 December 2020 (Budget Law 2021 - see Article 1, paragraph 83) added paragraph 8-*bis* to Article 110 of Decree Law no. 104 of 14 August 2020, thus providing for the possibility of eliminating differences between tax and accounting values in relation to certain intangible assets such as goodwill and other assets (including assets that cannot be protected from a legal point of view) resulting from the financial statements for the financial period running at 31 December 2019.

In general, realignment operates only for tax purposes and does not in itself result in asset increases contrary to revaluation. According to the current version of the regulation that provides for this option, it is necessary to pay a substitute tax at a rate of 3% (to be paid in installments in 3 years without paying any interest) in order to obtain realignment. Furthermore, it is necessary to place a corresponding restriction on the Company's equity reserves. The restricted reserve is subject to tax relief and may be released by paying a substitute tax of 10%. The realignment option must necessarily be exercised for the entire difference between the book value and the value for tax purposes of each item and is completed upon filing the tax return for the 2020 tax period.

The Company has resolved to exercise the option in question in relation to some goodwill recorded over the years as a result of the various business combinations (subject to IFRS 3) it has carried out. As already mentioned, this option shall be exercised at the time of filing the tax return for the 2020 tax period.

39. ALLOCATION OF THE PROFIT FOR THE YEAR

In completing the report for the 2020 financial year, the Directors invite the shareholders to approve the Financial Statements of Rekeep S.p.A. at 31 December 2020 and to carry forward the loss for the year, equal to € 66,398,855.82.

Zola Predosa, 18 March 2021

The Chairman and CEO

Giuliano Di Bernardo

INDIPENDENT AUDITOR'S REPORT

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Rekeep S.p.A.

Financial statements as at December 31, 2020

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

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

Tel: +39 051 278311
Fax: +39 051 236666
ey.com

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Sole Shareholder of
Rekeep S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rekeep S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss, the statement of other comprehensive income, the statement of cash flows and the statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.
We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note "*18. Provisions for risks and charges*" and note "*22. Other current liabilities*" of the financial statements, in which the Directors describe the evaluation regarding the sanction imposed on Rekeep S.p.A. by the *Autorità Garante della Concorrenza e del Mercato* (Antitrust Authority) on May 9, 2019 and the related effects on the financial statements. Our opinion is not modified in respect of this matter.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 at December 31, 2020, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the financial statements of Rekeep S.p.A. as at December 31, 2020 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 at December 31, 2020 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, March 31, 2021

EY S.p.A.
Signed by: Alberto Rosa, Auditor

This report has been translated into the English language solely for the convenience of international readers.

MINUTES OF THE SHAREHOLDERS' MEETING

rekeep

minds that work

REKEEP S.p.A. (Società a Socio Unico)

Via Ubaldo Poli n. 4

40069 Zola Predosa (Bologna)

P.Iva – Cod. Fisc. e Iscrizione Registro Imprese di Bologna n. 02402671206

Capitale sociale € 109.149.600 i.v.

"Società soggetta all'attività di direzione e coordinamento di
Manutencoop Soc. Coop. – Zola Predosa (BO)"

MINUTES OF THE ORDINARY SHAREHOLDERS' MEETING - APRIL 15, 2021

Oggi, giovedì 15 aprile 2021 alle ore 9,00 presso la sede legale in Zola Predosa (BO), Via Poli n. 4, regolarmente convocata a norma di Statuto, mediante spedizione per posta elettronica in data 19 marzo 2021, si è riunita l'Assemblea ordinaria dei Soci di Rekeep S.p.A.

Assume la presidenza dell'Assemblea, ai sensi dell'art. 16 dello Statuto sociale, il Presidente del Consiglio di Amministrazione, Sig. Giuliano Di Bernardo il quale constata che:

- l'unico azionista Manutencoop Soc. Coop., portatore di numero azioni 109.149.600 rappresentative il **100%** del capitale sociale, è presente in persona del suo Presidente Sig. Claudio Levorato;
- il Consiglio di Amministrazione, è presente nella persona di sé medesimo Presidente, e, tramite collegamento audio, del Vice Presidente, Sig. Giuseppe Pinna e dei Consiglieri Sig.ri Laura Duò, Rossella Fornasari, Gabriele Stanzani e Matteo Tamburini; assente giustificato il Consigliere Sig. Paolo Leonardelli;
- il Collegio Sindacale è presente, sempre tramite collegamento audio, nelle persone dei Sigg. Germano Camellini (Presidente del Collegio Sindacale), Marco Benni e Giacomo Ramenghi (Sindaci effettivi).

Il Presidente dell'Assemblea, rilevando che lo statuto vigente non prevede il preventivo deposito delle azioni, accertata l'identità dei presenti - ivi espressamente inclusi coloro che partecipano alla riunione in tele-conferenza come da istruzioni circolate in precedenza - e che ognuno è nella condizione di partecipare alla riunione, seguire la discussione ed intervenire in tempo reale alla stessa, verificata la regolarità della convocazione e la legittimazione all'intervento da parte del Socio di cui sopra, dichiara quindi l'Assemblea validamente costituita e atta per deliberare sul seguente ordine del giorno:

- Bilancio al 31.12.2020, Relazione degli Amministratori sulla gestione, Relazione del Collegio Sindacale e Relazione della Società di revisione: deliberazioni inerenti e conseguenti.

Il Presidente propone all'Assemblea, che approva, la nomina a Segretario del Sig. Claudio Bazzocchi, intervenuto tramite collegamento in audio, che accetta.

Il Presidente dà atto, al riguardo, che la partecipazione all'Assemblea, fatta eccezione per sé e per il Presidente di Manutencoop Soc Coop. Sig. Claudio Levorato, entrambi presenti nello stesso luogo, avviene per tutti gli altri partecipanti tramite collegamenti

in audio conferenza; le modalità di svolgimento sono quelle previste dall'art. 106 punto 2) del D.L. n. 18 del 17.03.2020, *Misure di potenziamento del Servizio sanitario nazionale e di sostegno economico per famiglie, lavoratori e imprese connesse all'emergenza epidemiologica da COVID-19*, che permettono, tra l'altro, la presenza del Presidente e del Segretario in luoghi diversi.

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- **Bilancio al 31.12.2020, Relazione degli Amministratori sulla gestione, Relazione del Collegio Sindacale e Relazione della Società di revisione: deliberazioni inerenti e conseguenti**

Il Presidente dell'Assemblea premette che il Progetto di Bilancio approvato dal Consiglio di Amministrazione del 18 marzo 2021 è stato reso disponibile ai Soci, ai Sindaci e alla società di Revisione nella medesima data.

Il Presidente illustra sinteticamente le principali voci del Bilancio chiuso al 31.12.2020, redatto in conformità agli International Financial Reporting Standards (IFRS), e la Relazione sulla Gestione predisposta dagli Amministratori - omessane la lettura col consenso unanime di tutti gli intervenuti essendo tali documenti nella disponibilità dei medesimi.

Il Presidente continua dando, poi, lettura della Relazione rilasciata dalla società di revisione EY S.p.A. ai sensi dell'art. 14 del D.Lgs 27.01.2010 n. 39.
Al termine prende la parola il Presidente del Collegio Sindacale, Sig. Germano Camellini il quale - omessane la lettura integrale sempre col consenso unanime degli intervenuti - legge all'Assemblea le sole parti conclusive della Relazione del Collegio Sindacale al Bilancio chiuso al 31.12.2020 rilasciata ai sensi dell'art. 2429 del Codice Civile.
Il Presidente dell'assemblea, quindi, da ultimo dà lettura della proposta in merito al risultato dell'esercizio formulata dal Consiglio di Amministrazione e contenuta nella documentazione di Bilancio sopra illustrata.

***

Di seguito il Presidente dell'Assemblea, omessane anche in questo caso la lettura col consenso unanime degli intervenuti, illustra sinteticamente il Bilancio consolidato al 31.12.2020, anche questo redatto in conformità agli International Financial Reporting Standards (IFRS), facendo presente che la Relazione sulla Gestione al consolidato è stata redatta in forma unitaria con la Relazione sulla Gestione al Bilancio d'esercizio sopra illustrata.
Il Presidente continua poi dando atto della Relazione al Bilancio consolidato al 31.12.2020 rilasciata dalla società di revisione EY S.p.A. ai sensi dell'art. 14 del D.Lgs 27.01.2010 n. 39.

***

Il Presidente invita quindi i convenuti ad intervenire sui documenti presentati.
Il Presidente invita l'Assemblea ad approvare, il Bilancio d'esercizio al 31.12.2020 corredato dalle Relazione sulla Gestione, Relazione del Collegio Sindacale e Relazione della società di Revisione.

L'Assemblea, con voto palese ed unanime, preso atto:

- del Bilancio d'esercizio al 31.12.2020 corredato dalle Relazione sulla Gestione, Relazione del Collegio Sindacale e Relazione della società di Revisione; come pure del Bilancio Consolidato corredato dalle Relazione sulla Gestione e Relazione della società di Revisione;

APPROVA

- il Bilancio d'esercizio al 31.12.2020 corredato dalla Relazione sulla Gestione;
- la proposta di riportare a nuovo la perdita dell'esercizio pari ad Euro 66.398.855,82.

***

Alle ore 9:20 l'Assemblea viene formalmente sciolta previa approvazione del presente verbale.

Il Segretario

Claudio Bazzocchi

Il Presidente

Giuliano Di Bernardo

2020 - depositi

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