rekeep

minds that work



INTERIM REPORT ON OPERATIONS

AT 30 SEPTEMBER 2018

RE**SPECT**

RE**NAISSANCE**

RE**THINK**

RE**SPONSIBLE**

GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

BOARD OF DIRECTORS

Appointed by Shareholders' Meeting
of 13 October 2017

CHAIRMAN
AND CHIEF EXECUTIVE OFFICER
Giuliano Di Bernardo

VICE CHAIRMAN
Giuseppe Pinna

DIRECTORS
Aldo Chiarini (ceased to hold office on 23 February 2018)
Laura Duò (appointed on 23 February 2018)
Rossella Fornasari
Paolo Leonardelli
Gabriele Stanzani
Matteo Tamburini

GENERAL MANAGER
Andrea Gozzi

BOARD OF STATUTORY AUDITORS

Appointed by Shareholders' Meeting
del 13 October 2017

CHAIRMAN

Germano Camellini

STATUTORY AUDITORS
Marco Benni
Monica Mastropaolo

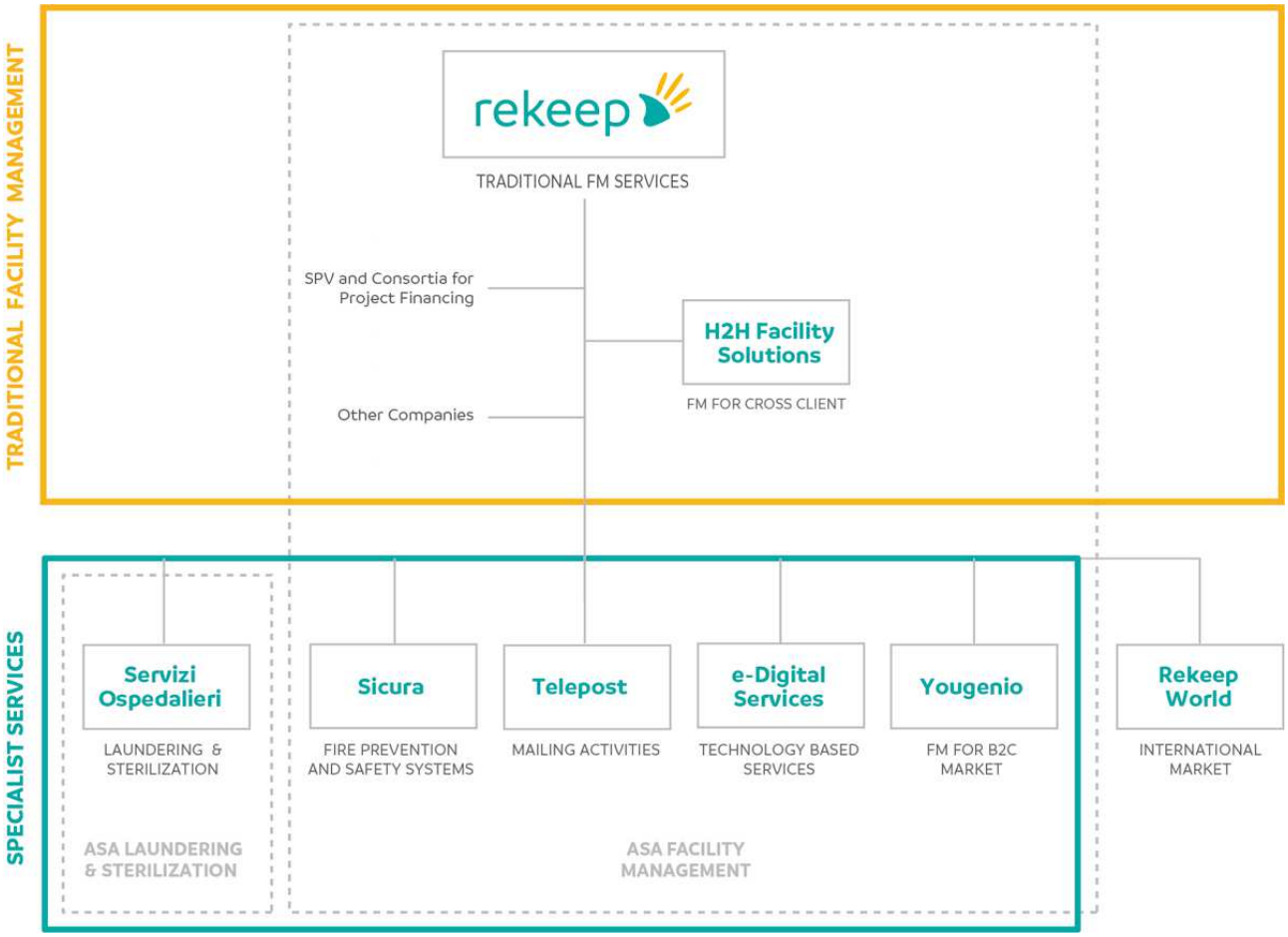
ALTERNATE AUDITORS
Michele Colliva
Antonella Musiani

INDEPENDENT AUDITORS

EY S.p.A.

PREAMBLE

Al 30 September 2018 the Group controlled by Rekeep S.p.A. (the new company name taken on by Manutencoop Facility Management S.p.A. with effect from 2 July 2018) was made up as follows:



Rekeep Group is active in the management and provision, to public and private customers, of integrated services targeted at properties, the area and to support health care activities, the so-called “Integrated Facility Management”.

Today, the Rekeep Group branches out from a single operating holding company that combines so-called “traditional” facility management production resources with those related to supporting the whole Group’s business Around the central core of the holding, already in the previous financial years a diversification strategy was pursued as regards: (i) the business, also through a series of acquisitions, by adding to the historical core business (hygiene services, landscaping, and technical and maintenance services) some “specialist” facility management services involving fire prevention and safety products and systems, in addition to linen rental and industrial laundering services and surgical instrument sterilisation at healthcare facilities

and high technology "business to business" (B2B) services, (ii) markets, through the sub-holding company Rekeep World S.r.l. (formerly Manutencoop International FM S.r.l.), which was established at the end of 2015 to start business development in international markets.

A further boost to diversification occurred during 2016 with the establishment of Yougenio S.r.l., an innovative start-up providing services to private consumers through an e-commerce platform. This event marked the entry of the Group in the market of "business to consumer" (B2C) services.

Shareholding structure and merger by incorporation of CMF S.p.A.

Ordinary shares issued by Rekeep S.p.A. and fully paid up at 30 September 2018 amounted to 109,149,600, with a par value of € 1 each.

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

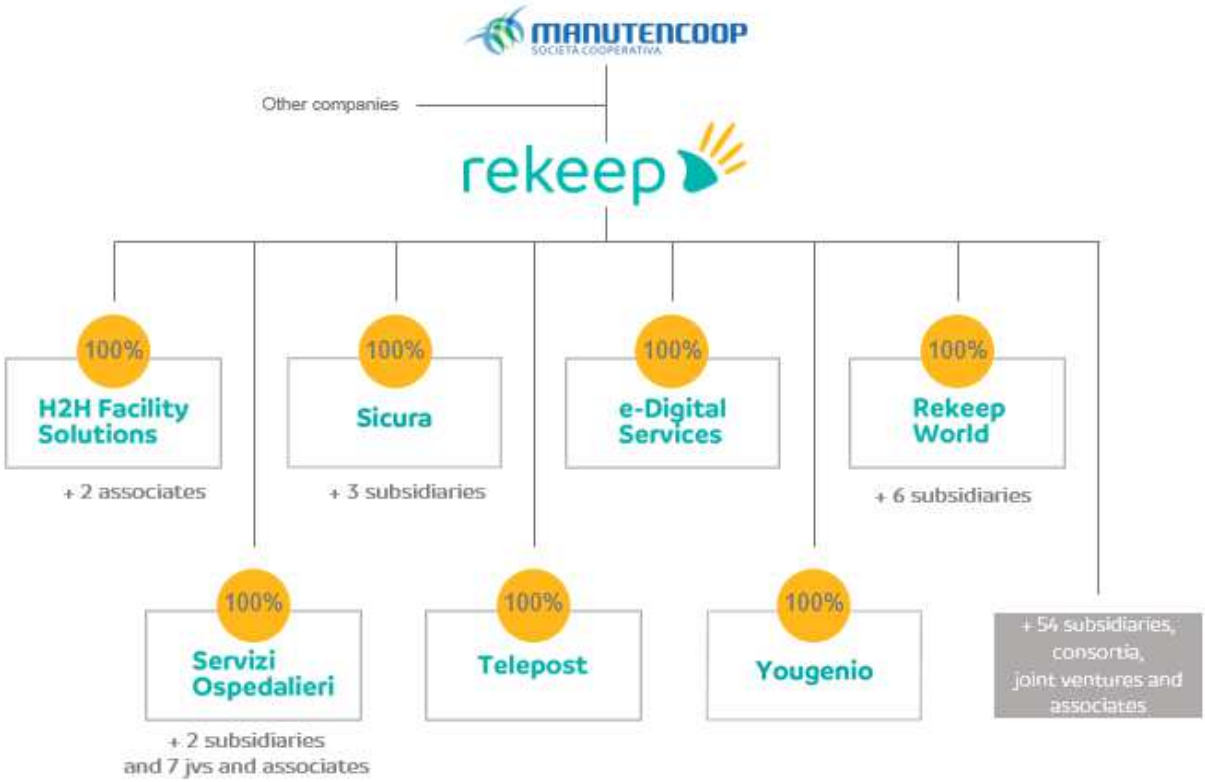
On 26 May 2017, Manutencoop Società Cooperativa set up as sole shareholder a vehicle called CMF S.p.A. for the launch of a bond issue (Senior Secured Note) with the purpose of repurchasing the Notes already issued by Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) during 2013 and repaying the other financial payables of the entire Group controlled by Manutencoop Società Cooperativa. Moreover, the corporate restructuring operation provided Manutencoop Società Cooperativa with the financial resources required to allow the exit of the Investors holding non-controlling interests in Manutencoop Facility Management S.p.A. and to pay the Vendor Note issued by it as part of the already mentioned Investment Agreement of 2016. In fact, on 13 October 2017 CMF S.p.A. completed the purchase of the shares of the Investors, representing 33.2% of the share capital of Manutencoop Facility Management S.p.A. in accordance with the Call Option transferred to it by Manutencoop Società Cooperativa and recognised by the Shareholders' Agreement signed in July 2016. On the same date, there was also the transfer and sale of the additional shares of the Company owned by Manutencoop Società Cooperativa to CMF S.p.A., which thus became its sole shareholder.

On 4 April 2018 the Board of Directors of Manutencoop Facility Management S.p.A. and the Sole Director of CMF S.p.A. approved the plan for the merger of the Parent company CMF S.p.A. by incorporation into its subsidiary. The Merger was approved by their respective extraordinary Shareholders' Meetings on 12 April 2018 and filed with the Register of Companies on 13 April 2018. Finally, in executing the resolutions passed by said Meetings, on 14 June 2018 the Deed of Merger was entered into, which was then entered in the Bologna Register of Companies on 29 June 2018.

The Merger was completed pursuant to Article 2501-*bis* of the Italian Civil Code, since CMF S.p.A. has raised a debt to acquire full control over the subsidiary and its equity, being acquired, constitutes a general guarantee and the source of repayment of this debt.. The Merger is expressly envisaged in the rules governing the non-convertible and non-subordinated bond issue named "CMF S.p.A. € 360,000,000 9.0% Senior Secured Notes due 2022", for a total capital amount of € 360,000,000, which was launched by CMF S.p.A. on 6 July 2017 and whose stocks (ISIN Codes: XS1642816554 XS1642818337) were admitted to listing on the EURO MTF multilateral trading system managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral system, PRO segment, organized and managed by Borsa Italiana S.p.A.. The statutory, accounting and tax effects are expected to run from 1 July 2018.

Finally, the change in the company name from Manutencoop Facility Management S.p.A. to Rekeep S.p.A. became effective on 2 July 2018.

On the date of approval of the Interim Report on Operations the new structure of the Group controlled by Manutencoop Società Cooperativa was then the following:

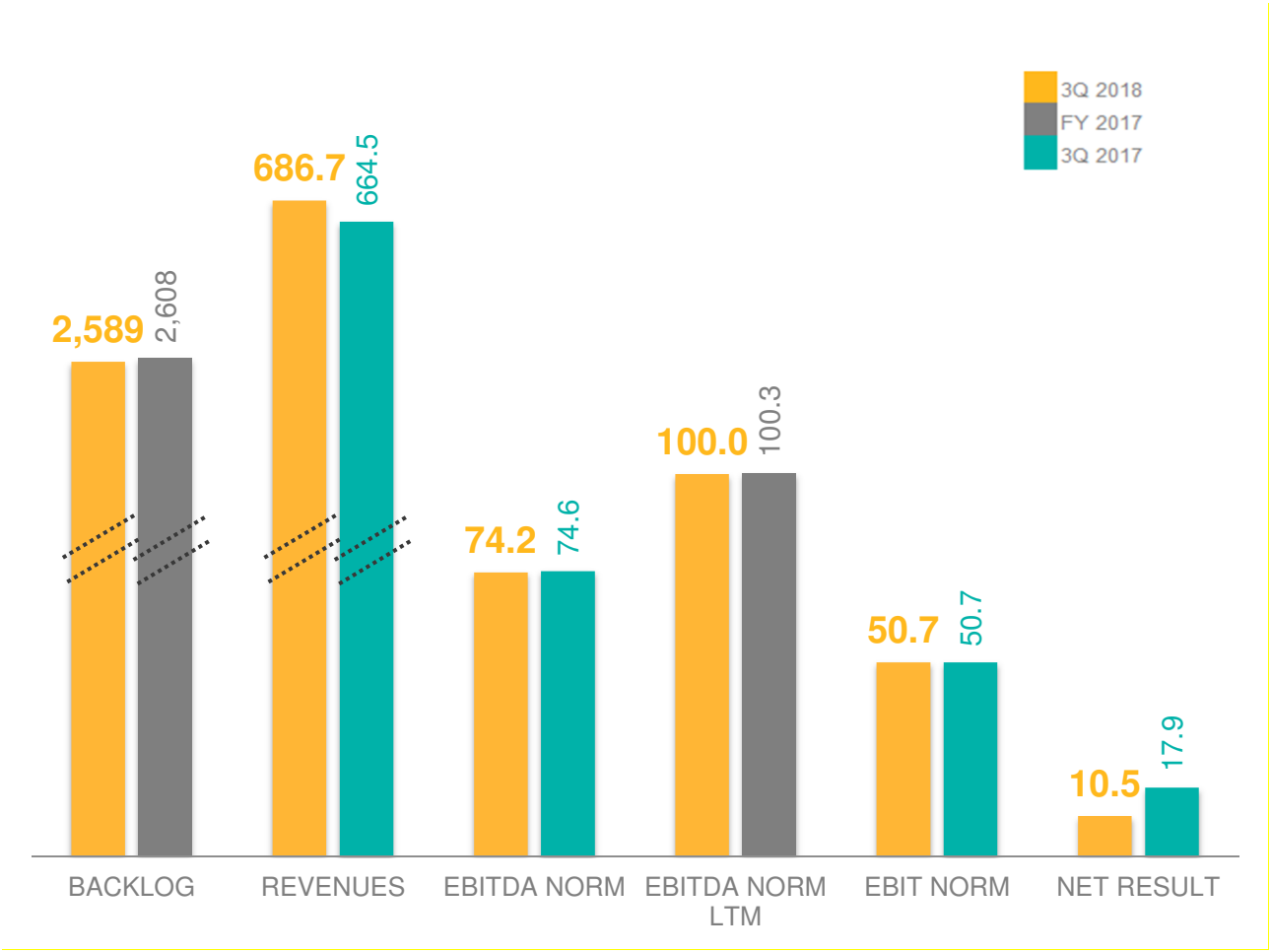


NON-GAAP FINANCIAL MEASURES

The Rekeep's management monitors and assesses the consolidated business performance, 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 utilised by other companies, nor are they intended to replace the economic and financial performance ratios prepared in application of the international accounting standards IAS/IFRS.

	Definition
Backlog	The Backlog is the amount of contract fees that have not yet accrued and are connected with the residual term of the orders that the Group holds in its portfolio.
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 is defined as the expenditure for 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 to 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 the balance of "Trade receivables and advances to suppliers" and "Inventories", net of "Trade payables and advances from customers".
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 invoices already received from suppliers, and costs over the last 12 months related to external production factors (including capex) multiplied by the days of the reporting 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 reporting period.
EBIT	EBIT represents the Profit (Loss) before taxes, gross of: i) Financial charges; ii) Financial income; iii) Dividends and income (loss) from sale of investments; iv) Income (charges) from equity investments;

	Definition
	v) Exchange gains (losses). The Statement of Profit or Loss shows EBIT as "Operating Income".
EBITDA	EBITDA represents the Operating Income before "Accrual of provisions for risks and charges" and "Amortisation/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 is not identified as an accounting measure under IFRS. Therefore, it shall not be considered an alternative measure for assessing the trend in the Group's profit/loss. Given that the breakdown of EBITDA is not regulated by the relevant accounting standards, the calculation criteria applied by the Group may not be comparable to those applied by others.
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 in the period".
Normalized Revenues, EBITDA or EBIT	The Normalized amounts 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 to the sub-group controlled by Rekeep World S.r.l. (formerly Manutencoop International S.r.l.).
Gross Debt	Gross Debt is defined as the sum of debts for principal referring to: i) Senior Secured Notes; ii) Long-term bank debts; iii) Current bank overdraft, advance payments and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Finance 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 reporting periods.
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 financial liabilities, Derivatives, Bank borrowings (including current portion of long-term debt) and other short-term financial liabilities, net of the amount of receivables and other current financial assets and cash and cash equivalents.
Adjusted NFP and Adjusted NWOC	Adjusted NWOC and Adjusted NFP include the balance of the trade receivables assigned in the framework of the previous years' assignment without recourse programmes and not yet collected by the factoring companies.



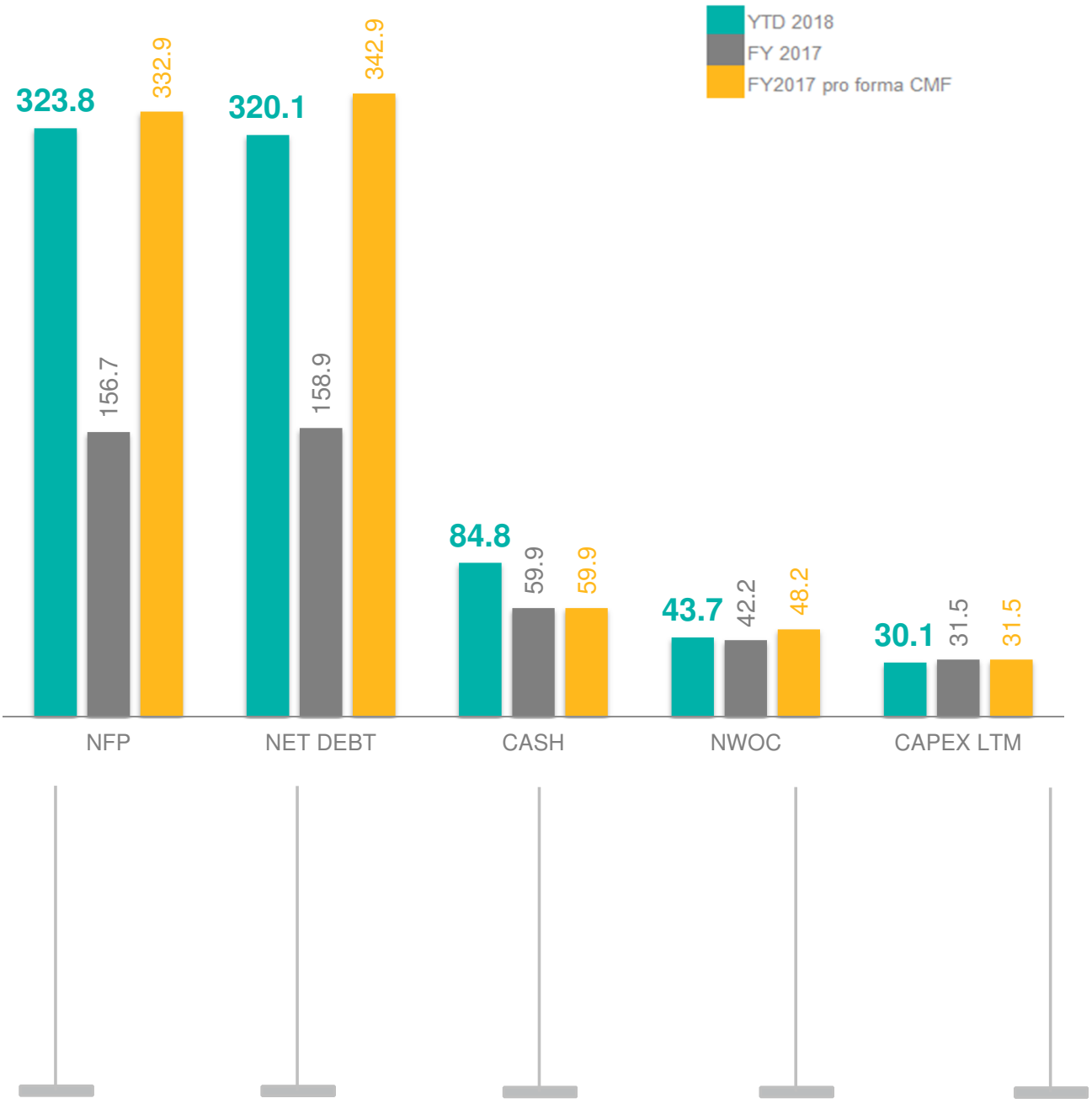
BACKLOG/ LTM REVENUES
2.8x
vs 2.8x 31/12/2017

REVENUES
+3.4 %
vs 30/09/2017

NORM EBITDA / REVENUES
10.9%
vs 11.2% 30/09/2017

LTM NORM EBITDA / LTM REVENUES
10.7%
vs 10.6% 30/06/2018

NORM EBIT / REVENUES
7.4%
vs 7.6% 30/09/2017



NFP / LTM NORM EBITDA
3.3x

CASH*
84.8 mln
vs 59.9 mln
31/12/2017

NET CASH
54.7 mln
vs 23.9 mln
31/12/2017

NWOC / LTM REVENUES
4.7%
vs 3.2%
30/06/2018

INTERIM REPORT ON OPERATIONS

MAIN EVENTS OF THE FIRST NINE MONTHS OF 2018

The 2018 financial year is being marked by the completion of the reorganization and refinancing process of the Group controlled by Manutencoop Società Cooperativam which started during 2017. On the other hand, the financial year is seeing a reversal of trends in financial and economic ratios, allowing the Group to resume its path to growth which has been previously affected by an unfavourable economic situation in the domestic market.

From a corporate point of view the Parent Company Rekeep S.p.A. has completed the merger by incorporation of its direct controlling company CMF S.p.A. as already envisaged in the rules governing the Senior Secured Notes-bond issue launched by the latter in 2017. With the merger, the title to the bonds was transferred directly to Rekeep S.p.A.leading to a business combination under joint control for the Group (since it was completed within the larger group controlled by Manutencoop Società Cooperativa) with financial and economic effects on the Rekeep group, which began to run as early as from the effective date of the merger itself (1 July 2018).

From a strategic point of view, the 2018 financial year is confirming, from quarter to quarter, a resumption of growth in volumes, both through organic growth and through acquisitions. In particular, in february Rekeep World (formerly Manutencoop International S.r.l., which changed its company name in July 2018) acquired the majority of the shares of the Turkish company EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S. (founded in 2014 in a joint-venture with a local partner and previously jointly controlled by Servizi Ospedalieri S.p.A.), which provides linen rental and industrial laundering services in the Turkish healthcare market.

On 3 July 2018 the Group acquired, through subsidiary Servizi Ospedalieri S.p.A., a quota of 60% in the capital of Medical Device S.r.l., a company specialising in the production of procedure kits for the healthcare sector, i.e. single-use packs containing all the instruments required to support healthcare teams in the performance of surgical interventions. The transaction is consistent with Rekeep Group's growth and development strategy to enter specialist sectors that are complementary to the core business. The aim is to increase the Group's footprint and strengthen its leadership in the healthcare support services business both at a national and international level.

Furthermore, as regards the Group's performance, the second and third quarters of the year confirmed a positive trend in revenues (+ € 22.3 million compared to the first 9 months of 2017) driven by the effects of the start of operations for the contracts relating to the ordinary lot 12 of the MIES 2 Agreement; in this regard there was the completion of the signature of the supply orders ("OPF", *Ordinativo Preliminare di Fornitura*, Preliminary Supply Order) relating to the aforesaid ordinary lot 12 under the Consip MIES2 Agreement (signed on 20 September 2017), and agreements were signed for the additional lot 14, for a Backlog of about € 180 million and an expected contribution of € 9.0 million to the revenues for the year. Furthermore, we must note the positive contribution given by specialist services and in particular by those provided by the sub-group controlled by Sicura S.p.A..

Furthermore, within the operations of the *Facility Management* SBU, work continued on the development of the Group's Start-ups, Rekeep World S.r.l. and Yougenio S.r.l., which proved to be in profit even though operating results remained negative due to the gap still present between developed ad breakeven volumes, to which must be added the impact of fixed costs and of any investment required to develop business. Furthermore, in March Manutencoop Transport S.a.s. (the French subsidiary indirectly controlled by Rekeep World) was awarded the European tender launched by SNCF (Sociétè Nationale des Chemins de fer Francais), relating to the provision of soft facility management services on the railway lines in the Montrouge area, for a value of about € 14 million in 4 years (the customer is entitled to extend this term to 5 years).

Finally, with regard to the Laundering &Sterilization SBU the financial year is being characterised by a decrease in Revenues (- € 3.3 million) specifically due to the completion of some major contracts, as well as by a linen rental and industrial laundering market situation that has seen considerable price reductions applied upon renewal and that has also an impact on the SBU's profit margins.

Rebranding Project

On 8 May 2018 the Board of Directors of Manutencoop Facility Management S.p.A. approved the plan to change its company name to Rekeep S.p.A. and its related corporate logo. Therefore, it embarked on a path to adopt the new name and the new logo, which led to the presentation to the Shareholders' Meeting held on 25 June 2018 to approve amendments to article 1 of the Articles of Association concerning the company name. The new name became effective on 2 July 2018, following the resolution passed by the Shareholders' Meeting being entered in the Bologna Register of Companies.

The new name is the fruit of a broader-based project which aims at strengthening the Company's identity and is the crowning element in its new corporate structure, in which Manutencoop Società Cooperativa has been the sole shareholder, holding the entire capital, since October 2017. The new brand identity project also finds its place in an overall change in the internal organisation system, in addition to the Group's process of growth and development globally

Main acquisitions and transfers of shareholdings

On 15 January 2018 the subsidiary Rekeep World S.r.l. (previously: Manutencoop International FM S.r.l.) transferred a 30% quota of the capital of Manutencoop France S.a.r.l. at a price of € 30 thousand to TMS Servizi Integrati S.r.l.. Following this transfer, the Group's percentage of ownership of Manutencoop France S.a.r.l. came to 70%.

On 28 February 2018 the subsidiary acquired a stake of 1% of the share capital of EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S. ("EOS") based in Ankara (Turkey) at a price equal to € 2 million. Following the acquisition, pursuant to IFRS10 the Group acquired control over the Turkish company, whose share capital was already held by Servizi Ospedalieri S.p.A. at a percentage of 50%. Therefore the Group's percentage of ownership of EOS came to 51%.

Furthermore, on 2 May 2018 Rekeep World S.r.l. acquired a stake of 50.98% in the capital of Rekeep United Yönetim Hizmetleri A.Ş.. The company is also invested in by United Group, a Turkish player with an annual turnover of about € 60 million and more than 4,000 employees. A residual stake is also held by GESIDI Engineering Architecture, a company that operates in the field of applied architecture. The project is aimed at fostering the strategic integration of the Rekeep Group's expertise in the healthcare sector into the United Group's expertise in the integrated facility management sector, with the objective of speeding up the development of the business conducted by both Companies in Turkey.

On 3 July 2018 the Group acquired, through subsidiary Servizi Ospedalieri S.p.A., a quota of 60% in the capital of Medical Device S.r.l., a company specialising in the production of procedure kits for the healthcare sector, i.e. single-use packs containing all the instruments required to support healthcare teams in the performance of surgical interventions. The transaction was completed through a capital increase of € 2.0 million subscribed by Servizi Ospedalieri and is consistent with the Rekeep Group's growth and development strategy to enter specialist sectors that are complementary to the core business. The aim is to increase the Group's footprint and strengthen its leadership in the healthcare support services business both at a national and international level. Medical Device S.r.l., with registered office in Montevarchi (Arezzo), recorded revenues of € 4.4 million and employed about 30 people in 2017. Furthermore, the Company has acquired over the years certifications for the marketing of Class 3 medical devices, which are particularly crucial due to their intended use and which require very complex certification procedures on the part of the Notified Bodies.

Finally, 20 July 2018 saw the completion of the sale of 31.98% of the share capital of Progetto ISOM S.p.A. to Sinloc – Sistema Iniziative Locali S.p.A.. The company in question is the vehicle established by Rekeep S.p.A. (formerly Manutencoop Facility Management S.p.A.), Sinloc S.p.A. and Siram S.p.A. for the design, financing, implementation and management of the project for the energy upgrading of the Sant'Orsola Hospital in Bologna, under a project finance concession agreement. Following the transaction the remaining stake held by Rekeep S.p.A. in the company is now equal to 5%. Furthermore, the transfer has regarded the entire receivable relating to the interest-bearing shareholder loan as at 20 July 2018, equal to € 2.1 million. The total consideration of € 6.1 million was collected in full on the date of the transfer.

1. SUMMARY RESULTS OF THE THIRD QUARTER OF 2018

	For the quarter ended 30 September			For the 9 months ended 30 September		
	2018	2017	%	2018	2017	%
Revenues	220,425	209,113	+5.4%	686,744	664,459	+3.4%
Adjusted EBITDA (*)	21,589	20,167	+7.1%	68,964	70,120	-1.6%
Adjusted EBITDA % of Revenues	9.8%	9.6%		10.0%	10.6%	
Normalized EBITDA (*)	23,241	21,590	+7.6%	74,248	74,555	-0.4%
Normalized EBITDA % of Revenues	10.7%	10.3%		10.9%	11.2%	
Adjusted EBIT (*)	12,723	12,129	+4.9%	44,883	46,127	-2.7%
Adjusted EBIT % of Revenues	5.8%	5.8%		6.5%	6.9%	

In the third quarter of 2018, the Group recorded ***Revenues*** of € 220.4 million compared to € 209.1 million in the same period of the previous year, with a positive change (+ € 11.3 million), thus strengthening the volume growth trend characterising the 2018 financial year. The positive change in consolidated Revenues, compared to the value posted in the third quarter of the previous year, had a more significant impact on the Healthcare sector (+ € 9.4 million), thus continuing to benefit from the volumes arising under the new MIES 2 agreement (+ € 4.8 million in the quarter), as well as from some contracts entered into with Local Health Units (in particular those of ASP Palermo, ASL Frosinone and Cittadella Sanitaria in Treviso), for which work started only between the end of 2017 and the beginning of 2018. On the other hand, this positive trend was partially offset by a slight decrease in the quarterly volumes recorded by the *Laundering&Sterilization* SBU (- € 0.6 million). Furthermore, note the revenues recorded by the Turkish company EOS, which was consolidated on a line-by-line basis only from the second quarter of 2018 and which gave a contribution of € 0.9 million to the revenues for the quarter.

On the other hand, the Public market showed a drop in the comparative quarter (- € 1.9 million) due to the net effect of the positive contribution given by the new lots of services provided to Trenitalia S.p.A. (in particular the cleaning services on board night trains which started in the fourth quarter of 2017) and to the French customer SNCF (+ € 0.9 million).

Finally, extraordinary activities were reported in the Private sector towards major private customers in Italy, in addition to noting a positive contribution given by specialist services (in particular from the Sicura Group), with a net positive differential of € 3.8 million compared to the same quarter of 2017.

In terms of Strategic Business Unit ("SBU"), the Facility Management's turnover helped to drive the abovementioned positive revenue performance in the quarter, showing an increase of € 11.3 million, coming to € 189.8 million in the quarter ended 30 September 2018 compared to € 177.9 million in the same period of 2017. This SBU fully included all the positive changes described above. On the contrary, the *Laundering&Sterilization*

(*)Adjusted and Normalized economic figures are described in the following paragraph "Non-recurring events and transactions"

SBU's turnover showed a slight drop (€ 0.6 million) in the third quarter of 2018, from € 31.8 million for the quarter ended 30 September 2017 to € 31.2 million for the quarter ended 30 September 2018), against the considerable number of renewals that took place at discounted prices during the second half of 2017. However, the negative change was offset by the contribution given by the line-by-line consolidation of Medical Device S.r.l., which was acquired in July 2018 (+ € 1.0 million), during the quarter in question.

At 30 September 2018 the **Backlog** came to € 2,589 million, compared to € 2,674 million at 30 June 2018 and € 2,608 million at 31 December 2017. The Backlog/LTM Revenues ratio at 30 September 2018 amounted to 2.8x (unchanged compared to 31 December 2017).

Adjusted EBITDA for the third quarter of 2018 came to € 21.6 million, up by € 1.4 million compared to the same quarter of the previous financial year (when it was equal to € 20.2 million). In particular, the *Facility Management* SBU showed an increase of € 2.3 million, also against an operating loss reported by the start-ups Yougenio S.r.l. and Rekeep World S.r.l. (included in the SBU) which remained substantially in line in the quarter (+ € 0.2 million compared to third quarter of 2017). On the other hand the *Laundering&Sterilization* SBU showed a decrease of € 0.9 million. This entailed a slight recovery in average profit margins (**Adjusted EBITDA/Revenues**), which came to 9.8% in the third quarter of 2018 against 9.6% in the third quarter of 2017). However, in terms of EBITDA the recovery in profit margins for the quarter was more evident for the Facility Management SBU (from 6.6% to 7.4%), while there was a decline in the *Laundering&Sterilization* SBU (from 26.3% to 23.9%).

Adjusted EBIT for the quarter ended 30 September 2018 amounted to € 12.7 million, compared to € 12.1 million in the same period of the previous year (5.8% of related Revenues in both quarters). The trend was affected, in absolute terms, by the performance already shown for Adjusted EBITDA (+ € 1.4 million) to which must be added higher *amortisation and depreciation* of € 0.3 million, higher write-downs of receivables (net of releases) of € 2.0 million (linked to some specific risk positions) and lower accruals of provisions for future risks and charges of € 1.4 million (against significant provisions for legal disputes in the third quarter of 2017).

	30 September 2018	30 June 2018	31 December 2017	31 December 2017 Pro-forma CMF
Net Working Operating Capital (NWOC)	43,668	29,144	42,200	48,170
Net Financial Position (NFP)	(323,896)	(110,920)	(156,706)	(332,922)

From an equity and financial point of view, the figure relating to Net Working Operating Capital (**NWOC**) at 30 September 2018 recorded a slight increase compared to the value posted at the end of the previous year (+ Euro 1.5 million) and a significant change compared to the value posted in the previous quarter (+ € 14.5 million). In

particular, lower trade receivables of € 23.3 million (+ € 6.0 million in the last quarter) and lower trade payables of € 23.6 million (- € 7.4 million in the last quarter) were recorded in the period, against a Net Financial Position (**NFP**), which increased from € 156.7 million at 31 December 2017 to € 323.9 million at 30 September 2018. The latter change was significantly affected by the merger of CMF S.p.A. by incorporation into Rekeep S.p.A., in accordance with the rules governing the Senior Secured Notes-bond issue in a nominal amount of € 360 million launched during 2017. The statutory, accounting and tax effects of the merger began to run from1 July 2018 and, with effect from this date, the title to the bond was transferred to Rekeep S.p.A., with the consequent repayment of the Proceeds Loan that had been granted to it previously (in a nominal amount of € 174.2 million at the date of the merger). With respect to the consolidated values that provide a pro-forma statement of the merger at 31 December 2017, the NFP then showed an improvement of € 9.0 million in the 9 months.

During the first nine months of the year, assignments of receivables without recourse were made to Banca Farmafactoring and Banca IFIS for an overall amount of € 119.0 million, of which € 37.3 million in the third quarter.

At 30 September 2018, DSO was 165 days, against 164 days at 30 June 2018 and 31 December 2017. DPO, on the other hand, was 230 days, against 239 days at 30 June 2018 and 246 days at 31 December 2017. The trend of amounts collected from customers and payments to suppliers led to an overall cash flow generation (+ € 16.4 million) during the quarter, even if it showed, against a further improvement in the time required to collect amounts from customers, a partial reversal of the financial benefit in favour of the flows of payments to suppliers.

The Net Financial Position (**NFP**) showed an increase of Euro 213.0 million during the quarter, with an impact directly attributable to the merger of CMF for € 181.3 million. The flows generated from operating activities in the quarter (€ 7.4 million) must be algebraically added to the cash flow absorbed by the change in NWOC (- € 16.4 million) and to the uses of resources for net industrial investments (€ 6.0 million). On the other hand financial investments generated a positive flow of € 5.6 million, mainly due to the sale of a portion of the stake held in Progetto ISOM S.p.A. and of the related shareholder loan for a total consideration of € 6.1 million, which was collected in full at the closing date. Moreover, there was a negative cash flow of € 21.5 million due to other changes that occurred in other operating assets and liabilities in the quarter, and in particular in connection with the trend in net VAT credit balances of the Group companies (which increased by € 3.3 million, despite assignments without recourse for € 4.5 million in the quarter), as well as with the trend in payables to/receivables from employees and related tax and social security withholdings (which decreased by € 11.3 million following the payment of the summer bonuses in July and the holidays taken in summer months). Finally, uses of provisions for future risks and charges and the provision for employee termination benefits for € 0.9 million were recognized during the quarter.

2. BUSINESS DEVELOPMENT

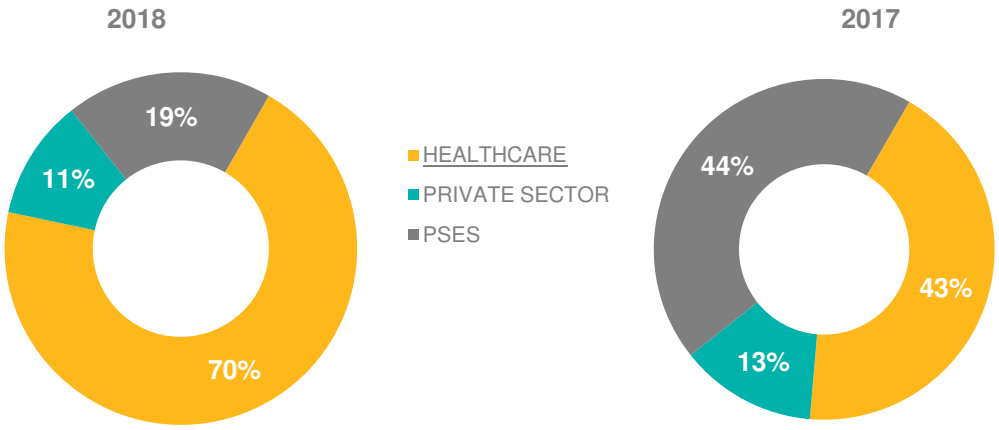
In the first nine months of 2018, the Group gained orders for an overall multi-year amount of € 461.9 million, of which € 161.6 million related to extensions and renewals of contracts already existing in its business portfolio.

As in the past, these data regard only long-term contracts obtained in the context of services for the so-called "traditional" facility management, linen rental and industrial laundering services and the sterilisation of surgical instruments, as well as "B2B" technology services of e-Digital Services S.r.l.. On the contrary, the figure does not include the business portfolio of the companies of the sub-Group owned by Sicura S.p.A., whose contracts have an average term of less than one year. However, these companies do not have a particularly significant impact (around 4% in the first nine months of 2018) on consolidated production volumes.

New contracts in the Healthcare sector, amounting to € 323.0 million in the period, affected the total predominantly (an overall 70%), against orders in the Public sector for € 87.2 million and in the Private sector for € 51.7 million.

Specifically, on 20 September 2017, Rekeep S.p.A. signed the agreements with Consip S.p.A. for the two lots of the "MIES 2" tender relating to the award of an Integrated Technology Multi-Service with energy supply for buildings used by Public Health Administrations. The two lots concern the regions of Calabria and Sicily (Ordinary lot 12) and the regions of Veneto, Friuli Venezia Giulia, Trentino Alto Adige, to which must be added the Lombardy provinces of Bergamo, Brescia, Lecco, Como and Sondrio (Additional lot 14), respectively. The Agreements had a term of two years whereas each implementation contract that may be signed by Public Authorities in such a time span may have a term of 5/7 years, at the discretion of the Authorities, starting from the activation of each supply, with a total limit of Rekeep S.p.A., that, for the period indicated, may be extended up to approximately € 250 million. The signing of supply orders relating to ordinary lot 12 and additional lot 14 entailed new portfolio acquisitions of about € 180 million (included in the overall values of new orders described above) during the period, to which must be added orders amounting to about € 5 million which were already signed in December 2017.

CONTRACTS ACQUIRED BY REFERENCE MARKET AT 30 SEPTEMBER



Furthermore, the Group was awarded a major 5-year contract, through Servizi Ospedalieri S.p.A., for linen rental and industrial laundering services in the Healthcare sector, to be delivered to the healthcare units that are members of Umbria Salute S.c.a.rl. in Umbria region. Furthermore the Group was awarded three-year linen rental and industrial laundering services at the KOS Care units in Lombardy, Veneto, Emilia Romagna and Marche. Furthermore, in the same market, Rekeep S.p.A. also renewed contracts for hygiene services to be delivered to the San Giovanni Addolorata Hospital in Rome and to ASUR Marche no. 10 in Camerino (Province of Macerata).

Furthermore, additional lots of orders were gained for cleaning services to be delivered to Trenitalia S.p.A., particularly in Lombardy, Piedmont and Calabria in the national public sector. New orders were also gained for energy services to be delivered to the Municipality of Valsamoggia, in the form of 15-years service concessions.

Moreover, positive signs were reported in international markets (in particular in France), where the Group was awarded 3-year contracts for cleaning services on behalf of SNCF (the leading national operator for the management of railway transport services) in Montrouge (Paris) for expected total revenues of about € 14 million in 4 years, with the possibility of extending the term by an additional year. The services were started to be delivered during the second quarter of 2018.

Finally, the new contracts for the year in the Private sector amounted to € 52 million (11% of total). Among the most significant orders gained were the renewals of some cleaning contracts at Carrefour outlets and maintenance contracts at Auchan stores. Furthermore, cleaning contracts were gained and renewed for entities in the insurance and banking sectors, such as the Unipol Group and Cariparma-Crédit Agricole.

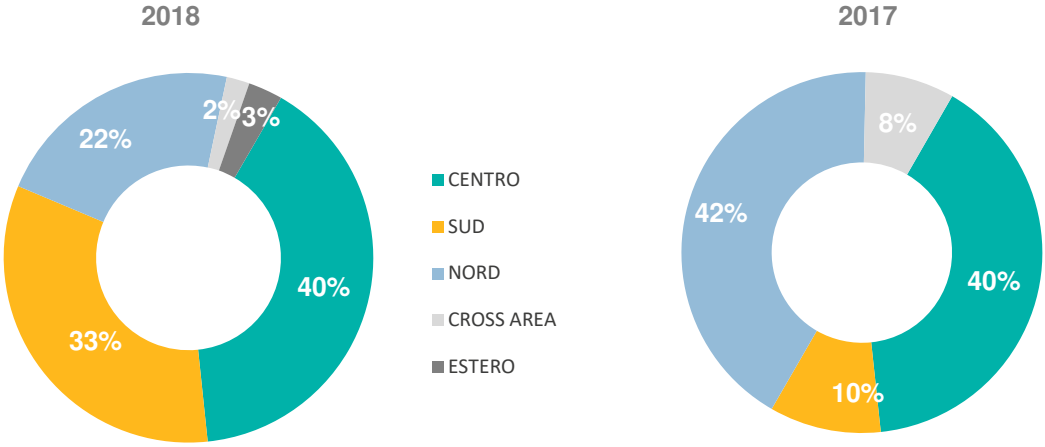
Regarding the orders gained in the period in terms of Strategic Business Unit ("SBU"), *Facility Management* obtained contracts of € 374 million (of which € 180 million related to the abovementioned Consip MIES 2 agreement) while *Laundering&Sterilisation* obtained contracts of € 88 million. Any and all orders gained in the Private sector were part of the Facility Management SBU.

CONTRACTS ACQUIRED BY SBU AT 30 SEPTEMBER



Furthermore, below is a description of the geographical distribution of the new orders in the business portfolio gained during the period:

CONTRACTS ACQUIRED BY GEOGRAPHICAL AREA AT 30 SEPTEMBER



3. GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND FINANCIAL POSITION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

3.1 Consolidated performance of operations in the first nine months of 2018

Below are reported the main income figures relating to the first 9 months of 2018, compared to the figures of the corresponding period of 2017:

(in thousands of Euro)	For the 9 months ended 30 September		For the quarter ended 30 September	
	2018	2017	2018	2017
Revenues	686,744	664,459	220,425	209,113
Costs of production	(622,277)	(590,499)	(200,821)	(189,180)
EBITDA	**64,467**	**73,960**	**19,604**	**19,933**
EBITDA %	**9.4%**	**11.1%**	**8.9%**	**9.5%**
Amortisation, depreciation, write-downs and write-backs of assets	(23,449)	(21,328)	(9,008)	(6,726)
Accrual of provisions for risks and charges	(632)	(764)	142	(1,292)
Operating Income (EBIT)	**40,386**	**51,868**	**10,738**	**11,915**
EBIT %	**5.9%**	**7.8%**	**4.9%**	**5.7%**
Share of net profit of equity-accounted companies	1,201	1,029	(84)	(127)
Net financial charges	(21,760)	(21,366)	(11,102)	(7,205)
Earnings before taxes (EBT)	**19,827**	**31,531**	**(448)**	**4,583**
EBT %	**2.9%**	**4.7%**	**NA**	**2.2%**
Income taxes	(9,346)	(13,618)	(843)	(2,406)
Profit (loss) from continuing operations	**10,481**	**17,913**	**(1,291)**	**2,177**
Profit (loss) from discontinued operations	0	0	0	0
CONSOLIDATED NET PROFIT (LOSS)	**10,481**	**17,913**	**(1,291)**	**2,177**
CONSOLIDATED NET PROFIT (LOSS) %	**1.5%**	**2.7%**	**NA**	**1.0%**
Minority interests	(141)	(49)	(118)	(13)
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**10,340**	**17,864**	**(1,409)**	**2,164**
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**1.5%**	**2.7%**	**NA**	**1.0%**

On 1 July 2018 the merger became effective for the incorporation into Rekeep S.p.A. of its direct parent company CMF S.p.A., which had been established by Manutencoop Società Cooperativa in 2017 for the purpose of launching the Senior Secured Notes-bond issue, as already described in the Preamble to this report. The consolidated income statement, therefore, was affected by higher financial costs arising from the transfer of the bond debt (equal to € 360 million) to Rekeep S.p.A. from the third quarter of 2018, following the above-mentioned merger and the consequent repayment of the Proceeds Loan granted by CMF within the refinancing transaction (equal to € 174.2 million at the date of the merger). On the other hand, the vehicle CMF S.p.A. did not carry out activities additional to the work envisaged in the rules governing the bond issue and, therefore, there were no significant impacts on the merging company's operating results (Revenues, EBITDA and EBIT).

NON-RECURRING EVENTS AND TRANSACTIONS

In the course of the first nine months of 2018, the Rekeep Group recognised, in the Statement of Profit/Loss for the period, some "non-recurring" economic items which impacted on the normal dynamics 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 items are recognised in the Consolidated Statement of Profit/Loss for the period:

(in thousands of Euro)	For the 9 months ended 30 September	
	2018	2017
Legal advice fees concerning pending administrative disputes	99	454
Costs from reorganization of company units	1,649	1,858
Rebranding Project	2,749	
"*Oneri di Sistema*" charges relating to previous years		(6,152)
Non-recurring costs (income) impacting on EBITDA	**4,497**	**(3,840)**
Reversals related to risks for damages on contractual liability to associates		(1,901)
Non-recurring costs (income) impacting on EBIT	**0**	**(1,901)**
TOTAL NON-RECURRING COSTS (INCOME)	**4,497**	**(5,741)**

During 2018 the Group is in the process of implementing a major project for the renewal of its brand and of its visual identity which led, among other things, to changing the company name of Parent Company Manutencoop Facility Management S.p.A. to Rekeep S.p.A., after the effective date of the merger with CMF S.p.A. (as from 1 July 2018). The aforesaid merger, which is envisaged in the rules governing the bond issue that was placed by

CMF S.p.A. itself during 2017, also entailed specialist advice costs due to the necessary legal proceedings and to the combination of the companies taking part in the merger.

Consolidated Adjusted EBITDA and EBIT are thus broken down as follows:

(in thousands of Euro)	For the 9 months ended 30 September	
	2018	2017
EBITDA	64,467	73,960
Non-recurring charges (income) impacting on EBITDA	4,497	(3,840)
Adjusted EBITDA	**68,964**	**70,120**
Adjusted EBITDA % of Revenues	**10.0%**	**10.6%**
EBIT	40,386	51,868
Non-recurring charges (income) impacting on EBITDA and EBIT	4,497	(5,741)
Adjusted EBIT	**44,883**	**46,127**
Adjusted EBIT % of Revenues	**6.5%**	**6.9%**

As from 2016, the Group also undertook to diversify its target markets by establishing the sub-holding company Rekeep World S.r.l. (previously: Manutencoop International FM S.r.l.) as a vehicle dedicated to business development on international markets, and Yougenio S.r.l., a subsidiary active in the B2C market through an e-commerce platform. These new initiatives are still ongoing in the start-up phase and contribute negatively to the consolidated results for the period.

Therefore, consolidated Normalized EBITDA and EBIT - which exclude this negative contribution - are shown below:

(in thousands of Euro)	For the 9 months ended 30 September	
	2018	2017
ADJUSTED EBITDA	**68,964**	**70,120**
EBITDA related to start-up activities	5,284	4,435
NORMALIZED EBITDA	**74,248**	**74,555**
NORMALIZED EBITDA % of Normalized Revenues	**10.9%**	**11.2%**
ADJUSTED EBIT	**44,883**	**46,127**
EBIT related to start-up activities	5,821	4,548

(in thousands of Euro)	For the 9 months ended 30 September	
	2018	2017
NORMALIZED EBIT	**50,704**	**50,675**
NORMALIZED EBIT % of Normalized Revenues	**7.4%**	**7.6%**

REVENUES

In the first nine months of 2018, the Group recorded Revenues of € 686.7 million compared to € 664.5 million in the same period of 2017 (+ € 22.3 million, equal to +3.4%). As early as from the second half of 2017, there was a reversal in the decline trend in volumes which had affected the Group in the recent financial years, with a net recovery in sales as from 2018.

In particular, as from April 2018 consolidated volumes benefitted from the positive contribution given by the services delivered under the MIES2 Agreement (+ € 9.0 million); furthermore, 2018 is seeing the full operation of the "cleaning services on board night trains" managed on behalf of Trenitalia S.p.A., which were started only in September 2017 (+ € 13.5 million). "Specialist services" also gave a positive contribution to the growth in consolidated revenues; in particular the sub-group controller by Sicura S.p.A. achieved higher revenues for € 3.1 million, mainly against an improved performance recorded in the sector of machinery upgrade and protection. Finally, 2018 saw the recognition of revenues for foreign start-up companies in France (€ 1.7 million) and of the positive contribution given by the line-by-line consolidation of EOS, operating in Turkey (€ 1.5 million) as from the second quarter.

The breakdown of consolidated revenues in the first nine months of 2018 is provided below, compared to the figure of the same period in the previous year, broken down by reference market.

REVENUES BY MARKET

(in thousands of Euro)	For the 9 months ended 30 September				For the quarter ended 30 September	
	2018	% of total Revenues	2017	% of total Revenues	2018	2017
PSEs	180,888	26.3%	173,233	26.1%	49,600	51,532
Healthcare	337,081	49.1%	327,370	49.3%	112,930	103,493
Private sector	168,774	24.6%	163,856	24.7%	57,894	54,088
CONSOLIDATED REVENUES	**686,744**		**664,459**		**220,425**	**209,113**

The upward trend in consolidated turnover is distributed among all the target markets in which the Group operates, with a generally improved performance in terms of volumes. Furthermore, no significant differences were recorded compared to the same period of the previous year in terms of relative weight of each market on total consolidated Revenues.

Specifically, the volumes recorded in the Public Authorities sector showed an increase of € 7.7 million compared to the same period of 2017 Specifically, this is the market in which the major contracts were performed in relation to the services delivered to Trenitalia and in particular the abovementioned "cleaning services on board night trains" which were started at the end of September 2017 only. The activities carried out for SNCF in France from the second quarter of 2018 are also included in this market sector (€ 1.5 million).

The turnover from Healthcare customers (which include public or private healthcare establishments) also showed a significant increase of € 9.7 million, compared to a relative weight on total that decreased from 49.3% of consolidated revenues in the first 9 months of 2017 to 49.1% for the same period of 2018. The turnover in the Healthcare sector was significantly affected by the contribution given by the MIES2 agreements, equal to € 9.0 million. On the other hand revenues were adversely affected by the negative contribution given by linen rental and industrial laundering and sterilisation services relating to the *Laundering&Sterilisation* SBU (- € 3.3 million), as well as by the completion of some major facility management contracts, including those concerning the Ancona Hospital and Roma 2 ASL Local Health Unit. On the other hand, this market saw the acquisition of the Turkish company EOS which contributed € 1.5 million to consolidated revenues as from the second quarter of 2018.

An opposite trend compared to the values posted during the most recent financial years was also recorded in the Private sector, which showed clear signs of recovery (+ € 4.9 million compared to the first 9 months of 2017). Specifically, specialist services showed a positive change of € 3.5 million, mainly due to the good performance in the segment of safety management products and systems concerning the sub-group Sicura S.p.A. (+ Euro 3.1 million) against an improved performance in the segment of machinery upgrade and protection. The development of the start-up Yougenio also contributed to the growth in the volumes in the Private market, showing higher Revenues of € 1.5 million compared to the same period of the previous year. However, in terms of weight on total consolidated turnover, the Revenues in the Private market remained substantially unchanged compared to the first 9 months of 2017 (from 24.7% to 24.6%).

Analysis of Revenues by segments

A comparison of Group Revenues by segment is provided below.

The business segments were identified on the basis of IFRS 8 and correspond to the business areas defined as "*Facility Management*" and "*Laundering&Sterilisation*".

REVENUES BY SEGMENT

(in thousands of Euro)	For the 9 months ended 30 September				For the quarter ended 30 September	
	2018	% of total Revenues	2017	% of total Revenues	2018	2017
Facility Management	594,092	86.5%	568,556	85.6%	189,837	177,950
Laundering & Sterilization	94,590	13.8%	97,900	14.7%	31,230	31,822
Intra-Group eliminations	(1,938)	-0.3%	(1,997)	-0.3%	(642)	(658)
CONSOLIDATED REVENUES	**686,744**		**664,459**		**220,425**	**209,114**

The breakdown of revenues by operating segments showed a significant increase in the volumes in the *Facility Management* sector (+ € 25.5 million), whit a relative weight on consolidated total which increased from 85.6% in the first nine months of 2017 to 86.5% in the same period of 2018. This SBU fully included both a positive change in Revenues from Public Authorities (+ € 7.7 million) and the positive delta shown in the Private sector (+ € 4.9 million). Furthermore, this is the SBU within which contracts were performed for the start-up companies in the French markets and there was the acquisition of EOS (contributing a total turnover of € 3.2 million). Furthermore, note the positive contribution given to the volumes under some service concession agreements managed by Rekeep S.p.A. (+ € 1.1 million), and in particular the 15-year agreement entered into with the municipality of Casalecchio di Reno (province of Bologna), which was started during 2018, for the integrated management of thermal energy and public lighting in the municipal district.

At the consolidated level, the *Laundering&Sterilisation* sector showed a negative contribution (- € 3.3 million, equal to – 3.4%), recording Revenues of € 94.6 million in the first nine months of 2018 compared to € 97.9 million in the same period of 2017. The sector is being affected by a review of the linen rental and industrial laundering service portfolio which is not particularly favourable in terms of prices and has seen the completion of certain contracts with major hospitals. On the other hand, the third quarter saw the acquisition of Medical Device S.r.l., a company specialising in the production of procedure kits for the healthcare sector, which contributed revenues of € 1.0 million as from the date of acquisition.

EBITDA

At 30 September 2018, the Group's EBITDA came to € 64.5 million, against € 74.0 million for the first nine months of 2017. However, EBITDA expensed non-recurring costs of € 4.5 million during the first nine months of 2018 against non-recurring positive elements of € 3.8 million in the same period of the previous year (against non-recurring charges of € 2.3 million, net of the contingent asset relating to the so-called "*Oneri di sistema*" charges for € 6.2 million. Adjusted EBITDA, which excludes these non-recurring items, then amounted to € 69.0 million at 30 September 2018 (10.0% of Consolidated revenues), against Adjusted EBITDA of € 70.1 million at 30 September 2017 (10.6% of Consolidated revenues).

It should also be noted that the Group continues to bear start-up costs related to the new initiatives (B2C and international development) against reduced initial business volumes. In the first nine months of 2018 the effect of these initiatives was reflected in a lower EBITDA for € 5.3 million (€ 4.4 million for the first 9 months of 2017).

Below is provided a comparison of EBITDA by segment for the period ended 30 September 2018 and the same period of 2017:

EBITDA BY SEGMENT

(in thousands of Euro)	For the 9 months ended 30 September				For the quarter ended 30 September	
	2018	% of total Revenues	2017	% of total Revenues	2018	2017
Facility Management	41,523	7.0%	47,620	8.4%	12,204	11,553
Laundering&Sterilization	22,943	24.3%	26,340	26.9%	7,400	8,381
CONSOLIDATED EBITDA	**64,467**		**73,960**	**11.1%**	**19,604**	**19,934**

The Facility Management sector showed lower EBITDA of € 6.1 million, from € 47.6 million for the first 9 months of 2017 to € 41.5 million for the first 9 months of 2018. However, in order to understand this performance, it is necessary to deduct the abovementioned non-recurring items from sector EBITDA which affected, either positively or negatively, the results recorded during the two comparative periods (a net income of € 3.8 million at 30 September 2017, including the already mentioned contingent asset relating to the "*Oneri di sistema*" charges, against charges of € 4.4 million at 30 September 2018). Net of these elements, there was an increase of € 2.2 million in EBITDA segment, with % profit margins on the sector's Revenues unchanged and equal to 7.7% in both periods. The values for the sector also include the start-up operations of Yougenio and those started in foreign countries, which recorded higher negative EBITDA of € 0.8 million compared to the same period of the previous year. The good performance in the sector was then linked mainly to the higher sector volumes described above (+ € 25.5 million), which was accompanied by cost efficiency improvement actions that the Group had been taking on an ongoing basis during the most recent financial years.

EBITDA in the *Laundering&Sterilization* segment for the nine months ended 30 September 2018 amounted to € 22.9 million, down by € 3.4 million compared to € 26.3 million during the same period of 2017. Profit margins on relevant Revenues by segment came to 24.3% compared to 26.9% at 30 September 2017.

The acquisition of Medical Device S.r.l., which took place at the beginning of the third quarter of 2018, also contributed (from the date of acquisition) positive EBITDA of € 0.1 million. Furthermore higher positive settlement

balances in linen rental and industrial laundering services and ISTAT (Italian Statistics Institute) adjustments of € 0.5 million were recorded in the first 9 months of 2018 compared to the same period of 2017.

However, the performance of EBITDA by segment was due to the reduction recorded in volumes described above (- € 3.3 million), mainly due to a concentration of renewals of linen rental and industrial laundering contracts, which were awarded once again at lower prices as from the second half of 2017, thus anticipating the effects of the efficiency improvement actions taken by the production units.

Costs of production

Costs of production, which amounted to € 622.3 million at 30 September 2018, showed an increase of € 31.8 million in absolute terms compared to € 590.5 million posted at 30 September 2017 (+5.4%). This change was partly due to the recognition of the abovementioned contingent asset on the "*Oneri di Sistema*" charges (€ 6.2 million, stated in "Other operating costs", net of which the increase would be equal to € 25.6 million), in 2017.

(in thousands of Euro)	For the 9 months ended 30 September				For the quarter ended 30 September	
	2018	**% of total**	**2017**	**% of total**	**2018**	**2017**
Costs of raw materials and consumables	99,554	16.0%	84,850	14.2%	28,696	23,101
Change in inventories of finished and semi-finished products	19	0%	0	ND	155	0
Costs for services and use of third-party assets	232,213	37.3%	232,950	39.0%	79,970	80,358
Personnel costs	288,685	46.4%	276,189	46.3%	92,272	85,477
Other operating costs	4,352	0.7%	3,595	0.6%	1,337	1,088
Lower costs for internal work capitalised	(2,546)	NA	(933)	NA	(1,609)	(844)
COSTS OF PRODUCTION	**622,277**	**100%**	**596,651**	**100%**	**200,821**	**189,180**
Other operating costs – "*Oneri di sistema"* charges	0		(6,152)		0	0
TOTAL COSTS OF PRODUCTION	**622,277**		**590,499**		**200,821**	**189,180**

Costs of raw materials and consumables in the first nine months of 2018 amounted to € 99.6 million, up by € 14.7 million compared to the value posted in 2017, which also entailed an increased incidence on Total costs of production (16.0% at 30 September 2018 against 14.2% at 30 September 2017, net of effect of "*Oneri di sistema*" charges). The increase was related to fuel consumption for € 4.1 million and materials for € 10.6 million, mainly as a result of a different mix of services rendered compared to the previous year and the consequent use of various production factors to a different extent.

Costs for services and use of third-party assets in the period ended 30 September 2018 remained substantially unchanged compared to the period ended 30 September 2017, with a decrease of € 0.7 million (-0.3%) in absolute terms and a lower impact on total Costs of production (37.3% versus 39.0%). In particular, a reduction of € 3.6 million was recorded in the items relating to third-party and professional services, in addition to costs from consortia, which are typically linked to the acquisition of external production factors as a result of the mix of services being delivered and of any possible resulting make-or-buy choices. Furthermore, higher costs of € 1.2 million were recorded for maintenance, advertising and promotion expenses, including in relation to one-off costs arising from the rebranding project in progress.

Personnel costs increased in absolute terms (€ 288.7 million at 30 September 2018 against € 276.2 million at 30 September 2017), thus remaining substantially unchanged in terms of impact on total Costs of production (46.4% at 30 September 2018 against 46.3% at 30 September 2017). However, it should be noted that the 2017 financial year saw the recognition of non-recurring personnel costs for a total of € 1.6 million, net of which the relative percentage decreases down to 46.1% for the nine months ended 30 September 2017.

The average number of employees in service during the first nine months of 2018 was equal to 16,619 while it was 16,328 in the same period of the previous year (of which 15,347 versus 15,031 manual workers). As it was said for costs for services and for materials, the trend in the number of Group employees, and in particular manual workers, was closely related to the mix of services being delivered, as well as to the impact of related costs on total operating costs.

Other operating costs at 30 September 2018 amounted to € 4.4 million, while they were positive and equal to € 2.6 million at 30 September 2017. In fact, the Parent Company Rekeep S.p.A. recorded operating liabilities for € 6.2 million until 31 December 2016, related to some energy service contracts and to "*Oneri di sistema*" charges". These were envisaged in Decree Law 91/2014 as converted with amendments by Law 116/2014 and in the related implementing decree issued in 2015. On 23 February 2017, the Chamber of Deputies followed up the final approval of the "*Milleproroghe* Decree", whose amendments have had an impact on the existing regulations governing "*Oneri di sistema*" charges; in particular, the regulation was abrogated, according to which, except for RIUs (Internal Utility Networks), general "*Oneri di sistema*" charges were determined, starting from 2014, with reference to the consumption of electricity, thus substantially re-establishing the regulation previously in force, contained in the Bersani Decree (Legislative Decree 79/99). Therefore, on the basis of the amended regulations, the management of Rekeep S.p.A. believed that there was no need to recognise additional "*Oneri di sistema*" charges in 2017, while implementing the elimination of the payment obligations for those related to previous years and recognising the contingent asset of € 6.2 million for the entire payable that had been recorded at the end of the previous year. Net of this accounting item recognised in 2017, *Other operating costs* showed an increase of € 0.8 million, which was mainly attributable to costs arising from the rebranding project for promotional and entertainment initiatives in this case too.

Finally, *lower costs for internal work capitalised* of € 2.5 million were recorded at 30 September 2018 (€ 0.9 million at 30 September 2017), relating to some service concession agreements managed by Rekeep S.p.A., which provide for the initial construction of long-term works. The positive change was mainly due to the 15-year 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.

Operating Income (EBIT)

In the first nine months of 2018, consolidated Operating Income (EBIT) stood at € 40.4 million (5.9% of Revenues) against € 51.9 million (7.8% of Revenues) during the same period of 2017.

EBIT was affected by the above-mentioned consolidated performance in terms of EBITDA (- € 9.5 million), from which must be deducted *amortization and depreciation* of € 20.8 million (€ 20.1 million at 30 September 2017), *accruals to provisions for risks and charges (net of reversals)* of € 0.6 million (€ 0.8 million at 30 September 2017), as well as *write-downs of receivables and reversals* of € 2.4 million (against € 0.9 million at 30 September 2017). Furthermore, *other impairment losses* of € 0.3 million were recorded (unchanged compared to 30 September 2017).

The 2018 and 2017 EBIT recorded the non-recurring items already described for EBITDA, to which must be added, as regards the 2017 EBIT, the (non-recurring) release of a provision for risks set aside in the previous year for a dispute involving an associate with which the Parent Company had a service contract in force that envisaged possible contractual liability profiles by the servicer. This dispute had a positive outcome in 2017, with a significant reduction in terms of disbursement for the company concerned and a net release of € 1.9 million of the provision for risks. Therefore, **Adjusted EBIT** amounted to € 44.9 million and Euro 46.1 million at 30 September2018 and 30 September 2017 respectively, thus remaining stable compared to the changes recorded at EBITDA Adjusted level and showing relative profit margins (Adjusted EBIT/Revenues) equal to 6.5% and 6.9%, respectively, in the periods under comparison.

Below is a comparison between Operating Income (EBIT) by segment in the period ended 30 September 2018 and the amounts recorded in the same period of the previous year.

EBIT BY SEGMENT

(in thousands of Euro)	For the 9 months ended 30 September				For the quarter ended 30 September	
	2018	**% of total**	**2017**	**% of total**	**2018**	**2017**
Facility Management	30,710	5.2%	38,350	6.7%	7,770	7,580
Laundering&Sterilization	9,676	10.2%	13,518	13.8%	2,968	4,335

(in thousands of Euro)	For the 9 months ended 30 September				For the quarter ended 30 September	
	2018	% of total	2017	% of total	2018	2017
CONSOLIDATED EBIT	**40,386**	**5.9%**	**51,868**	**7.8%**	**10,738**	**11,915**

EBIT in the *Facility Management* segment amounted to € 30.7 million (5.2% of related segment Revenues) at 30 September 2018, against EBIT by segment of € 38.3 million (6.7% of related segment Revenues) at 30 September 2017 and therefore with a net decrease of € 7.6 million compared to the same period of the previous year. However, the adjusted amounts show a different trend, with adjusted segment EBIT that showed an increase, in absolute terms, from € 32.6 million at 30 September 2017 (net of non-recurring positive elements amounting to € 5.7 million) to € 35.1 million at 30 September 2018 (net non-recurring charges of € 4.4 million), and a more limited decline in operating profit margins from 5.7% (for the period ended 30 September 2017) to 5.9% (for the period ended 30 September 2018) of related segment Revenues.

The sector recorded higher amortisation and depreciation of € 0.2 million (specifically due to investments in hardware and software infrastructure) at 30 September 2018 and higher write-downs of trade receivables for € 1.6 million, following certain significant write-downs of specific positions. Moreover, note a decrease of € 0.1 million in net accruals to provisions for risks and charges against provisions of € 0.6 million for 2018 and net releases of € 0.8 million for 2017 (including the abovementioned release of non-recurring provisions for risks for € 1.9 million).

The EBITDA performance in the *Laundering&Sterilization* segment during the first nine months of 2018 (- € 3.4 million compared to the same period in the previous year) was accompanied, at the level of segment EBIT, by amortisation and depreciation of € 13.1 million (€ 12.6 million for the same period in the previous year and mainly relating to the linen rental and industrial laundering segment, and in particular to linen), write-downs of receivables of € 0.1 million (€ 0.2 million at 30 September 2017) and net accruals to provisions for risks and charges of € 0.1 million (unchanged compared to 30 September 2017), in connection with risk situations of an absolutely insignificant amount in both periods under comparison. The profit margins by segment amounted to 10.3% in terms of Adjusted EBIT on related Revenues (13.8% at 30 September 2018).

Profit before taxes

Net income from companies accounted for using the equity method, equal to € 1.2 million (€ 1.0 million at 30 September 2017) must be added to consolidated EBIT. Furthermore, there was the recognition of net financial charges of € 21.8 million (€ 21.4 million at 30 September 2017), thus obtaining a Profit before taxes equal to € 19.8 million at 30 September 2018 (€ 31.5 million at 30 September 2017).

Below is the breakdown by nature of net financial charges in the first nine months of 2018 and for the same period in the previous year:

(in thousands of Euro)	For the 9 months ended 30 September		For the quarter ended 30 September	
	2018	2017	2018	2017
Dividends and income (loss) from sale of investments	490	175	186	16
Financial income	1,241	1,133	207	529
Financial charges	(23,197)	(22,671)	(11,227)	(7,749)
Exchange gains (losses)	(294)	(3)	268	(1)
NET FINANCIAL CHARGES	**(21,760)**	**(21,366)**	**(11,102)**	**(7,205)**

During the first nine months of 2018 dividends of € 0.3 million (€ 0.2 million at 30 September 2017) were collected from non-consolidated companies, to which must be added income from sale of investments of € 0.2 million.

Financial income increased by € 0.1 million compared to the same period in the previous year, mainly due to higher default interest income (+ € 0.1 million) arising at the time of the settlement of previous credit positions.

Moreover, exchange losses were recognised for € 0.3 million at 30 September 2018, mainly linked to fluctuations in the Turkish Lira exchange rate during the year.

The impact of *financial charges* on the consolidated profit (loss) for the period was equal to € 23.2 million compared to € 22.7 million for the same period of 2017.

With respect to the two comparative periods, the financial debt structure reported significant changes, arising from the abovementioned Refinancing transaction that the Manutencoop Group carried out during the last quarter of 2017 and which led the Parent Company to make an early redemption of the Senior Secured Notes-bond issue (which had been launched in 2013, for a residual nominal amount of € 300 million, initially due 2020, with a six-monthly coupon and an annual interest rate of 8.5%), and to obtain an intercompany loan (Proceeds Loan) in a nominal amount of € 190.3 million from its direct controlling company CMF S.p.A.; in 2017 the latter launched a new Senior Secured Notes-bond issue in a nominal amount of € 360 million, below par (at 98%), due 2022 and with a six-monthly coupon (at an annual interest rate of 9%). As already noted, CMF S.p.A. was merged by incorporation into its subsidiary Rekeep S.p.A. with statutory, accounting and tax effects from 1 July 2018. Therefore, the Proceeds Loan had been paid off and the title to the Senior Secured Notes was transferred to Rekeep S.p.A. with effect from said date.

The financial charges accrued on the Proceeds Loan came to € 7.9 million during the first half of 2018, to which must be added financial charges of € 8.1 million directly accrued for Rekeep S.p.A. on the Notes during the third quarter.

On the contrary, financial charges on the coupons accrued for € 19.1 million, during the first 9 months of 2017, on the Notes issued during 2013 and paid off during 2017.

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 (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 (equal to € 1.0 million) back to Rekeep S.p.A., which will be also amortised on a straight-line basis throughout the entire term of the credit facility (no drawdown had been requested on the reporting date). The cost relating to this line of credit amounted to € 0.5 million (including the commitment fees charged by banks) in the first 9 months of 2018. Against the receipt of the Senior Secured Notes, CMF S.p.A. also incurred additional isue costs, which were charged back to Rekeep S.p.A. proportionally to the proceeds reserved for it on account of Proceeds Loan (equal to 52.86% of total issue). These additional costs were accounted for at amortised cost, which entailed amortization charges of € 0.8 million until the date when the loan was paid off, to which must be added an amount of € 0.8 million from the effective date of merger as additional costs recognized against the Senior Secured Notes. During the same period of the previous year costs of € 1.0 million were recorded for the amortised cost relating to the 2013 Senior Secured Notes, which were then paid off in October 2017.

Finally, costs for interest discounts related to the assignments of receivables without recourse of € 2.3 million (€ 1.4 million at 30 September 2017) carried out with Banca Farmafactoring and Banca IFIS were recorded during 2018.

Consolidated net result

Taxes of € 9.3 million must be deducted from Profit before taxes for the period (€ 19.8 million), thus obtaining a Net result of € 10.5 million (€ 17.9 million at 30 September 2017). Below is the breakdown of consolidated tax rate:

(in thousands of Euro)	For the 9 months ended 30 September	
	2018	2017
Profit (loss) before taxes	**19,827**	**31,531**
Current, prepaid and deferred IRES tax	(6,120)	(9,861)
Current, prepaid and deferred IRAP tax	(3,226)	(3,758)
Consolidated net result	**10,481**	**17,913**
Overall tax rate	**47.1%**	**43.2%**

Compared to the first nine months of the previous year, the Profit after taxes showed a decrease of € 7.4 million (€ 10.5 million at 30 September 2018 compared to € 17,9 million at 30 September 2017 against a decrease of € 4.3 million in the overall tax burden (against lower IRES and IRAP tax for € 3.7 million and € 0.5 million respectively). The overall tax rate amounted to 47.1% for the nine months ended 30 September 2018 against 43.2% for the

same period of the previous year, due to the substantial lack of changes in some tax components (especially IRAP tax), the impact of which increased against a reduction in the Profit before taxes.

3.2 Analysis of the statement of financial position at 30 September 2018

With the effectiveness of the statutory, accounting and tax effects of the merger by incorporation into Rekeep S.p.A. of its direct parent company CMF S.p.A. (reverse merger), from 1 July 2018 the balance sheet of Rekeep S.p.A. was modified, in particular in relation to the structure of its Sources. There was in fact the transfer of the Senior Secured Notes-bond issue, launched by CMF S.p.A. during 2017 (equal to € 360 million) to Rekeep S.p.A.; consequently, the Proceeds Loan granted by CMF S.p.A. within the refinancing transaction (equal to € 174.2 million at the date of the merger) was paid off.

Furthermore, following the merger Rekeep S.p.A. directly recognised the debt to Manutencoop Società Cooperativa relating to the Subordinated Shareholder Funding ("SSF") of € 49.7 million. This liability constitutes the unpaid remaining amount of the consideration due for the investment in Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.); this investment as transferred by Manutencoop Società Cooperativa to CMF S.p.A. on 13 October 2017 within the above-mentioned refinancing process, which allowed the exit of the funds that held a minority interest in its subsidiary. The SSF may be repaid within one year from the date of final repayment of the bond issue (set at 15 June 2022), is non-interest bearing and subordinated with respect to any other company liability, including trade payables to suppliers.

Furthermore, the accounting effects of the transaction (as detailed in the explanatory note 3 of the Notes to the Financial Statements, to which reference should be made) entailed the recognition of a merger deficit of equal to € 33.2 million and of a negative merger reserve of € 198.3 million in Equity.

On the other hand, the vehicle CMF S.p.A. did not carry out activities additional to the work envisaged in the ruels governing the bond issue and, therefore, no significant changes were reported in relation to other Uses of the merging company (NWC, NWOC and fixed assets).

The statement of Sources and Uses is reported below, showing the effects that the merger would have had on the consolidated financial statements at 31 December 2017 should the latter have been set as the effective date ("pro-forma CMF").

(in thousands of Euro)	30 September 2018	31 December 2017	31 December 2017 Pro-forma CMF
USES			
Trade receivables and advances to suppliers	405,873	429,165	429,165
Inventories	7,223	6,057	6,057
Trade payables and advances from customers	(369,428)	(393,022)	(387,052)

(in thousands of Euro)	30 September 2018	31 December 2017	31 December 2017 Pro-forma CMF
Net working operating capital	**43,668**	**42,200**	**48,170**
Other items of working capital	(69,087)	(60,865)	(61,438)
Net working capital	**(25,419)**	**(18,665)**	**(13,268)**
Property, plant and equipment	74,041	71,343	71,343
Goodwill and other intangible assets	431,545	395,532	428,715
Investments accounted for under the Equity method	23,649	27,294	27,294
Other non-current assets	34,946	35,507	36,454
Fixed assets	**564,181**	**529,676**	**563,806**
Non-current liabilities	(55,319)	(55,523)	(57,741)
NET INVESTED CAPITAL	**483,443**	**455,488**	**492,797**
SOURCES			
Equity attributable to non-controlling interests	771	381	381
Equity attributable to equity holders of the parent	109,076	298,401	109,794
Shareholders' Equity	**109,847**	**298,782**	**110,175**
Subordinated Shareholder Funding	49,700	0	49,700
Net financial indebtedness	323,896	156,706	332,922
FINANCIAL SOURCES	**483,443**	**455,488**	**492,797**

Net working capital

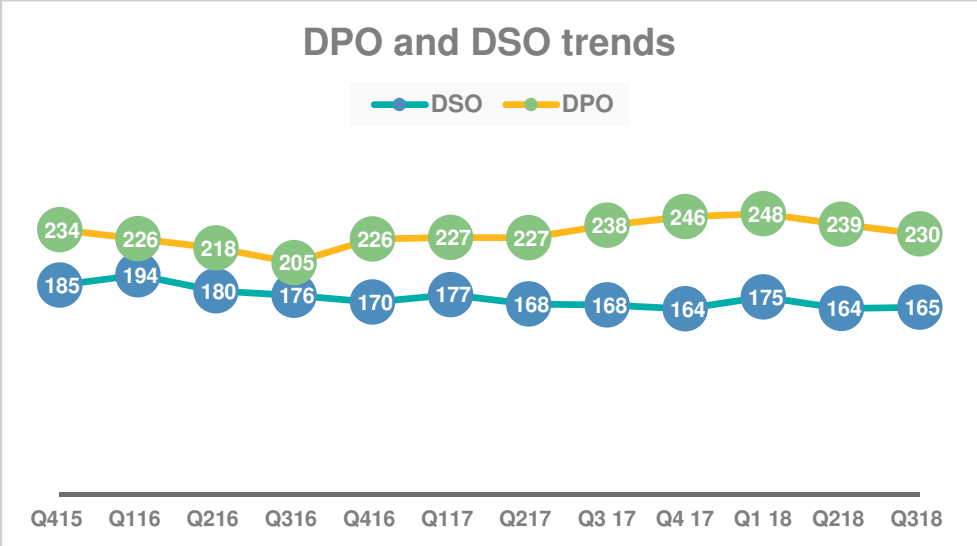
At 30 September 2018, consolidated Net Working Capital (**NWC**) posted a negative value of € 25.4 million, with a change of € 6.8 million compared to the figure at 31 December 2017, when it was negative for € 18.7 million.

At 30 September 2018, consolidated Net Working Operating Capital (**NWOC**), composed of trade receivables and advances to suppliers and inventories, net of trade payables and advances from customers, was equal to € 43.7 million against € 42.2 million at 31 December 2017. Considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies (equal to € 56.3 million at 30 September 2018 and € 19.3 million at 31 December 2017), **Adjusted NWOC** amounted to € 100.0 million and € 61.6 million, respectively.

First of all, the change in this latter item (+ € 38.5 million) was related to the change in the balance of trade receivables (+ € 13.7 million, considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies) against a decrease in stock of trade payables that amounted to € 369.4 million at 30 September 2018 (- € 23.5 million compared to the balance of € 393.0 million at 31 December 2017).

At 30 September 2018, average DSO was 165 days, in line with the value posted at 31 December 2017 (164 days) and down compared to 30 September 2017 when it was equal to 168 days. In addition, at 30 September 2018 DPO was 230 days, down compared to 246 days at 31 December 2017 and 238 days at 30 September 2017.

Within the overall management of cash flows, the figure on collections was in line with the historical low of the observations made during the previous years, while the financial planning for the payments to suppliers has included the DPO compared to previous quarters, thus reversing the benefit of financial flows recorded compared to receipts on the payments.



The balance of the other items of working capital at 30 September 2018 was a net liability of € 69.1 million, up by € 8.2 million compared to the net liability of € 60.9 million at 31 December 2017:

(in thousands of Euro)	30 September 2018	31 December 2017	Change
Current tax receivables	6,525	8,745	(2,220)
Other current assets	27,528	30,842	(3,314)
Provisions for risks and charges, current	(5,414)	(6,711)	1,297
Current tax payables	(4,139)	(326)	(3,813)
Other current liabilities	(93,587)	(93,415)	(172)
OTHER ITEMS OF WORKING CAPITAL	**(69,087)**	**(60,865)**	**(8,222)**

The change in the net liability of other working capital items was due to a combination of factors, mainly including:

- the decrease of € 7.2 million in the net credit balances for VAT of the Group companies. These credit balances, systematically generated following the introduction, already in 2015, of new regulations concerning the so-called "Split payment" and "Reverse charge", allowed, during the first 9 months of 2018, the performance of assignments without recourse of the balances on account of refund required from the Tax Authorities, for a total amount of € 25.2 million;
- the seasonal movements of payables to/receivables from employees and the relative payables to/receivables from social security institutions and the Tax Authorities for withholding taxes, which accounted for an increase in net liabilities of € 0.8 million;
- the decrease in the item "Other current operating liabilities" of the payable related to the fine imposed by the Competition Authority during 2016, owing to the enforceability of the measure issued by the Authority notwithstanding the appeal with the Court of Cassation was pending, for which the right to pay in 30 monthly instalments was granted with a measure of the Competition Authority itself on 28 April 2017. The balance of the residual debt at 30 September 2018 was € 5.9 million (€ 10.3 million at 31 December 2017);
- the decrease of € 1.3 million of the short-term portion of provisions for future risks and charges.

Net current tax receivables of € 2.4 million were recognised at 30 September 2018 against a net receivable of € 8.4 million at 31 December 2017, mainly due to the recognition of € 9.7 million of current taxes for the period.

Other non-current liabilities

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

- Defined contribution plans, such as the Employee termination benefits, equal to € 14.9 million and € 15.5 million at 30 September 2018 and 31 December 2017, respectively;
- long-term portion of Provisions for risks and charges (€ 25.4 million at 30 September 2018 against € 27.6 million at 31 December 2017);
- Deferred tax liabilities of € 14.4 million (€ 12.3 million at 31 December 2017).

Consolidated net financial indebtedness

Details of net financial indebtedness at 30 September 2018 are shown below, compared to the figures at 31 December 2017, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006.

The first nine months of 2018 saw a negative change in consolidated net financial debt, which increased from €

(in thousands of Euro)	30 September 2018	31 December 2017	31 December 2017 Pro-forma CMF
A. Cash	60	38	65
B. C/a, bank deposits and consortia, non-proprietary accounts	84,694	59,832	59,832
C. Securities held for trading			
D. Liquidity (A) + (B) + (C)	**84,754**	**59,870**	**59,897**
E. Current financial receivables	**1,687**	**1,870**	**1,870**
F. Current bank overdraft	6,424	6,000	6,000
G. Current portion of non-current debt	11,058	1,425	2,160
H. Other current financial liabilities	31,971	35,740	35,740
I. Current financial indebtedness (F)+(G)+(H)	**49,453**	**43,165**	**43,900**
J. Current net financial indebtedness (I) - (D) - (E)	**(36,988)**	**(18,575)**	**(17,867)**
K. Long-term bank debts and Senior Secured Notes	357,596	5,000	348,367
L. Other non-current financial liabilities	3,288	170,281	2,423
M. Derivatives			
N. Non-current financial indebtedness (K) + (L) + (M)	**360,884**	**175,281**	**350,790**
O. NET FINANCIAL INDEBTEDNESS (J) + (N)	**323,896**	**156,706**	**332,922**

156.7 million at 31 December 2017 to € 323.9 million at 30 September 2018. As noted, the change was affected by the effects of the merger by incorporation of CMF S.p.A. and the consequent transfer of debt for the Senior Secured Notes-bond issue launched in 2017 directly to Rekeep S.p.A.. In considering the pro-forma figure of the merger at 31 December 2017, the change in Net Financial Indebtedness was positive, with an improvement of € 9.0 million.

On 23 February 2016, the Parent Company Rekeep S.p.A. and Servizi Ospedalieri S.p.A. entered into a three-year maturity factoring agreement without recourse with Banca Farmafactoring S.p.A., concerning the assignment of receivables from entities in the Italian National Health System, for an annual amount of up to € 100 million. During 2018 assignments of receivables without recourse were made in an amount of € 85.0 million Furthermore, there were assignments without recourse of trade receivables claimed from Public Authorities in an overall amount of € 4.5 million, the counterparty being Banca Farmafactoring S.p.A., but not linked to the contract described above. Finally, on 27 June 2018 the Parent Company 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 € 29.5 million in consideration of this new contract. All assignments of trade receivables without recourse carried out during the half-year were subject to derecognition according to IFRS9.

The consolidated net adjusted financial debt for the amount of receivables assigned without recourse to factoring companies, which had not been collected by them at the reporting date (totalling € 56.3 million at 30 September 2018 against € 19.3 million at 31 December 2017) came to € 380.2 million (€ 176.0 million at 31 December 2017 and € 352.3 million in the pro-forma statement of the merger of CMF S.p.A.).

At 30 September 2018 the balance of Cash and cash equivalents, net of short-term credit lines (known as "Net Cash") amounted to € 54.7 million (€ 23.9 million at 31 December 2017):

(in thousands of Euro)	30 September 2018	31 December 2017
Cash and cash equivalents	84,754	59,870
Current bank overdraft, advance payments and hot money	6,424	(6,000)
Obligations from assignments of trade receivables with recourse	23,631	(29,999)
NET CASH	**54,699**	**23,871**

Below is the detail of the net financial exposure for bank credit lines and finance leases ("Net Debt"), compared to 31 December 2017:

(in thousands of Euro)	30 September 2018	31 December 2017	31 December 2017 Pro-forma CMF
Proceeds Loan from CMF S.p.A. (nominal value)	0	175,990	0
Senior Secured Notes 2022 (nominal value)	360,000		360,000
Bank debts	12,856	5,000	5,000
Financial lease obligations	3,667	3,622	3,622
Current bank overdraft, advance payments and hot money	6,424	6,000	6,000
Obligations from assignments of receivables with recourse	23,631	29,999	29,999
GROSS DEBT	**406,577**	**220,610**	**404,620**
Current financial assets	(1,687)	(1,870)	(1,870)
Cash and cash equivalents	(84,754)	(59,870)	(59,897)
NET DEBT	**320,136**	**158,870**	**342,853**

The "Net Debt" increased compared to 31 December 2017 (€ 320.1 million against € 158.9 million) following the effects of merger of CMF S.p.A. in Rekeep S.p.A. and the consequent recognition of the entire debt for the bond issue on the part of the merging company (€ 360 million), in consideration of the repayment of the pre-existing Proceeds Loan (€ 176.0 million). Net of this effect, comparing the Net Debt and the value recognised at CMF S.p.A. level at 31 December 2017, a reduction was reported in the ratio, against a slight increase in the use of the various

credit lines (+ € 2.0 million) and against a higher cash amount (€ 84.8 million at 30 September 2018 against € 59.9 million at 31 December 2017). Specifically, during the period there was the drawdown of the second tranche (amounting to € 5 million, with a term of 66 months, six-monthly instalments and a pre-amortisation period of 12 months) of the committed line of credit with CCFS, totalling € 10 million, against a lower use (- € 5.9 million) of short-term credit lines for Current bank overdrafts, advance payments and hot money and Assignments of trade receivables with recourse

The change in Consolidated cash and cash equivalents is analysed in the table below: the cash flows for the first nine months of 2018 are compared with the figures for the same period in the previous year. Annexes provide a reconciliation between the items in this table and those in the statutory Interim Report on Operations presented in the Condensed explanatory notes pursuant to IAS 7.

(in thousands of Euro)	2018	2017
At 1 January	**59,870**	**174,992**
Cash flow from current operations	41,537	47,836
Uses of provisions for risks and charges and for employee termination benefits	(5,861)	(6,789)
Change in NWOC	(3,219)	50,244
Industrial capex, net of disposals	(20,544)	(22,047)
Financial capex, net of disposals	3,088	(242)
Change in net financial liabilities	192,074	(50,419)
Other changes	(182,190)	(29,259)
AT 30 SEPTEMBER	**84,754**	**164,316**

The overall cash flows mainly reflect:

- a positive cash flow from operations of € 41.5 million (€ 47.8 million at 30 September 2017);
- € 5.9 million in outflows from the use of the provisions for future risks and charges and for employee termination benefits (€ 6.8 million at 30 September 2017);
- a cash flow absorbed by the changes in NWOC for € 3.2 million (a positive cash flow of € 50.2 million at 30 September 2017) which arises from a positive flow correlated to a change in trade receivables of € 23.9 million (€ 32.2 million in the first nine months of 2017) against a flow absorbed by a decrease in trade payables of € 27.1 million (a positive flow of € 18.9 million during 2017);
- a € 20.9 million cash flow used in industrial investments (€ 22.4 million at 30 September 2017, including the acquisition of the plant located in Lucca on the part of Servizi Ospedalieri S.p.A. for € 4.5 million), net of disposals of € 0.4 million (unchanged compared to 30 September 2017), also against net financial disinvestments of € 3.1 million;

- an increase in net financial liabilities of € 192.1 million, which was mainly due to the abovementioned transfer of the title to the Senior Secured Notes-bond issue to Rekeep S.p.A. (€ 360 million) following the merger by incorporation of the issuer CMF S.p.A. and the consequent repayment of the Proceeds Loan existing between the companies (equal to a nominal amount of € 174.2 million at the date of merger). Furthermore, the period saw an increase in the used balance of the committed line with CCFS (€ 10 million at 30 September 2018, against € 5 million at 31 December 2017) and of lines with other minor banks (€ 2.9 million) in addition to other changes in the liabilities related to factoring with recourse (- € 6.4 million) and a lower use of short-term credit lines for hot money and advances on invoices (- € 0.4 million). On the other hand, in the first 9 months of 2017 a decrease was recognised in net financial liabilities of € 50.4 million, which was mainly due to a decrease in the financial liability relating to factoring with recourse in the period (- € 20.8 million) and in the balance of short-term credit lines used for hot money and advances on invoices (- € 11.9 million), albeit against an increase in finance lease payables (+ € 2.9 million). Moreover, on 3 July 2017, the committed credit line with CCFS of € 10 million with original maturity in 2018 was closed, resulting in the repayment of the debt on account of principal;
- Cash inflows from other changes occurred in the period for € 182.2 million which also included the effects of consolidation of CMF S.p.A. following the merger for € 181.3 million. Furthermore, note the net flows absorbed by the performance of other operating assets and liabilities (- € 0.9 million), mainly due to the net effect of: (i) an increase in the balance of payables to/receivables from employees and related payables to/receivables from social security institutions and Tax Authorities for withholding taxes (+ € 10.5 million); (ii) the trend in net VAT credit balances for the Group companies (- € 7.2 million) which, albeit against credit balances generated by the Group companies on an ongoing basis, were involved in assignments without recourse amounting to € 25.2 million during the first half of 2018; (iii) a decrease, among “Other operating current liabilities”, in the payable related to the fine imposed by the Competition Authority during 2016, given the enforceability of the measure issued by the Authority for which the right to pay in 30 monthly instalments was granted (- € 4.4 million, as a result of the payment of 9 monthly instalments during the current year). On the other hand, other changes in 2017 absorbed all-in-all cash flows of € 29.3 million, which also included the Parent Company’s payment of a dividend of € 25.1 million to the shareholders in May 2017. On the other hand, other operating assets and liabilities absorbed total cash flows of € 10.3 million, mainly due to the net effect of: (i) a decrease in the balance of payables to/receivables from employees and the relative payables to/receivables from social security institutions and the Tax Authorities for withholding taxes (- € 2.9 million); (ii) the trend in net credit balances for VAT of the Group companies (+ € 0.6 million), which was involved, during the first nine months of 2017, in some assignments without recourse of the balances on account of refund from the Tax Authorities, for a total amount of € 13.4 million; (iii) the payment of 6 monthly instalments of the payable related to the fine imposed by the Competition Authority during 2016

Financial and industrial Capex

In the first nine months of 2018, the Group made gross capital expenditures which totalled € 21.0 million (Euro 22.4 million at 30 September 2017), from which must be deducted disinvestments of € 0.4 million (€ 0.4 million at 30 September 2017):

(in thousands of Euro)	For the 9 months ended 30 September	
	2018	2017
Fixed assets under finance lease	67	4,484
Properties	60	31
Purchase of plant and equipment	16,396	12,745
Other capital expenditures in intangible assets	4,441	5,148
INDUSTRIAL CAPEX	**20,964**	**22,408**

Acquisitions of plant and equipment include the purchase of linen on the part of Servizi Ospedalieri S.p.A. for the linen rental and industrial laundering business, equal to € 11.7 million at 30 September 2018 against € 8.7 million at 30 September 2017, with a considerable increase due to new stocks for the start-up of some major contracts. Furthermore, this item included acquisitions of plant and equipment in an amount of € 0.3 million, mainly relating to contracts involving start-ups in France.

Investments in intangible assets for the year amounted to € 4.4 million (€ 5.1 million at 30 September 2017) and mainly related to ICT investments. These included investments of € 0.6 million in the technological platform of subsidiary Yougenio S.r.l. (€ 1.7 million at 30 September 2017).

Finally, during 2017 the subsidiary Servizi Ospedalieri S.p.A. signed a 12-year finance lease agreement with Unicredit Leasing S.p.A. for the purchase of the factory in Lucca, previously used through a lease agreement with Manutencoop Immobiliare S.p.A. (company of the Manutencoop Società Cooperativa Group that owned the property), for a value of € 4.5 million.

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

(in thousands of Euro)	For the 9 months ended 30 September	
	2018	2017
Facility Management	7,887	7,711
Laundering & Sterilization	13,077	14,697
INDUSTRIAL CAPEX	**20,964**	**22,408**

Finally, the cash flow for financial investments posted a positive value of € 3.1 million at 30 September 2018. This was due to the sale to third parties of a stake of 31.98% of the share capital of Progetto ISOM S.p.A., a vehicle

company intended for the design, financing, implementation and management of the project for the energy upgrading of the Sant'Orsola Hospital in Bologna, under a project finance concession agreement. Furthermore, the transfer also concerned the entire receivable relating to the interest-bearing shareholder loan, equal to € 2.1 million. The total consideration of € 6.1 million was collected in full at the date of the transfer. On the other hand, the business combinations for the period absorbed total financial resources of € 1.5 million, mainly due to the acquisition of the majority interest in the Turkish company EOS on the part of Rekeep World S.r.l. against a price of € 2 million (fully paid at the closing date), with a net effect on cash and cash equivalents of € 1.7 million. The company was already invested in by Servizi Ospedalieri S.p.A. with a 50% stake of the capital; therefore, subsequently, the Group proceeded with the consolidation of the newly-acquired company's balance sheet values on a line-by-line basis. On the other hand, the acquisition of a 60% quota of Medical Device S.r.l. on the part of Servizi Ospedalieri S.p.A. did not entail any cash out for the Group since the transaction was completed through an increase in the capital of the subsidiary itself. For more details on the business combinations for the period, reference should be made to explanatory note 3.

Furthermore, a payment of € 0.5 million was made on account of an increase in the capital carried out in non-strategic investees during the year.

Finally, during 2017 the cash flow for financial investments posted a negative value of € 0.3 million and was mainly related to the payment of share capital carried out in an investee company not included in the scope of consolidation (€ 0.4 million).

Change in net financial liabilities

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

(in thousands of Euro)	31 December 2017	Business Combination	New loans	Repayments and payments	Other changes	30 September 2018
Senior Secured Notes	0	344,871			787	345,658
Bank borrowings	5,000	133	7,735		(12)	12,856
Current bank overdraft, advance payments and hot money	6,000	1,294	6,424	(7,294)		6,424
Accrued and prepaid expenses	(794)	1,440			8,135	8,781
BANK DEBTS	**10,206**	**347,738**	**14,159**	**(7,294)**	**8,909**	**373,719**
Financial lease obligations	3,622	401		(355)		3,667
Payables for assignments of trade receivables with	29,999		50,281	(56,649)		23,631

(in thousands of Euro)	31 December 2017	Business Combination	New loans	Repayments and payments	Other changes	30 September 2018
recourse						
Proceeds Loan CMF S.p.A.	168,562	(167,552)		(1,770)	760	0
Collections on behalf of assignees of trade receivables without recourse	4,902		7,326	(4,902)		7,326
Other financial liabilities	1,155	222	1,163		(556)	1,996
FINANCIAL LIABILITIES	**218,446**	**180,809**	**72,929**	**(70,970)**	**9,124**	**410,337**
Current financial assets	(1,870)				183	(1,687)
NET FINANCIAL LIABILITIES	**216,576**	**180,809**	**72,929**	**(70,970)**	**9,306**	**408,650**

Following the above-mentioned refinancing process carried out during the last quarter of 2017, the Senior Secured Notes-bond issue which the Parent Company issued during 2013, were redeemed in advance. The Parent Company completed this redemption through the use of a portion of its Cash and cash equivalents and simultaneously obtained an intercompany loan (Proceeds Loan) from its direct controlling company CMF S.p.A., which launched a new Senior Secured Notes-bond issue in 2017, in a nominal amount of € 360 million, below par (at 98%), due 2022 and a six-monthly coupon of 9.0%. This loan was paid off on 1 July 2018, following the merger of CMF S.p.A. by incorporation into Rekeep S.p.A., which is now the direct holder of the Senior Secured Notes-bond issue launched by the merged company. The Proceeds Loan had a nominal value on account of capital equal to € 174.2 million at the date of the merger (€ 176.0 million at 31 December 2017), against a partial repayment of € 1.8 million required by CMF S.p.A. during the first half of the year, in order to ensure the payment of the bond coupons being due. In consideration of this Proceeds Loan, the Parent Company also sustained additional costs for the issue in an initial total amount of € 9.1 million, charged back by CMF S.p.A. in proportion to the resources reserved for it (equal to 52.86% of total issue). These additional costs were accounted for according to the amortised cost method and reported a balance equal to € 7.3 million at 30 June 2018 (€ 8.1 million at 31 December 2017). The issue discount and the additional costs incurred for the launch of the bond issue were also accounted for according to the amortised cost method and transferred following the merger, thus giving rise to a residual balance of € 14.3 million at 30 September 2018.

Furthermore, there was the recognition of financial accruals and deferrals on loans in a total amount of € 8.8 million, of which € 8.1 million related to the amount accrued on the coupon due on 15 December 2018.

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, to which Rekeep S.p.A. is a party as Borrower. CMF S.p.A. has charged all financing costs (equal to € 1.0 million) back to the Parent Company, which will be also amortised on a straight-line basis throughout the entire term of the credit facility (no drawdown had been requested on the reporting date). This amortisation had an impact of € 0.2 million on the 2018 financial year; the remaining costs gave rise to a prepaid expense of € 0.8 million on the reporting date of the Consolidated Financial Statements.

On 14 November 2017 the Parent Company signed a committed credit facility agreement with C.C.F.S. for a total amount of € 10 million. The loan includes a first tranche amounting to € 5 million, which was disbursed at the same time as the execution and with bullet maturity in April 2023, and a second 66-month tranche, for an additional amount of € 5 million, was disbursed on 13 February 2018 and provides for the repayment in six-monthly instalments, with a pre-amortisation period of 12 months. Furthermore, on 21 June 2018 the Parent 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 of € 1.7 million, with a pre-amortisation period of 12 months. This loan does not bear interest and provides for the payment of 14 six-monthly instalments, falling due on 31 March and 30 September of each year.

As at the closing date of the half-year short-term uncommitted credit lines had been used for hot money and advances on invoices of € 6.4 million (aimed at meeting peaks in temporary cash requirements linked to the natural performance of operations), against a balance of € 6.0 million at 31 December 2017. Furthermore, Rekeep S.p.A. has an agreement for the assignment of trade receivables with recourse in place with Unicredit Factoring S.p.A., concerning receivables from customers in the Public sector. During 2018, assignments were made in an overall nominal amount of € 50.3 million while the balance amounted to € 23.6 million at 30 September 2018 (€ 30.0 million at 31 December 2017).

Furthermore, Rekeep S.p.A. and Servizi Ospedalieri S.p.A. collected amounts of € 7.3 million at 30 September 2018, concerning receivables included in assignments without recourse under the agreement signed with Banca Farmafactoring 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.

Finally, the Group recorded, among "Other financial liabilities" at 30 September 2018, an amount of € 0.5 million as an estimated potential liability related to Put option held by the non-controlling shareholders of Manutencoop France S.a.r.l. on 30% of the shares held by it, on the basis of the investment agreement signed during 2017 and against the transfer of this minority interest on the part of Rekeep World S.r.l. on 15 January 2018. This option may be exercised by the minority shareholder between 30 June 2021 and 30 June 2023.

Finally, the balance of short-term financial assets was € 0.2 million lower during the period, mainly as a result of a change in the balance of pledged current bank accounts dedicated to the management of the collection service within the scope of the above-mentioned agreement for the assignment of trade receivables without recourse signed with Banca Farmafactoring (- € 0.3 million).

4. UPDATE ON LEGAL PROCEEDINGS

During the first 9 months of the year the disputes continued pending, which have been described in explanatory notes no. 13 and no. 15, to which reference should be made for more information. The most significant updates reported at the date of approval of the Interim Report on Operations are described below.

Italian Competition Authority's order for sanctions on the Consip Tender of 2012 and new proceedings on the FM4 Tender

Also during 2018, the administrative dispute relating to the fine imposed by the Italian Competition Authority on 20 January 2016 to Parent Company Rekeep S.p.A. (formerly: Manutencoop Facility Management S.p.A.) due to the breach of competition rules on the part of some companies that had taken part in the European Union tender for cleaning services in school buildings called by Consip in 2012 continued.

On 23 December 2016, following a number of rulings handed down by the administrative court and by the Council of State, the Authority adopted a new measure, re-calculating the fine in € 14,700 thousand. An appeal was lodged against this measure with the Lazio Regional Administrative Court as well and the Company is waiting for the hearing to be scheduled. On 24 March 2017, the Lazio Regional Administrative Court also decided against the application to stay the related payment lodged by Rekeep S.p.A. and, therefore, the entire amount of the fine was reclassified to the item "Other operating liabilities", given the obligation to follow up on payment. Finally, the Competition Authority intervened with the measure of 28 April 2017 with regard to the request for payment by instalments, by allowing the Company to pay the fine in 30 monthly instalments at the legal interest rate (currently 0.3 %). The Company is regularly paying the monthly instalments.

In relation to the judgement of the Council of State no. 928/2017 filed on 1 March 2017 the Company filed an appeal with the Court of Cassation for jurisdiction reasons. The Court of Cassation has scheduled the hearing in chambers for 23 October 2018 and the Company is waiting to know whether the outcome will be successful.

On the other hand, on 24 April 2017, Decree Law no. 50 was published on the Official Gazette: Article 64 (Services in school) of this decree envisages the continuation of the acquisition of cleaning services and other auxiliary services until 31 August 2017 for the regions in which the Consip framework agreements "for the acquisition of cleaning services and other auxiliary services provided in order to keep school buildings and public school and education establishments clean and in working order" (known as "Consip Scuole" agreement) were terminated. In the subsequent Decree Law no. 91 of 20 June 2017, as converted with amendments by Law of 3 August 2017 and published in the Official Gazette on 12 August 2017, these services were further extended until 31 December 2017; finally, Article 1, paragraph 687, of Law 205 of 27 December 2017 ("2018 Budget Law") provided for these agreements to continue until 30 June 2019, in order to allow the regular performance of educational activities for the 2018-2019 school year.

On 16 June 2017, Consip officially informed Rekeep S.p.A. of its decision to exclude 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 forfeit, 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). However, on 13 July 2017 and 14 September 2017, respectively, the Lazio Regional Administrative Court ordered the suspension of the measures of exclusion, deferring the decision on the merits of the appeal to the hearing scheduled for 21 February 2018. In this venue, the Company's appeal was rejected and on 10 March 2018 an appeal was served, which was filed with the Council of State, with the simultaneous request for an interim measure from a single-member court and the stay of execution of the challenged measure.

Furthermore, on 30 March 2018 Consip informed Rekeep S.p.A. that it had submitted a request to the competent insurance company to enforce the Company's warranty provided in relation to the Consip Caserme tender. However, the insurance company did not grant the request following the Council of State's decision handed down on 5 April 2018, whereby both the execution of the Lazio Regional Administrative Court's decision on the exclusion of Consip Caserme and Consip Sanità tenders and the related effects (also in relation to the enforcement of sureties) have been suspended and the hearing on the merits of the Company's appeal was held on 28 June 2018. However, by a subsequent order dated 19 July 2018, the Council of State proceeded with the "improper suspension of proceedings", since it considered that the relevant decision within the dispute was that on the preliminary issue pending before the European Court of Justice, which had been raised by the Piedmont Regional Administrative Court on 21 June 2018, as to whether the breach of competition rules fell within the scope of cases of "serious errors committed in professional practice" provided for in Article 38 of the Code of Public Contracts under Legislative Decree 163 of 12 April 2006 ("Old Code of Public Contracts"). The enforcement of the judgment is still suspended, as provided for in the previous order of 5 April 2018; the Company believes that it may take part in the pre-trial proceedings before the European Court of Justice in order to describe its own position. To date these agreements have not yet generated Revenues for the Group and were not included in the backlog at 30 September 2018.

In relation to the abovementioned exclusions ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority) decided to initiate two proceedings concerning their entry in the electronic criminal records of ANAC, as "Useful information". These proceedings were also suspended by ANAC until the outcome on the merits mentioned above. ANAC also initiated proceedings for the application of disqualification measures, which were also suspended. The aforesaid decisions do not imply in any case any impediment for Rekeep S.p.A. to the participation and awarding of new calls for tenders launched by Consip and, more in general, by the Public Administration, and any other awarding procedure in progress remains absolutely valid.

Finally, on 23 March 2017, the Competition Authority notified Rekeep S.p.A. the start of a preliminary investigation procedure 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., Rekeep S.p.A., Romeo Gestioni S.p.A. and STI S.p.A. 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").

To date, the Competition Authority has started only investigations and has allowed the Company to access the records of the proceedings, as well as held the hearing to hear the Company on 24 April 2018. The Company firmly rejected the assumption of an alleged collusive agreement with the other companies involved in the proceedings. By an order of 22 November 2017 the Competition Authority also extended, both objectively and subjectively, the proceedings that had already been started; to date these proceedings also concern the SIE3 and MIES2 tenders and involve the industrial holding companies which control the entities initially involved (even if they have not been extended to the parent company Manutencoop Società Cooperativa); by an order of 18 April 2018, it further subjectively extended the proceedings and postponed the time limit for the conclusion to 31 December 2018 and, finally, by an order of 21 September 2018 it further postponed the time limit for the conclusion to 15 February 2019.

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 30 September 2018 are included in the explanatory notes (note 13), to which reference is made.

Compensation for damages for the fire that occurred in former Olivetti area in Scarmagno (Turin)

Rekeep S.p.A. is liable for the offences of unintentional fire and breach of safety regulations following the fire that occurred in the former Olivetti area in Scarmagno (Turin) on 19 March 2013. The Court of Ivrea pronounced in first instance of 24 February 2017, with a judgment which acquitted the accused on the grounds that they "had not committed the offence". However, the Public Prosecutor and Prelios SGR, Telecom Italia S.p.A. and Olivetti S.p.A plaintiffs appealed against this ruling in July 2017 and the Company is waiting for the hearing before the Court of Appeal of Turin to be scheduled.

In relation to the accident caused by this fire, the insurance companies paid the injured parties damages for more than € 38 million, for which they subsequently formalised recourse actions against the natural persons concerned and their employers, including Rekeep S.p.A.. The overall claim for damages was equal to over € 50 million, including claims for damages submitted by the owners of the properties concerned and the above-mentioned insurance company's recourse actions. On the other hand, on 24 February 2017 Rekeep S.p.A. and the other persons involved were served a summons by AIG Europe Limited (one of the insurance companies party to the action) in order to obtain, by way of subrogation, what had been already paid to Telesystem Electronics S.r.l (owner of the goods stored at the factory of Scarmagno) for a value of € 187 thousand.

As part of the above proceedings, Generali Assicurazioni voluntarily appeared before the court as well by making a similar claim for more than € 33 million on account of recourse for indemnities it had paid in favour of Celltel S.p.A (now Fallimento Telis S.r.l), Innovis S.p.A, the Telecom Group, RTI S.p.A, in addition to costs for technical assessments ordered by Generali prior to the case. The proceedings before the Court of Milan are still pending, and the next hearing has been scheduled on 12 February 2019. In the meanwhile, the parties started negotiations aimed at an amicable settlement of the dispute; specifically, a settlement agreement is being prepared between

Rekeep S.p.A. and Generali Assicurazioni, under which Rekeep S.p.A. undertakes (using funds provided to it by UnipolSai Assicurazioni S.p.A. as the insurance company for Liability, which has declared its willingness to enter into the agreement by signing a binding commitment), to pay Generali an overall amount of € 3,366 thousand, equal to 10% of the total sum paid by Generali to its insured parties, on account of full payment, write-off and settlement. This amount will be paid by UnipolSai on behalf of Rekeep S.p.A. in three equal instalments by 30 January 2019. The agreement also provides that, as regards the position of Prelios SGR, since it is not a party to the agreement and since its liability is covered by an insurance policy taken out with Generali, Rekeep S.p.A. undertakes to hold harmless Generali Assicurazioni, until Prelios SGR's claim against Generali Assicurazioni becomes statute barred and up to an amount equal to the limit of Liability equal to € 2,600 thousand, from and against any expenditure which Generali should be required to sustain by virtue of a provisionally enforceable judgment. Rekeep S.p.A. and UnipolSai Assicurazioni S.p.A. also undertake to settle, by 30 November 2018, the credit positions of the co-insurers of Generali Italia S.p.A., Chubb European Group Limited (formerly ACE) and HDI Global S.E., General Representative Office in Italy (formerly HDI Gerling), at a percentage of 10% of the right claimed and through the payment of amounts of € 125 thousand and € 63 thousand, respectively.

5. BUSINESS OUTLOOK

The first nine months of 2018 showed a recovery of revenues, particularly in relation to the Facility Management SBU, after having stabilised for a few quarters at the end of a slow downward trend that had characterised recent years.

During the last quarter of 2018, we expect confirmation of said recovery, which will also be supported by the expected impact on the income statement of the revenues arising from the supply orders relating to the Consip MIES2 agreement, the signing of which marked the first nine months of the year and will hopefully continue in the fourth quarter too.

Operating margins are expected to remain substantially stable during the last quarter of 2018, mainly as a result of measures aimed at improving operational efficiency (variable costs) and taken in recent months, together with those adopted to reduce fixed costs, whose effects began to be felt as early as in recent months, thus continuing a path the Group embarked on successfully in recent years in order to counter pressure on prices that still characterises our portfolio turnover.

On 1 July the process was completed for the reverse merger of CMF S.p.A. (the vehicle issuing the new Senior Secured Notes-bond issue) by incorporation into Rekeep S.p.A.. The merger was a consequence of the provisions laid down in the Indenture signed at the time of issue with the bond subscribers and also made it possible to place the medium/long-term debt raised by CMF S.p.A. for the acquisition of Rekeep S.p.A. at the same level as the operating company generating the cash flows expected to service repayment, thus optimising the consolidated financial structure.

After the reorganisation of its financial structure, the Group set itself ambitious objectives for continuing its path to deleverage, which had characterized recent years and the first nine months of 2018, net of the normal absorption of working capital that is typically reported during the third quarter of the year, showed clear signs that the Group has embarked on said path actually.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	30 September 2018	31 December 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	67,981	65,564
Property, plant and equipment under lease	4	6,060	5,779
Goodwill	5 - 6	407,622	370,363
Other intangible assets	5	23,923	25,169
Investments accounted for under the equity method	7	23,649	27,294
Other investments	8	5,926	4,757
Non-current financial receivables and other securities	8	9,013	11,369
Other non-current assets	8	2,882	2,998
Prepaid tax assets		17,125	16,383
TOTAL NON-CURRENT ASSETS		**564,181**	**529,676**
CURRENT ASSETS			
Inventories		7,223	6,057
Trade receivables and advances to suppliers	9	405,873	429,165
Current tax receivables		6,525	8,745
Other current assets	9	27,528	30,842
Current financial assets	11	1,687	1,870
Cash and cash equivalents	11	84,754	59,870
TOTAL CURRENT ASSETS		**533,590**	**536,549**
Non-current assets classified as held for sale		0	0
TOTAL NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,097,771**	**1,066,225**

(in thousands of Euro)	NOTES	30 September 2018	31 December 2017
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		(45,325)	144,854
Retained earnings (losses)		34,911	43,755
Profit attributable to equity holders of the Parent		10,340	642
EQUITY ATTRIBUTABLE TO THE GROUP		**109,076**	**298,401**
Capital and reserves attributable to non-controlling interests		630	308
Profit for the period attributable to non-controlling interests		73	73
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**771**	**381**
TOTAL SHAREHOLDERS' EQUITY	10	**109,847**	**298,782**
NON-CURRENT LIABILITIES			
Employee termination benefits	12	14,925	15,519
Provisions for risks and charges, non-current	13	25,444	27,624
Subordinated Shareholder Funding		49,700	0
Long-term financial debts	11	360,884	175,281
Deferred tax liabilities		14,365	12,294
Other non-current liabilities		585	86
TOTAL NON-CURRENT LIABILITIES		**465,903**	**230,804**
CURRENT LIABILITIES			
Provisions for risks and charges, current	13	5,414	6,711
Trade payables and advances from customers	14	369,428	393,022
Current tax payables		4,139	326
Other current operating liabilities	14	93,587	93,415
Bank borrowings, including current portion of long-term debt, and other financial liabilities	11	49,453	43,165
TOTAL CURRENT LIABILITIES		**522,021**	**536,639**
Liabilities directly associated with non-current assets classified as held for sale		0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		**0**	**0**
TOTAL LIABILITIES		**1,097,771**	**1,066,225**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2018	30 September 2017
REVENUES			
Revenues from contracts with customers		685,888	663,312
Other revenues		856	1,147
TOTAL REVENUES		**686,744**	**664,459**
OPERATING COSTS			
Costs of raw materials and consumables		(99,554)	(84,850)
Change in inventories of finished and semi-finished products		(19)	0
Costs for services and use of third-party assets		(232,213)	(232,950)
Personnel costs		(288,685)	(276,189)
Other operating costs		(4,352)	2,557
Lower costs for internal work capitalised		2,546	933
Amortisation, depreciation, write-downs and write-backs of assets	4-5	(23,449)	(21,328)
Accrual of provisions for risks and charges	13	(632)	(764)
TOTAL OPERATING COSTS		**(646,358)**	**(612,591)**
OPERATING INCOME		**40,386**	**51,868**
FINANCIAL INCOME AND EXPENSES			
Income (loss) from equity investments	7	1,201	1,029
Dividends and income (loss) from sale of investments		490	175
Financial income		1,241	1,133
Financial charges		(23,197)	(22,671)
Profit (loss) on exchange rate		(294)	(3)
Profit (loss) before taxes		**19,827**	**31,531**
Current, prepaid, and deferred taxes		(9,346)	(13,618)
Net profit (loss) from continuing operations		**10,481**	**17,913**
Profit (loss) from discontinued operations		0	0
Profit (loss) for the period		**10,481**	**17,913**
Profit (loss) for the period attributable to non-controlling interests		(141)	(49)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**10,340**	**17,864**

	For the 9 months ended	
	30 September 2018	30 September 2017
Basic earnings per share	0.095	0.164
Diluted earnings per share	0.095	0.164
Basic earnings per share from continuing operations	0.095	0.164
Diluted earnings per share from continuing operations	0.095	0.164

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2018	30 September 2017
PROFIT FOR THE PERIOD		**10,481**	**17,913**
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Differences from translation of foreign financial statements		(770)	0
Share of other comprehensive income of equity-accounted entities, which will be subsequently reclassified under profit/loss for the year	7	233	(451)
Other comprehensive income for the period, which will be subsequently reclassified under profit/loss for the year		**(536)**	**(451)**
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Actuarial gains/(losses) on defined benefit plans		134	353
Income taxes		(7)	(23)
Net effect on actuarial gains/(losses)		**127**	**330**
Share of other comprehensive income of equity-accounted entities, which will not be subsequently reclassified under profit/loss for the year	7	8	20
Other comprehensive income for the period, which will not be subsequently reclassified under profit/loss for the year		**(135)**	**350**
TOTAL PROFITS (LOSSES) IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME, NET OF TAXES		**(401)**	**(101)**
TOTAL COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**10,080**	**17,812**
Equity holders of the Parent		9,939	17,763
Non-controlling interests		141	49

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2018	30 September 2017
Net profit (loss) from continuing operations		**10,481**	**17,913**
Income taxes for the period		9,346	13,618
Profit before taxes		**19,827**	**31,531**
Amortisation, depreciation, write-downs (write-backs) of assets		23,449	21,328
Accrual (reversal) of provisions for risks and charges		632	764
Employee termination indemnity provision		707	429
Payments of employee termination indemnity		(1,427)	(2,104)
Use of provisions for risks and charges		(4,434)	(4,685)
Income (loss) from equity investments, net of dividends collected		1,440	573
Financial charges (income) for the period		22,250	21,541
Operating cash flows before changes in working capital		**62,444**	**69,377**
Decrease (increase) in inventories		(83)	(896)
Decrease (increase) in trade receivables and advances to suppliers		23,938	32,240
Decrease (increase) in other current assets		4,018	(975)
Change in trade payables and advances from customers		(27,074)	18,900
Change in other current liabilities		(3,060)	(9,325)
Changes in Working Capital		**(2,262)**	**39,944**
Net interests received (paid) in the period		(10,231)	(26,836)
Taxes paid in the period		(3,715)	(637)
Net cash flow from operating activities		**46,236**	**81,848**
(Purchase of intangible assets, net)	5	(4,382)	(5,148)
(Purchase of property, plant and equipment)	4	(16,523)	(17,260)
Proceeds from sales of property, plant and equipment	4	361	361
Disposal (acquisition) of investments		3,393	(411)
(Decrease) increase of financial assets		1,488	(29)
Business combinations	3	(1,529)	0
Net cash from assets held for sale		175	110
Net cash flow from (used) in investing activities		**(17,017)**	**(22,377)**

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2018	30 September 2017
Change in finance lease debt	11	45	2,871
Acquisition of non-current borrowings	11	6,676	0
(Repayment) of non-current borrowings	11	0	(10,000)
Proceeds from/(repayment of) short term bank debt	11	1,341	(11,857)
Other changes in financial debt	11	(10,235)	(26,050)
Dividends paid		(70)	(25,111)
(Purchase) /sale of subsidiaries' minority shareholdings		(1,322)	0
Translation differences		(107)	0
Net cash flow from / (used in) financing activities		**(3,672)**	**(70,148)**
Change in cash and cash equivalents		**25,547**	**(10,676)**
Cash and cash equivalents at the beginning of the period		59,870	174,992
Change in cash and cash equivalents		25,547	(10,676)
Translation differences on cash and cash equivalents		(663)	0
Cash and cash equivalents at the end of the period		**84,754**	**164,316**
Details of cash and cash equivalents:			
Cash and bank current accounts		84,754	164,316
TOTAL CASH AND CASH EQUIVALENTS		**84,754**	**164,316**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the 9 months ended	
	30 September 2018	30 September 2018
Interest paid	(11,406)	(27,968)
Interest received	1,175	1,132
Dividends paid	(70)	(25,111)
Dividends received	570	1,777

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Reserves	Retained earnings (losses)	Net profit (loss) of the period	Total Shareholders' equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2018	**109,150**	**144,854**	**43,755**	**642**	**298,401**	**381**	**298,782**
Allocation of profits (losses) of previous years		8,483	(7,841)	(642)	**0**		**0**
Dividends paid					**0**	(70)	**(70)**
Combinations "under common control"		(198,261)			**(198,261)**		**(198,261)**
Acquisition/sale of minority interests in subsidiaries			(1,003)		**(1,003)**	319	**(684)**
Total comprehensive income (loss) for the period		(401)		10,340	**9,939**	141	**10,080**
30 September 2018	**109,150**	**(45,325)**	**34,911**	**10,340**	**109,076**	**771**	**109,847**

	Share Capital	Reserves	Retained earnings (losses)	Net profit (loss) of the period	Total Shareholders' equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2017	**109,150**	**187,056**	**(7,518)**	**33,649**	**323,137**	**235**	**323,372**
Allocation of profits (losses) of previous years		(42,715)	51,273	(8,558)	**0**		**0**
Dividends paid				(25,091)	**(25,091)**	(20)	**(25,111)**
Total comprehensive income (loss) for the period		(101)		17,864	**17,763**	49	**17,812**
30 September 2017	**109,150**	**145,040**	**43,755**	**17,864**	**315,809**	**264**	**316,073**

1. GENERAL INFORMATION

The Interim Report on Operations of the Group controlled by Rekeep S.p.A. ("the Rekeep Group" or "the Group") for the period ended 30 September 2018 consists of the Interim Report on Operations and of the condensed consolidated interim Financial Statements at 30 September 2018, which were prepared in application of IAS 34 – *Interim Financial Reporting*. The publication of the Interim Report on Operations of the Rekeep Group for the period ended 30 September 2018 was authorised by resolution of the Board of Directors' meeting of 14 November 2018.

On 30 September 2018 the Group was controlled by the shareholder Manutencoop Società Cooperativa, following the merger of CMF S.p.A. by incorporation into Rekeep S.p.A. with effect from 1 July 2018. On 25 May 2017 CMF S.p.A. was established for the launch of a bond issue (Senior Secured Notes) with the purpose of repurchasing the Notes already issued by subsidiary Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) during 2013 and repaying the other financial debt of the entire Group controlled by Manutencoop Società Cooperativa. The transaction, which was accompanied by a corporate reorganisation of the Group, provided Manutencoop Società Cooperativa with the financial resources required to allow the exit of the Investors holding non-controlling interests in the subsidiary under the Investment Agreements that had been signed in previous years, through the acquisition of its total shares on the part of CMF S.p.A.. The rules governing the bond issue also provided for the merger of CMF S.p.A. into its subsidiary within 12 months from the completion of the transaction and the related deed of merger was entered in the Bologna Register of Companies on 29 June 2018 in the implementation of the resolutions passed by the Extraordinary Shareholders' Meetings of the two companies, which were held on 12 April 2018. The statutory, accounting and tax effects will run as from 1 July 2018. Subsequently, Manutencoop Facility Management changed its company name to Rekeep S.p.A. on 2 July 2018.

The merger can be described as a "merger following acquisition with debt" assumed pursuant to Article 2501-*bis* of the Italian Civil Code. Given that the company being merged, CMF S.p.A., directly held all the shares accounting for the entire capital of Rekeep S.p.A., there was no share swap and the merger took place through the cancellation of all shares of the company being merged, CMF S.p.A. and the allocation of all the shares held by the merging company to the sole shareholder of CMF S.p.A., Manutencoop Società Cooperativa, without any capital increase nor any amendment to the articles of association of Rekeep S.p.A..

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The condensed consolidated interim Financial Statements at 30 September 2018 comprise the consolidated statement of financial position, the consolidated Statement of Profit or Loss, the consolidated Statement of other Comprehensive Income, the consolidated Statement of cash flows, the consolidated Statement of changes in Shareholders' Equity and the Condensed explanatory notes.

The amounts presented in the Statements and in the explanatory Notes are compared with those at 31 December 2017, while the economic values included in the Statement of other Comprehensive Income and in the statement of cash flows are compared with those in the first nine months of 2017. The condensed consolidated interim Financial Statements at 30 September 2018 were prepared on a historical cost basis, except for the derivative financial instruments that have been measured at fair value.

The Statement of Financial position sets forth assets and liabilities distinguishing between current and non-current ones. The consolidated Statement of Profit or Loss is classified by nature and the Consolidated Statement of other Comprehensive Income sets forth the result for the period including income and expenses that, in accordance with the IFRSs, are directly recognised 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 flows from operating, investing and financing activities.

The condensed consolidated interim Financial Statements at 30 September 2018 have been presented in Euro, which is the Group's functional currency. All values showed in the statements and in the condensed explanatory Notes are in thousands of Euro, unless otherwise stated.

2.1 Statement of compliance with international financial reporting standards (IFRS)

The condensed consolidated interim Financial Statements at 30 September 2018 have been prepared in compliance with IAS 34 - *Interim Financial Reporting*. The condensed consolidated interim Financial Statements do not include all the information required for the complete annual financial statements prepared according to IAS 1, and must be read together with the consolidated Financial Statements at 31 December 2017.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the condensed consolidated interim Financial Statements at 30 September 2018 are consistent with those used to prepare the consolidated Financial Statements at 31 December 2017, to which reference is made for their detailed presentation, with the exception of the standards and interpretations which are newly issued and applicable from 1 January 2018, in addition to the amendments to the existing standards.

In particular, the following accounting standards have come into force:

- *IFRS15 – Revenues from contracts with customers* (applicable from the financial years that will end after 1 January 2018). The new standard replaces the previous IAS11 – Construction contracts, IAS18 – Revenue, IFRIC13 – Customer Loyalty Programme, IFRIC15 – Agreements for the construction of real estate, IFRIC18 – Transfers of Assets from Customers, SIC31 – Barter Transactions Involving Advertising Services. This standard provides a model for the recognition and measurement of all revenues from sales of non-financial

assets, including the disposals of property, plant and equipment or intangible assets. The general principle is that the entity must recognise revenue in the amount corresponding to the consideration to which it expects to be entitled for transferring goods or providing a service to a customer. Guidelines are laid down for identifying the contract, the performance obligations and the transaction price. If there are multiple services, suggestions are also given regarding the allocation of their prices. Finally, the criteria for accounting for the revenue when the performance obligation has been satisfied are explained and suggestions are made for accounting for the incremental costs of obtaining the contract if these costs are directly attributable to its performance. Finally, the standard provides guidance on its application to specific issues such as licences, guarantees, right of withdrawal, agency relationships, termination of contracts. The standard will be applicable for the financial periods commencing on or after 1 January 2018, with full or modified retrospective application. Even if early adoption is permitted, the Group applied the new standard as from the 2018 financial year, applying the modified retrospective approach for transition to all contracts as at the date of first-time adoption, without modifying comparative data. During the 2016 and 2017 financial years, the Group assessed the impact of IFRS 15, by simulating the application of the standard to contracts belonging to the main revenues streams identified at Group level. From this analysis it emerged that the accounting method adopted for the Group's revenue streams was consistent with the principles laid down in the new standard. Furthermore, the impact was not significant given the nature of the business. The Group also assessed whether other items in the main schedules of the financial statements complied with the provisions of IFRS15, reporting no changes in the presentation of data.

- *IFRS9 – Financial Instruments* (applicable from the financial years that will end after 1 January 2018). The aim of the new standard is to make it simpler for the user of the financial statements to understand the amounts, timing and uncertainty of cash flows by replacing the different types of financial instruments referred to in IAS 39. In fact all financial assets are initially accounted for at fair value, adjusted by transaction costs if they are not accounted for at fair value through profit or loss (FVTPL). Nevertheless, trade receivables that do not have a significant financial component are initially measured at their transaction price, as defined by the new IFRS 15 – Revenues from Contracts with Customers. Debt instruments are measured on the basis of the contract cash flows and the business model on the basis of which they are held. Instruments only involving cash flows for the payment of interest and principal are accounted for according to the amortised cost method, while those also involving the exchange of financial assets are measured at fair value in the OCIs and subsequently reclassified in profit or loss (FVOCI). Finally, there is an express option for accounting at fair value (FVO). Similarly, all equity instruments are initially measured at FVTPL but the entity has an irrevocable option to account for it at FVTOCI. Any additional classifications and the measurement rules laid down under IAS39 have been reported under the new IFRS9. As regards impairment, the IAS39 model based on the losses incurred has been replaced by the ECL (Expected Credit Loss) model. Finally, some changes are made in Hedge Accounting, with the possibility of conducting a prospective effectiveness and quality test, measuring risk factors independently if they can be identified. Except for hedge accounting, the standard must be applied retrospectively, but comparative information is not required to be provided. As regards hedge accounting, the

standard generally applies prospectively, with some limited exceptions. The Group adopted the new standard as from the 2018 financial year and has not restated comparative information. During the 2017 financial year the Group completed the analysis of the main changes provided for in IFRS 9, assessing any possible impact arising from the application of all three issues dealt with by IFRS 9. The Group has not had any significant impact on the Statement of financial position and the Statement of changes in equity, and the allocated amounts, in relation to impairment losses, are not significantly different from those obtained from the procedures applied previously. Furthermore, no amendments were made to the classification of the Group's financial instruments.

a) Classification and measurement

The application of classification and measurement requirements set out in IFRS 9 has not had any significant impact on the Group's Financial Statements and Equity. The financial instruments held by the Group which may generate differences in the application of the new standard are receivables and financial liabilities. The Group continues to measure all financial assets at fair value, which were already accounted for at fair value previously. Loans, as well as trade receivables, are held for the purposes of being collected on contractual maturity dates and generate cash flows that only consist of the amounts collected on account of principal and interest. Given the features of the contract cash flows arising from these instruments, the Group has concluded that they meet the requirements for being measured at amortised cost in accordance with IFRS 9.

b) Impairment loss

IFRS 9 requires the Group to record credit losses expected on all its bonds, loans and trade receivables, on an annual basis or on the basis of the residual maturity. The Group applies the simplified approach and records expected losses on all trade receivables based on their residual maturity, defining an allocation matrix based on the historical experience of each Group company in relation to credit losses, as adjusted to take account of specific forecast factors relating to its creditors and to the economic environment. The Group already carried out a specific risk analysis for each credit category based on the residual maturity and the recovery procedures used. Therefore, the Group already included, in the calculation of the provision for bad debts, any consideration concerning the present macro-economic situation and the forecasts regarding future recoverability conditions, based on the Management's judgment. From this analysis it emerged that the forecast insolvency rate, i.e. the loss rate (probability of default (PD) for the amount of expected losses (LGD)) calculated by taking account of forward-looking elements, can be entirely treated as the already used impairment percentages, since past measurements included incurred losses, as well as valuation elements concerning losses expected for each credit. Therefore, the provisions of IFRS9 have not had any significant impact on the Group's Equity.

c) Hedge accounting

The Group does not apply the IFRS 9 as regards hedge accounting, continuing to apply the relevant provisions laid down in IAS 39.

› *IFRIC 22 – Foreign Currency Transactions and Advance Consideration* (applicable from the financial years that will end after 1 January 2018). The interpretation provides clarifications on the exchange rate to be used

in the transactions that include the receipt or payment of advance consideration in a foreign currency. The application of the interpretation has had no significant impact on the Group's consolidated Financial Statements.

Furthermore, the effects of the following standards are being assessed, for which the Group has not opted for early adoption:

- *IFRS16 – Leases* (applicable from the financial years that will end after 1 January 2019). The scope of application of the new standard includes all lease agreements, subject to some exceptions. 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. The method to account for all leases is based on the model provided for in IAS 17, while excluding any lease that involves goods of little value (e.g.: computers) and short-term contracts (e.g.: with a term of less than 12 months). Therefore, a liability must be recognised as at the date on which the lease is stated in the accounts, for the rentals to be paid and the asset in relation to which the entity has a right to use, accounting for financial charges and the asset's amortisation/depreciation separately. The liability may be recalculated (for example, due to amendments to contract terms and conditions or due to a change in indexes to which the payment of rentals for use is linked) and this change must be accounted for on the underlying asset. In fact, as regards the lessor, the accounting method is substantially unchanged with respect to the provisions laid down under the current IAS17. The standard must be applied on a modified retrospective basis, while early adoption is permitted at the same time as IFRS15. The Group has started an analysis of the potential impact that the application of the new standard may have on the financial position, results of operations and cash flows and on the disclosure provided in the Financial Statements.
- *IFRIC 23 – Uncertainty over Income Tax treatments* (applicable from the financial years that will end after 1 January 2019). The interpretation clarifies the accounting for uncertainties in income taxes in the application of recognition and measurement requirements in IAS 12 – "Income taxes". The interpretation specifically concerns: (i) whether an entity considers uncertain tax treatments separately, (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities, (iii) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and (iv) how an entity considers changes in facts and circumstances. The interpretation does not add new disclosure requirements: however, it deals with the requirements laid down in IAS 1 relating to disclosures on judgments, information on the assumptions made and other estimates and information on contingent tax items under IAS 12 "Income taxes". An entity may elect to apply the interpretation either (i) retrospectively using IAS 8 – "*Accounting Policies, Changes in Accounting Estimates and Errors"*, if that is possible; or (ii) retrospectively, with the cumulative effect of initially applying the Interpretation recognised at the date of initial application as an adjustment to equity and without any restatement of comparative information. The date of initial application is the beginning of the annual reporting period in which an entity applies this interpretation for the first time. No significant impact is expected from the application of the new standard on the Consolidated Financial Statements.

- *IFRS17 – Insurance Contracts* (applicable from the financial years that will end after 1 January 2021). The standard replaces the previously applicable IFRS 4 and requires all insurance contracts to be accounted for in a consistent manner, as well as insurance obligations to be accounted for by using current values instead of historical costs. The new standard requires the current estimates of future cash flows and the recognition of the profit in the period in which services are provided under the contract. IFRS 17 also requires the entities to disclose the results from insurance services (including the presentation of insurance revenue) separately from revenue or costs in the insurance sector, as well as to make an accounting policy choice on the recognition of all financial income and costs from insurance services through profit or loss or to state some of these income or costs in other comprehensive income. The standard will be applicable for financial years commencing on 1 January 2021, with early adoption permitted. No significant impact is expected from the application of the new standard on the Consolidated Financial Statements.
- *Amendments to IFRS9 - Prepayment Features with Negative Compensation* (applicable from the financial years that will end after 1 January 2019). It enables the entities to measure certain particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income, if a specific condition is satisfied, instead of measuring them at fair value through profit or loss. The Group is assessing the impact from the adoption of these amendments on the Consolidated Financial Statements.
- *Amendments to IAS28 - Long-term interests in associates and joint ventures* (applicable from the financial years that will end after 1 January 2019). It clarifies how entities must use IFRS 9 to recognise long-term interests in associates or joint ventures, for which the equity method is not applied. The Group is assessing the impact from the adoption of these amendments on the Consolidated Financial Statements.

Finally, in February 2018 the IASB issued the “Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)” document, which specifies how the entities must determine pension expenses when changes to a certain pension plan occur. IAS 19 “Employee Benefits” specifies how an entity accounts for a defined-benefit plan. When a plan amendment, adjustment, curtailment or settlement occurs, IAS 19 requires entities to remeasure the net defined-benefit asset or liability. The amendments require entities to use the updated assumptions based on such remeasurement to determine current service cost and net interest for the remainder of the period after a plan amendment. The amendments will be applicable after 1 January 2019. The Group is assessing the impact from the adoption of these amendments on the Consolidated Financial Statements.

Improvements to IFRS

The Annual improvement to international standards is the instrument by which the IASB introduces amendments or improvements to the standards that are already being applied, thus promoting the ongoing review of the accounting policies of the IAS adopters.

The series of improvements, which was issued in December 2016, concerned the elimination of the short-term exemptions required for the First Time Adoption under IFRS1, the classification and measurement of investments at fair value through profit or loss according to *IAS 28 – Investments in Associates and Joint Ventures*, as well as clarifications on the scope of disclosures required by *IFRS12 – Disclosures of Interests in Other Entities*. The amendments will be obligatory applicable as from the financial years that will end after 1 January 2017 and 1 January 2018 and have had no impact on the Group's Consolidated Financial Statements.

In December 2017, the IASB also issued the "Annual Improvements to IFRS 2015-2017 Cycle", which make amendments to IFRS in response to issues mainly raised about: (I) *IFRS 3 – "Business Combinations*", clarifying that when an entity obtains control of a business that is a joint operation, it must remeasure previously held interests in that business; (II) *IFRS 11 – "Joint Arrangements*", clarifying that when an entity obtains control of a business that is a joint operation, it does not remeasure previously held interests min that business; (III) *IAS 12 – "Income Taxes*", clarifying that the impact relating to income taxes arising from dividends (i.e. distribution of profits) should be recognised through profit or loss, regardless of how the tax arises; (IV) and *IAS 23 – "Borrowing Costs*", clarifying that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally. The amendments will be applicable from 1 January 2019.

No significant impact is expected from the application of the new standard on the Consolidated Financial Statements.

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 recognition of contingent liabilities at the reporting date. 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 recognised in the accounts relate to the adoption, starting from 2007, of the principle of continuity of value 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 acquired entity and the

acquiring entity are therefore recorded on the basis of the carrying amounts they had 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 at the reporting 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 30 September 2018 the carrying amount of goodwill stood at € 407,622 thousand (€ 370,363 thousand at 31 December 2017); more details are given in note 5.

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

The Group holds majority interests in subsidiaries in relation to which the minority shareholders hold PUT options, which can be exercised in the future at prices determined on the basis of certain parameters that require estimates by management for the purposes of reliable valuation.

Income taxes for the period

The income taxes for the period have been recognized by applying the best estimate of the expected weighted-average tax rate for the entire current financial year to the results for the period. A separate estimate is determined for IRES tax and IRAP tax, as provided by IAS 34 B.14. The amounts allocated for taxes in the interim period are adjusted in subsequent interim periods of the same year pursuant to any changes in the estimated annual tax rate.

Other financial statements items

Management also needed to use estimates in determining:

- accruals to bad debt provision and provisions for risks and charges;
- main assumptions applied to the actuarial valuation of employee termination benefits, such as the future turnover rate and discount financial rates;
- contract assets, particularly in relation to the total amount of costs to complete, used to determine the percentage of completion.

Consolidation principles

The condensed Consolidated Interim Financial Statements include the financial statements of Rekeep S.p.A. ("the 'Parent Company", "Rekeep S.p.A." or simply "Rekeep") and its subsidiaries, prepared at 30 September 2018. The financial statements of the subsidiaries have been prepared by adopting for each reporting date the same accounting standards as those applied for the parent company.

All intra-group balances and transactions, including unrealised profits and losses - if any - arising from intra-group transactions, which are recognised under assets, are derecognised 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, except those deriving from combinations of entities subject to common control, are recognised 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 profit (loss) of the company acquired starting from the date of acquisition until the end of the period.

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

Non-controlling interests represent the portion of profits or losses and net assets not held by the Group and are recognised in a separate item of the consolidated Statement of Profit or Loss and in the consolidated Statement of Financial Position under Equity items, separately from Equity attributable to the Group.

Conversion of foreign currency items

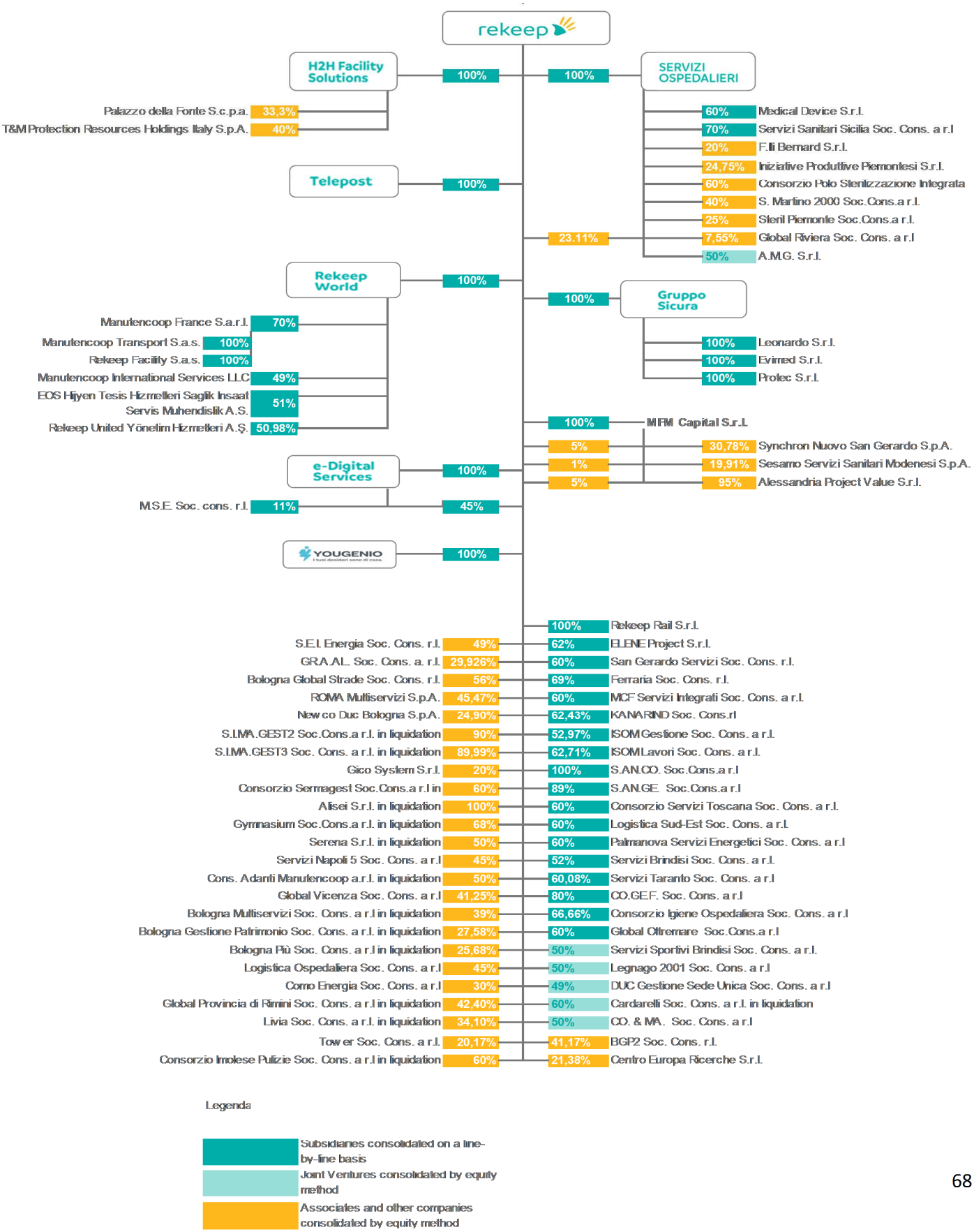
The financial statements are presented in Euro, the Group's functional and reporting currency. Statements of financial position and income statements stated in foreign currency are converted to Euro using the year-end exchange rates for the items of the Statement of Financial Position and average exchange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

When an entity from which conversion differences arose is disposed of, any accrued exchange difference reported in other comprehensive income is reclassified to the consolidated Statement of Profit/Loss for the period.

The table below shows the exchange rates used for the conversion of financial statements denominated in a currency other than Euro.

Currency		Exchange rate at 30 September 2018	Average exchange rate for the 9 months ended 30 September 2018
TRY	Lira – Turkey	6.9080	5.7210
QAR	Riyal – Qatar	4.2246	4.3082

The scope of consolidation at 30 September 2018 is shown below.


rekeep
H2H Facility Solutions
100%
Palazzo della Fonte S.c.p.a. 33,3%
T&M Protection Resources Holdings Italy S.p.A. 40%
Telepost
100%
Rekeep World
100%
Manutencoop France S.a.r.l. 70%
Manutencoop Transport S.a.s. 100%
Rekeep Facility S.a.s. 100%
Manutencoop International Services LLC 49%
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S. 51%
Rekeep United Yönetim Hizmetleri A.Ş. 50,98%
e-Digital Services
100%
M.S.E. Soc. cons. r.l. 11%
45%
YOUGENIO
100%
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.
23.11%
7,55% Global Riviera Soc. Cons. a r.l
50% A.M.G. S.r.l.
100%
Gruppo Sicura
100% Leonardo S.r.l.
100% Evimed S.r.l.
100% Protec S.r.l.
100%
MFM Capital S.r.l.
5%
30,78% Synchron Nuovo San Gerardo S.p.A.
1%
19,91% Sesamo Servizi Sanitari Modenesi S.p.A.
5%
95% Alessandria Project Value S.r.l.
100% Rekeep Rail S.r.l.
S.E.I. Energia Soc. Cons. r.l. 49%
62% ELENE Project S.r.l.
GRA.AL. Soc. Cons. a. r.l. 29,926%
60% San Gerardo Servizi Soc. Cons. r.l.
Bologna Global Strade Soc. Cons. r.l. 56%
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 60%
89% S.AN.GE. Soc.Cons.a r.l
Alisei S.r.l. in liquidation 100%
60% Consorzio Servizi Toscana Soc. Cons. a 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.
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
Bologna Multiservizi Soc. Cons. a r.l in liquidation 39%
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%
50% Servizi Sportivi Brindisi Soc. Cons. a r.l.
Logistica Ospedaliera Soc. Cons. a r.l 45%
50% Legnago 2001 Soc. Cons. a r.l
Como Energia Soc. Cons. a r.l 30%
49% DUC Gestione Sede Unica Soc. Cons. a r.l
Global Provincia di Rimini Soc. Cons. a r.l in liquidation 42,40%
60% Cardarelli Soc. Cons. a r.l. in liquidation
Livia Soc. Cons. a r.l. in liquidation 34,10%
50% CO. & MA. Soc. Cons. a r.l
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.
Legenda
Subsidiaries consolidated on a line-by-line basis
Joint Ventures consolidated by equity method
Associates and other companies consolidated by equity method

The following events occurred during the first nine months of 2018:

- On 15 January 2018 a percentage of 30% of share capital of Manutencoop France S.a.r.l. was sold to third parties, following which the Group's percentage of ownership of the company came to 70%;
- Rekeep World S.r.l. (formerly Manutencoop International S.r.l.) acquired a stake of 1% of the share capital of EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S. ("EOS"), based in Ankara (Turkey). Following this acquisition the Group acquired control over the Turkish company (whose share capital was already held by Servizi Ospedalieri S.p.A. at a percentage of 50%), with the entity being consolidated on a line-by-line basis;
- On 2 May 2018 Rekeep World S.r.l. acquired a stake of 50.98% of the share capital of Rekeep United Yönetim Hizmetleri A.Ş., based in Istanbul (Turkey), following a capital increase resolved by the latter;
- On 28 May 2018 Rekeep Facility S.a.S. was established, which is wholly owned by Manutencoop France S.a.r.l.;
- On 3 July 2018 Servizi Ospedalieri S.p.A. acquired a quota of 60% of the capital of Medical Device S.r.l., based in Montevarchi (Arezzo);
- On 1 August 2018 Rekeep Rail S.r.l. was established, which is wholly owned by Rekeep S.p.A.;
- On 20 September 2018 Sicura S.p.A. acquired the remaining 10% minority interest in subsidiary Evimed S.r.l..

3. BUSINESS COMBINATIONS

3.1 Acquisition of a majority interest in EOS

On 28 February 2018 Manutencoop International FM S.r.l., the Group's sub-holding company active in the development of international markets, acquired a stake of 1%, from the Turkish shareholder Ozcan Ertunc in the share capital of EOS Hijyen İşletmeciliği Tesis Hizmetleri Sağlık İnşaat Servis ve Mühendislik Anonim Şirketi ("EOS"), based in Ankara (Turkey). EOS operates in the sector of linen rental and industrial laundering services and sterilisation of linen and surgical instruments in support of healthcare activities in Turkey and can count on a valuable order backlog, including the Okmeydanı Training and Research Hospital in Istanbul, the Ataturk Training and Research Hospital in Ankara and the Integrated Health Care Campuses in Mersin and Isparta, public-private partnerships which belong to the investment programme for modernising the Turkish healthcare sector by building new hospitals.

Subsidiary Servizi Ospedalieri S.p.A. previously held a 50% stake of EOS, which was established as a joint venture with the local partner during 2012 and was included in the Consolidated Financial Statements of REKEEP S.p.A. according to the equity method. Again on 28 February 2018 this stake was transferred to associate Manutencoop International S.r.l. and, pursuant to IFRS10, EOS' balance sheet values were consolidated on a line-by-line basis following the acquisition of control over the same.

Accounting effects of the acquisition

Following the acquisition of the stake of 1%, the Rekeep Group controls EOS. The acquisition constitutes a business combination: therefore, the Group accounted for it according to IFRS 3. The price for the acquisition of the stake amounted to € 2,000 thousand and was paid to the counterparties in full as at the closing date of the transaction.

The value of the newly-acquired company's assets and liabilities as at the acquisition date, the difference between purchase value and carrying amount relating to the transaction and net liquidity used in the acquisition are reported in the statement below:

	Recognised value	Book value
Assets		
Non-current assets		
Property, plant and equipment	1,615	1,615
Property, plant and equipment under lease	76	76
Non-current financial receivables and other securities	273	273
Total non-current assets	**1,964**	**1,964**
Current assets		
Inventories	181	181
Trade receivables and advances to suppliers	632	632
Other current receivables	423	423
Cash and cash equivalents	282	282
Total current assets	**1,518**	**1,518**
Total assets	**3,482**	**3,482**
Liabilities		
Non-current liabilities		
Equity attributable to non-controlling interests	**305**	**305**
Non-current loans	838	838
Other non-current liabilities	682	682
Total non-current liabilities	**1,825**	**1,825**
Current liabilities		
Short-term loans	2	2
Trade payables and advances from customers	1,025	1,025
Other current payables	313	313

	Recognised value	Book value
Total current liabilities	**1,340**	**1,340**
Total liabilities	**3,165**	**3,165**
Fair value of net assets	**317**	**317**
Fair value of 50% share formerly held by Group	346	
Goodwill arising from the business combination	**2,029**	
Price paid to the transferor	2,000	
Total business combination cost	**2,000**	
Net liquidity used in the acquisition:		
Cash and cash equivalents of the newly-acquired company	282	
Payments to the transferor	(2,000)	
Net liquidity used in the acquisition	**(1,718)**	

The fair value of assets and liabilities acquired through the business combination is set at € 317 thousand and the net liquidity used in the business combination amounted to € 1,718 thousand.

EOS contributed to the Group's revenues for € 1,504 thousand in the first 9 months of the financial year from the date of acquisition.

3.2 Acquisition of a majority interest in Medical Device S.r.l.

On 3 July 2018 the Group acquired, through subsidiary Servizi Ospedalieri S.p.A., a quota of 60% in the capital of Medical Device S.r.l., a company specialising in the production of procedure kits for the healthcare sector, i.e. single-use packs containing all the instruments required to support healthcare teams in the performance of surgical interventions. The transaction was completed through the subscription of a capital increase of € 2.0 million on the part of Servizi Ospedalieri S.p.A. and is consistent with Rekeep Group's growth and development strategy to enter specialist sectors that are complementary to the core business. The aim is to increase the Group's footprint and strengthen its leadership in the healthcare support services business both at a national and international level.

Medical Device S.r.l., with registered office in Montevarchi (Arezzo), recorded revenues of € 4.4 million and employed about 30 people in 2017. Furthermore, the Company has acquired over the years certifications for the

marketing of Class 3 medical devices, which are particularly crucial due to their intended use and which require very complex certification procedures on the part of the Notified Bodies.

Accounting effects of the acquisition

The acquisition constitutes a business combination: therefore, the Group accounted for it according to IFRS 3. The price for the acquisition of the stake amounted to € 1,985 thousand and was paid on account of an increase in the acquiree's capital against payment as at the closing date of the transaction.

The value of the newly-acquired company's assets and liabilities as at the acquisition date, the difference between purchase value and carrying amount relating to the transaction and net liquidity used in the acquisition are reported in the statement below:

	Recognised value	**Book value**
Assets		
Non-current assets		
Property, plant and equipment	21	21
Property, plant and equipment under lease	383	383
Other intangible assets	57	57
Other investments	9	9
Other non-current assets	46	46
Prepaid tax assets	78	78
Total non-current assets	**595**	**595**
Current assets		
Inventories	902	902
Trade receivables and advances to suppliers	2,194	2,194
Current tax receivables	1	1
Other current receivables	33	33
Cash and cash equivalents	2,153	168
Total current assets	**5,283**	**3,299**
Total assets	**5,878**	**3,894**
Liabilities		
Non-current liabilities		
Equity attributable to non-controlling interests	**(42)**	**(42)**
Provision for employee termination benefits	264	264
Provision for risks and charges, non-current	395	395

	Recognised value	Book value
Non-current loans	482	482
Total non-current liabilities	**1,099**	**1,099**
Current liabilities		
Short-term loans	1,530	1,530
Trade payables and advances from customers	1,344	1,344
Current tax payables	16	16
Other current payables	1,951	1,951
Total current liabilities	**4,841**	**4,841**
Total liabilities	**5,940**	**5,940**
Fair value of net assets	**(62)**	**(2,047)**
Goodwill arising from the business combination	**2,047**	
Consideration paid on account of capital increase	**1,985**	
Total business combination cost:		
Consideration paid on account of capital increase	1,985	
Additional contribution costs	78	
Total business combination cost	**2,063**	
Net liquidity used in the acquisition:		
Cash and cash equivalents of the newly-acquired company	168	
Additional contribution costs	(78)	
Net liquidity used in the acquisition	**90**	

The fair value of assets and liabilities acquired through the business combination is negative for € 62 thousand, while the total business combination cost amounted to € 1,985 thousand, in addition to additional costs of € 78 thousand. The net liquidity generated in the business combination amounted to € 90 thousand.

Medical Device S.r.l. contributed to the Group's revenues for € 1,415 thousand from the date of acquisition

3.3 Merger of CMF S.p.A. by incorporation into Parent Company Rekeep S.p.A.

On 4 April 2018 the Board of Directors of Manutencoop Facility Management S.p.A. and the Sole Director of CMF S.p.A. approved the plan for the merger of the Parent company CMF S.p.A. by incorporation into its subsidiary

("Reverse merger"). The Merger was approved by their respective Shareholders' Meetings on 12 April 2018 and filed with the Register of Companies on 13 April 2018. Finally, in executing the resolutions passed by said Meetings, on 14 June 2018 the Deed of Merger was finally entered into, which was then entered in the Bologna Register of Companies on 29 June 2018. The Merger was completed pursuant to Article 2501-*bis* of the Italian Civil Code (merger following acquisition with debt), since CMF S.p.A. has raised a debt to acquire full control over the subsidiary and its equity, being acquired, constitutes a general guarantee and the source of repayment of this debt. The Merger is expressly envisaged in the rules governing the non-convertible and non-subordinated bond issue named "CMF S.p.A. € 360,000,000 9.0% Senior Secured Notes due 2022", for a total capital amount of € 360,000,000, which was launched by CMF S.p.A. on 6 July 2017 and whose stocks (ISIN Codes: XS1642816554 XS1642818337) were admitted to listing on the EURO MTF multilateral trading system managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral system, PRO segment, organized and managed by Borsa Italiana S.p.A..

The statutory, accounting and tax effects are expected to run from 1 July 2018. Finally, the change in the company name from Manutencoop Facility Management S.p.A. to Rekeep S.p.A. became effective on 2 July 2018.

The transaction was carried out between parties subject to common control ("Common Control Transactions"), since both companies are controlled, both directly and indirectly, by Manutencoop Società Cooperativa. Therefore, it is excluded from the scope of application of IFRS 3. The application of the principle of continuity of values, as provided for in the Preliminary IFRS Guidelines (*Orientamenti Preliminari Assirevi in tema di IFRS*, OPI no. 2) issued by Assirevi (Italian Auditors Association, is the result of the absence of trade with third-party economies and of acquisition in an economic sense. As a result of the accounting treatment adopted, no higher present values were reported with respect to those already stated in the merged company's financial statements; furthermore, a merger deficit was recognised, among assets, equal to that stated in the consolidated financial statements which regard the companies involved in the merger, i.e. those of Manutencoop Società Cooperativa (equal to € 33,183 thousand). The value that exceeds what showed in said consolidated financial statements was entered as a direct reduction in the equity of the merging company Rekeep S.p.A. for € 65,085 thousand.

Below is a table summarising the effects arising from the merger on the consolidated financial statements of the group controlled by Rekeep S.p.A. as at the effective date of the transaction:

	Rekeep S.p.A. Consolidated Financial Statements	CMF S.p.A. Separate Financial Statements	Effects of merger	1* July 2018 Consolidated Financial Statements of Rekeep S.p.A. after merger
Assets				
Non-current assets				
Property, plant and equipment	68,893			68,893
Property, plant and equipment under lease	5,775			5,775
Goodwill	372,392		33,183	405,575
Other intangible assets	24,149			24,149
Equity-accounted investments	27,962	420,472	(420,472)	27,962
Other investments	5,262			5,262
Non-current financial receivables and other securities	10,799	166,899	(166,899)	10,799
Other non-current assets	3,089			3,089
Prepaid tax assets	16,718	336		17,054
Total non-current assets	**535,039**	**587,707**	**(554,188)**	**568,558**
Current assets				
Inventories	6,155			6,155
Trade receivables and advances to suppliers	399,824			399,824
Current tax receivables	3,764			3,764
Other current receivables	21,850	277		22,127
Receivables and other current financial assets	973	653	(653)	973
Cash and cash equivalents	102,057	21		102,078
Total current assets	**534,623**	**951**	**(653)**	**534,921**
Non-current assets classified as held for sale	0			0
Total non-current assets classified as held for sale	**0**	**0**	**0**	**0**
TOTAL ASSETS	**1,069,662**	**588,658**	**(554,841)**	**1,103,479**
Shareholders' equity and liabilities				
Shareholders' equity				
Share Capital	109,150	250	(250)	109,150
Reserves	153,321	214,800	(413,061)	(44,940)
Retained earnings (losses)	35,915	(26,023)	26,023	35,915
Profit (loss) attributable to the Group	11,749			11,749

	Rekeep S.p.A.	CMF S.p.A.	Effects of merger	1* July 2018 Consolidated Financial Statements of Rekeep S.p.A. after merger
	Consolidated Financial Statements	Separate Financial Statements		
Equity attributable to the Group	**310,135**	**189,027**	**(387,288)**	**111,874**
Equity attributable to non-controlling interests	888			888
Profit (loss) attributable to non-controlling interests	23			23
Equity attributable to non-controlling interests	**911**	**0**	**0**	**911**
TOTAL EQUITY	**311,046**	**189,027**	**(387,288)**	**112,785**
Non-current liabilities				
Employee termination indemnity	14,768			14,768
Provisions for risks and charges, non-current	25,867			25,867
Shareholder's Financing	0	49,700		49,700
Non-current loans	181,616	344,871	(166,899)	359,588
Deferred tax liabilities	12,234	2,116		14,350
Other non-current liabilities	685			685
Total non-current liabilities	**235,170**	**396,687**	**(166,899)**	**464,958**
Current liabilities				
Provisions for risks and charges, current	5,290			5,290
Trade payables and advances from customers	376,835	1,497		378,331
Current tax payables	4,160	7		4,167
Other current liabilities	104,827			104,827
Loans and other current financial liabilities	32,334	1,440	(653)	33,121
Total current liabilities	**523,446**	**2,944**	**(653)**	**525,736**
Liabilities directly associated with assets classified as held for sale	0			0
Total Liabilities directly associated with assets classified as held for sale	**0**	**0**	**0**	**0**
TOTAL EQUITY AND LIABILITIES	**1,069,662**	**588,658**	**(554,840)**	**1,103,479**

4. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment (owned and under a finance lease) in the period ended 30 September 2018.

	Property	Plant and equipment	Property under lease	Plant and equipment under lease	Total
At 1 January 2018, net of accumulated depreciation and impairment losses	**13,428**	**52,136**	**4,408**	**1,371**	**71,343**
Additions from business combinations		1,636	291	168	2,095
Additions from acquisitions	60	16,396		67	16,523
Disposals	(248)	(113)			(361)
Depreciation for the period	(255)	(14,603)	(83)	(139)	(15,080)
Others	3	(459)		(22)	(478)
At 30 September 2018	**12,988**	**54,993**	**4,616**	**1,445**	**74,042**
At 1 January 2018					
Historical cost	16,076	354,888	4,699	4,943	380,606
Accumulated depreciation and impairment losses	(2,648)	(302,752)	(291)	(3,572)	(309,263)
NET BOOK VALUE	**13,428**	**52,136**	**4,408**	**1,371**	**71,343**
At 30 September 2018					
Historical cost	15,891	372,348	4,990	5,156	398,385
Accumulated depreciation and impairment losses	(2,903)	(317,355)	(374)	(3,711)	(324,343)
NET BOOK VALUE	**12,988**	**54,993**	**4,616**	**1,445**	**74,042**

Additions from acquisitions in the first nine months of the year relate to linen in the *Laundering&Sterilisation* segment for € 11,669 thousand and to the purchases of other machinery and specific equipment for € 4,854 thousand. Furthermore, during the period additions for business combinations were recorded in relation to the acquisition of the majority interest in EOS and Medical Device, for which reference should be made to note 3.

Furthermore, on 26 March 2018 a property was disposed of by subsidiary Sicura S.p.A. in Jesolo, for a total amount of € 248 thousand. During the period additional disposals were made in an amount of € 113 thousand.

5. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the period ended 30 September 2018.

	Other intangible assets	Goodwill	Total
At 1 January 2018, net of accumulated amortisation and impairment losses	**25,169**	**370,363**	**395,532**
Additions for business combinations	57	37,259	37,316
Additions from acquisitions	4,441		4,441
Disposals	(40)		(40)
Depreciation for the period	(5,703)		(5,703)
Others	(1)		(1)
At 30 September 2018	**23,923**	**407,622**	**431,545**
At 1 January 2018			
Cost	109,436	372,756	482,192
Accumulated depreciation and impairment losses	(84,267)	(2,393)	(86,660)
NET BOOK VALUE	**25,169**	**370,363**	**395,532**
At 30 September 2018			
Cost	113,933	410,015	523,948
Accumulated depreciation and impairment losses	(90,010)	(2,393)	(92,403)
NET BOOK VALUE	**23,923**	**407,622**	**431,545**

Goodwill is tested annually for impairment; for more details please refer to note 6. Additions for business combinations for the period related to: (i) the acquisition of the majority interest of the Turkish company EOS for Euro 2,029 thousand, (ii) the acquisition of a quota of 60% in the capital of Medical Device S.r.l. for € 2,047 thousand, (iii) merger of CMF S.p.A. by incorporation into its subsidiary Rekeep S.p.A. and its consequent inclusion in the consolidation area of the Rekeep Group. For more details, reference should be made to note 3 above.

Other intangible assets, amounting to € 23,923 thousand at 30 September 2018, mainly consist of investments in software carried out as part of the projects for upgrading and enhancing the corporate information systems. The additions from acquisitions made in the period (€ 4,441 thousand) were mainly attributable to the Parent Company

Rekeep S.p.A. (€ 3,678 thousand) and related to the implementation and upgrading of the software platform used by the Group. Furthermore acquisitions by subsidiary Yougenio for € 596 thousand were recognised, which were aimed at the development and upgrading of the e-commerce portal intended for the B2C market.

6. IMPAIRMENT TEST OF GOODWILL

The Group's Management believes 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.
- the Group controlled by Sicura S.p.A., operating in the facility management segment as a supplier of specialist services
- Telepost S.p.A., specialist in internal mailing services
- e-Digital Services S.r.l., active in providing services to high-tech companies
- Yougenio S.r.l., dedicated to the facility management for the B2C market
- Rekeep World S.r.l. and its foreign subsidiaries, dedicated to international business development
- other minor investee companies operating in the same segment.

SBU – Laundering & Sterilization

The SBU is identified with:

- Servizi Ospedalieri S.p.A., operating in the linen rental and industrial laundering segment for hospitals and in the sterilisation of linen and surgical instruments
- Medical Device S.r.l., acquired in 2018 and specialising in the production of single-use kits containing all the instruments required to support healthcare teams in the performance of surgical interventions
- other minor investee companies operating in the same segment in Italy.

The table below sets forth the carrying amounts of the goodwill recognised in the condensed consolidated interim Financial Statements at 30 September 2018, relating to the different CGUs.

	30 September 2018	31 December 2017
Goodwill allocated to Facility Management CGU	393,813	358,600
Goodwill allocated to Laundering & Sterilization CGU	13,809	11,763
CONSOLIDATED GODWILL	**407,622**	**370,363**

Goodwill is subject to impairment testing on an annual basis or more frequently if there are indications that the asset may have suffered an impairment loss.

At 30 September 2018, the Management did not identify any indication of impairment on the cash generating units and, therefore, it did not update the impairment test carried out at the time of preparation of the consolidated Financial Statements at 31 December 2017.

7. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

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

At 30 September 2018, equity-accounted investments stood at a net amount of € 23,569 thousand, against a net amount of € 27,214 thousand at the end of the previous year.

	Net assets 30 September 2018	Net assets 31 December 2017
Equity-accounted investments	23,649	27,294
Provision for risks on investments	(80)	(80)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**23,569**	**27,214**

In the first nine months of 2018, investments accounted for under the equity method recorded a positive result equal to € 1,201 thousand for the share attributable to the Group, as a result of the recognition of income from equity investments of € 1,258 thousand and write-downs of € 57 thousand. Furthermore, negative effects were recognised directly under consolidated Equity for a total of € 242 thousand.

8. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets at 30 September 2018 and at 31 December 2017:

	30 September 2018	31 December 2017
Other investments	5,926	4,757
Non-current financial assets	9,013	11,369
Other non-current assets	2,882	2,998
OTHER NON-CURRENT ASSETS	**17,821**	**19,124**

The financial assets recognised as *Other investments* relate to investments in companies in which there are 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 for the securities concerned, which for the most part cannot be freely transferred to third parties due to contractual limitations and restrictions preventing their free circulation.

Non-current financial assets, amounting to € 9,013 thousand at 30 September 2018 (€ 11,369 thousand at 31 December 2017), are composed of:

- € 5,063 thousand of non-current financial receivables due from associates, affiliates or joint-ventures (€ 7,319 at 31 December 2017). The face value of these receivables is € 5,159 thousand, while the provision for discount amounts to € 96 thousand. Some of these are non-interest bearing since they are issued on a pro-quota basis by 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;
- € 3,849 thousand of non-current financial receivables from third parties, in line with the balance at 31 December 2017 (€ 3,949 thousand);
- € 101 thousand of securities held to maturity, unchanged compared to 31 December 2017.

Other non-current assets, amounting to € 2,882 thousand at 30 September 2018 (€ 2,998 thousand at 31 December 2017) mainly consist of security deposits related to long-term manufacturing contracts (€ 1,652 thousand) and long-term deferrals relating to some contracts (€ 912 thousand).

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

The following table includes the breakdown of Trade receivables, advances to suppliers and Other current operating receivables at 30 September 2018 and 31 December 2017:

	30 September 2018	of which from related parties	31 December 2017	of which from related parties
Contract assets	23,436		22,047	
Trade receivables, gross	374,461		401,322	
Allowance for doubtful accounts	(34,054)		(32,987)	
Trade receivables from third parties	**363,843**	**0**	**390,382**	**0**
Trade receivables from Manutencoop Società Cooperativa	46	46	100	100
Trade receivables from Rekeep Group companies	32,893	32,893	31,343	31,343
Trade receivables from Affiliates and Joint Ventures	4,802	4,802	4,280	4,280
Trade receivables from the Group	**37,741**	**37,741**	**35,722**	**35,722**
Advances to suppliers	4,289	3	3,060	56
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**405,873**	**37,744**	**429,164**	**35,778**
Other tax assets within 12 months	14,766		19,767	
Other current assets due from third parties	7,294		7,542	
Due from social security institutions, short term	1,228		1,120	
Due from employees, short term	338		203	
Other current operating receivables from third parties	**23,626**	**0**	**28,632**	**0**
Other current assets from Manutencoop Società Cooperativa	7	7	45	45
Other current assets from associates	850	850	664	664
Other current assets from associated companies	23	23	0	0
Other current assets from the Group	**880**	**880**	**709**	**709**
Accrued income	0		0	
Prepaid expenses	3,022		1,502	
Accrued income and prepaid expenses	**3,022**	**0**	**1,502**	**0**

	30 September 2018	of which from related parties	31 December 2017	of which from related parties
OTHER CURRENT OPERATING RECEIVABLES	**27,528**	**880**	**30.,42**	**709**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 405,873 thousand at 30 September 2018, down by € 23,291 thousand compared to 31 December 2017 (€ 429,164 thousand). The main impact on the change under examination was from trade receivables from third parties, amounting to € 363,843 thousand at 30 September 2018 (31 December 2017: € 390,382 thousand).

In 2018, assignments of trade receivables without recourse claimed from the National Health System continued under the agreement entered into during 2016 by the Parent Company Rekeep S.p.A. and by Servizi Ospedalieri S.p.A. with Banca Farmafactoring S.p.A. for an annual transferable amount for receivables of the same type up to a maximum of € 100 million. The committed credit line is due 2019. During the first nine months of the year, assignments were made for an overall nominal amount of € 85,017 thousand.

Moreover, the Parent Company Rekeep S.p.A. carried out additional assignments of trade receivables without recourse of € 2,473 thousand, against receivables claimed from entities belonging to the Public Administration, with Banca Farmafactoring S.p.A. as a counterparty. These transfers are not related to the already mentioned contract. In this context, subsidiary Alessandria Project Value S.r.l. also carried out assignments to Banca Farmafactoring S.p.A. for € 1,987 thousand.

Furthermore, assignments without recourse were made for € 29,520 thousand, concerning trade receivables from public and private customers with Banca IFIS, with which the Parent Company has entered into an additional uncommitted factoring contract, intended for the assignment without recourse of trade receivables specifically accepted for each transaction carried out.

In all assignments made, the assigned trade receivables were derecognised pursuant to IFRS 9 in consideration of the features of the transactions and involved total interest discount costs of € 1,999 thousand. At 30 September 2018 the balance of receivables assigned without recourse but not yet collected by factors amounted to € 56,326 thousand (of which € 38,870 thousand relating to assignments of receivables from the National Health Service under the contract with Banca Farmafactoring).

Finally, trade receivables from the Group amounted to € 37,741 thousand (€ 35,723 thousand at 31 December 2017), plus advances of € 3 thousand (€ 56 thousand at 31 December 2017).

A specific allowance for doubtful accounts was recognised in connection with non-performing loans, which are difficult to fully recover, amounting to € 34,054 thousand at 30 September 2018 (at 31 December 2017 € 32,987 thousand). Changes in the provision during the period are detailed as follows:

	31 December 2017	Business combinations	Increases	Uses	Releases	Other changes	30 September 2018
Allowance for doubtful accounts	**32,987**	79	2,368	(949)	(2)	(429)	**34,054**

Other current operating receivables of € 27,528 thousand (€ 30,842 thousand at 31 December 2017) showed a total decrease of € 3,315 thousand for the period.

The most significant entries of this item are made up of tax receivables and other current receivables from third parties. Tax receivables mostly relate to the VAT settlements of Group companies (€ 13,691 thousand, compared to €18,095 thousand at 31 December 2017), 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.

Finally, the item also recognises € 2,173 thousand of credit balances of current accounts held at Unicredit, managed in its own name and on behalf of INPDAP (Social Security Institute for employees in the public sector), as envisaged in a property management contract signed with the aforementioned authority. 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.

10. SHARE CAPITAL AND RESERVES

	30 September 2018	31 December 2017
Share Capital – Ordinary shares	109,150	109,150

Ordinary shares have a nominal value of € 1 each. Ordinary shares issued and fully paid up at 30 September 2018 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and Retained Earnings (losses)

The table below shows changes in Shareholders' equity reserves in the period:

Other reserves also include 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 in business

combinations of entities under common control, for a negative amount of € 244,186 thousand at 30 September 2018 (€ 45,400 at 31 December 2017) for the recognition of the effects of the merger of CMF S.p.A. by incorporation into Rekeep S.p.A. during the year.

› The Parent Company's extraordinary reserve equal to € 36,961 thousand.

	Share premium reserve	Legal reserve	Reserves for effects on SE of equity-accounted companies	Translation reserve	SORIE reserve	Other reserves	Total reserves
1 January 2017	**145,018**	**18,383**	**3,364**	**0**	**(5,231)**	**26,323**	**187,857**
Allocation of profits (losses) of previous years		1,321				(44,037)	(42,716)
Economic effects on shareholders' equity			(210)		(2)	(75)	(287)
31 December 2017	**145,018**	**19,704**	**3,154**	**0**	**(5,233)**	**(17,789)**	**144,854**
Allocation of profits (losses) of previous years		420			74	7,989	8,483
Business Combinations "Under Common Control"						(198,261)	(198,261)
Economic effects on shareholders' equity			242	(770)	127		(401)
30 September 2018	**145,018**	**20,124**	**3,396**	**(770)**	**(5,032)**	**(208,061)**	**(45,325)**

Changes in *Retained earnings (losses)* are shown below:

	Retained earnings (losses) of the Parent Company	Consolidation reserve	Total retained earnings (losses)
1 January 2017	**(40,447)**	**32,929**	**(7,518)**
Allocations of profits(losses) of previous years	44,256	7,017	51,273
31 December 2017	**3,809**	**39,946**	**43,755**
Allocations of profits(losses) of previous years	0	(8,844)	(8,844)
30 September 2018	**3,809**	**31,102**	**34,911**

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

	30 September 2018	31 December 2017
Equity attributable to non-controlling interests	**771**	**381**
of which attributable to:		
Subsidiaries of Sicura S.p.A.	0	218
Subsidiaries of Rekeep World S.r.l.	529	0
Other subsidiaries and consortia	242	163

	30 September 2018	31 December 2017
Profit attributable to non-controlling interests	**141**	**73**
of which attributable to:		
Subsidiaries of Sicura S.p.A.	0	73
Subsidiaries of Rekeep World S.r.l.	21	0
Other subsidiaries and consortia	120	0

The equity and the profit (loss) of the period attributable to non-controlling interests relate to the minorities present in some subsidiaries.

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 share capital of Manutencoop France S.a.r.l.. However, there is no recognition of equity attributable to minority shareholders since there is a Put option granted to non-controlling shareholders and recognised as a financial liability in the Consolidated Financial Statements. Furthermore, during 2018 there was the first consolidation of EOS, the Turkish company in which Rekeep World S.r.l. has acquired a majority interest against a stake of 49% held by local partners, and of Rekeep United, a Turkish company too, which was established jointly with local partners holding 49.02% of the share capital. The value of this stake attributable to minority shareholders has been accounted for as an increase in the Equity of minority shareholders for the period.

Finally, Equity attributable to minority interests also includes the 40% amount attributable to the minority shareholders of the newly-acquired company Medical Device S.r.l..

Finally, it should be noted that during the third quarter of 2018, Sicura S.p.A. acquired the minority interest in subsidiary Evimed S.r.l,, already 90% owned, with the final exit of the minority shareholders from the perimeter of their sub-group.

11. NET FINANCIAL INDEBTDENESS

Net financial indebtedness at 30 September 2018 amounted to € 323,896 thousand, compared to € 156,706 thousand at 31 December 2017. Below is the related breakdown by items:

	30 September 2018	31 December 2017	Change
Long term financial debt	360,884	175,281	185,603
Bank borrowings, including current portion of long-term debt, and other financial liabilities	49,453	43,165	6,288
Financial liabilities	**410,337**	**218,446**	**(191,891)**
Derivatives	0	0	0
Gross financial debt	**410,337**	**218,446**	**(191,891)**
Cash and cash equivalents	(84,754)	(59,870)	(24,884)
Current financial assets	(1,687)	(1,870)	183
Net financial indebtedness	**323,896**	**156,706**	**167,190**

Current and non-current financial liabilities

The tables below set forth the qualitative breakdown of current and non-current financial liabilities at 30 September 2018 and 31 December 2017.

	30 September 2018	within 1 year	from 1 to 5 years	after 5 years
Senior Secured Notes	345,658		345,658	
C.C.F.S. loan	10,000		10,000	
Artigiancassa loan	1,676		958	718
Other bank loans	1,180	917	263	
Prepaid interest expenses	(976)	(507)	(469)	
Accrued interest expenses	9,757	9,757		
Long-term bank borrowings and current portion of non-current bank borrowings	**367,295**	**10,167**	**356,409**	**718**
Current bank overdraft, advance payments and hot money	6,424	6,424		
Finance lease obligations	3,667	384	1,693	1,590
Loans from syndicated shareholders	530	530		
Loan from Parent Company	205	205		

	30 September 2018	within 1 year	from 1 to 5 years	after 5 years
Manutencoop Società Cooperativa				
Other financial liabilities	31	31		
Obligations from assignments of receivables with recourse	23,631	23,631		
Collections on behalf of assignees of trade receivables without recourse	7,326	7,326		
Options on subsidiaries' non-controlling interests	473		473	
Debt for the acquisition of investments	756	756		
TOTAL FINANCIAL LIABILITIES	**410,337**	**49,453**	**358,575**	**2,309**

	31 December 2017	within 1 year	from 1 to 5 years	after 5 years
C.C.F.S. loan	5,000		5,000	
Prepaid interest expenses	(1,024)	(316)	(708)	
Accrued interest expenses	230	230		
Long-term bank borrowings and current portion of non-current bank borrowings	**4,206**	**(86)**	**4,292**	**0**
Proceeds Loan from CMF S.p.A.	168,562	704	167,858	
Current bank overdraft, advance payments and hot money	6,000	6,000		
Finance lease obligations	3,622	491	1,362	1,769
Loans from syndicated shareholders	369	369		
Loan from Parent Company Manutencoop Società Cooperativa	225	225		
Other financial liabilities	13	13		
Obligations from assignments of receivables with recourse	29,999	29,999		
Collections on behalf of assignees of trade receivables without recourse	4,902	4,902		
Debt for the acquisition of investments	66	66		
Share capital to be paid in investee companies	482	482		
TOTAL FINANCIAL LIABILITIES	**218,446**	**43,165**	**173,512**	**1,769**

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

During the last quarter of 2017 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 the Parent Company Rekeep S.p.A. to a newly-established corporate SPV named CMF S.p.A., which became the company directly controlling Rekeep S.p.A.. In particular, 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. during 2013, as well as at purchasing the shares held by minority shareholders in the share capital of the Parent Company Rekeep S.p.A. and repaying any other financial debt of the entire Group controlled by Manutencoop Società Cooperativa.

On 6 July 2017, CMF S.p.A. launched a non-convertible and non-subordinated high yield bond issue named "€360,000,000 9.0% Senior Secured Notes due 2022", for a total capital amount of € 360 million, due on 15 June 2022. The bond, which is reserved for institutional investors and is listed on the Euro MTF market managed by the Luxembourg Stock Exchange, as well as on the Extra MOT Pro Segment of the Italian Stock Exchange, was issued at a price equal to 98% and a fixed annual 9.0% coupon on a six-monthly settlement basis. The terms and conditions referred to in the rules governing the Bond Issue are laid down in the Indenture regulated by the laws of the State of New York. This bond issue was initially paid by Bank of New York to an escrow account until it was released on 13 October 2017. On the same date Rekeep S.p.A. received a Proceeds Loan of € 190,300 thousand from CMF S.p.A., which was subsequently partially repaid and which allowed it, together with the use of a portion of its Cash and cash equivalents, to have available sufficient cash to proceed with the early redemption of the Notes issued in 2013.

At the same time, CMF S.p.A. completed the purchase of the shares held by Institutional Investors in the capital of Rekeep S.p.A. (equal to 33.2%), thus becoming the sole shareholder of Rekeep S.p.A., using the remaining amount of cash acquired through the subscription of the Notes,

As provided for in Offering Memorandum of the bond issue, the Group proceeded with the merger of CMF S.p.A by incorporation into its subsidiary Rekeep S.p.A. on 1 July 2018, pursuant to art. 2501-*bis* (merger following acquisition with debt), while entailing a simultaneous repayment of the Proceeds Loan (equal to a nominal amount of € 174,220 thousand at the date of the merger) and Rekeep S.p.A.'s acquisition of the bond issue, with any related obligation and guarantee described in this paragraph and in note 15 below.

In consideration of this transaction, the Parent Company Rekeep S.p.A. recognised the debt for the Senior Secured Notes at a book value of € 344,871 thousand, against a debt on account of capital of € 360,000 thousand, net of the adjustment relating to amortised cost for € 15,129 thousand. Finally, the period saw the recognition of financial charges of € 787 thousand for amortised cost, in accordance with IFRS9.

To protect the investment of the Noteholders, the rules governing the bond issue provided for a system of guarantees and restrictions (covenants). In fact, some limitations are envisaged on the financial operations of the Issuer and of its subsidiaries, while leaving the Group the freedom of movement insofar as the operations

undertaken contribute, at least potentially, added value and cash flows to the Group. These restrictions consist of limitations on the possibility of incurrence of indebtedness and of distributions of dividends, investments and some types of payments that fall outside the scope of the so-called Restricted Group payments. Furthermore, there are provisions in relation to the allocation of sums obtained from the transfer of fixed assets, extraordinary operations and transactions with related parties and the issue of collaterals to third parties on corporate assets. The restrictions in question lie not so much in the absolute prohibition on carrying out the above-mentioned operations, but rather in checking for compliance with certain financial ratios (incurrence base financial covenants), the presence of certain conditions or a limit on the quantity of the above operations performed. Finally, periodic disclosure obligations are provided for in relation to the Group's financial position, results of operations and cash flows. The limits and provisions envisaged in the rules governing the bond issue are in line with the market practice for similar operations. The failure by the Issuer to comply with one or more covenants, in addition to significant events that express a state of insolvency, constitute events of default. For the most of them, there is the possibility of remediation within a certain period of time. The event of default relating to the state of insolvency or the absence of remediation of any other events of default are a reason for acceleration, i.e. the forfeiture of the right to the time limit and the early redemption of the bonds. At the reporting date, no events of default had occurred and the financial covenants, in relation to which no periodic check is required, had been complied with.

Proceeds Loan (Rekeep S.p.A.)

As described in the previous paragraph, during the last quarter of 2017 Rekeep S.p.A. raised an intercompany loan (Proceeds Loan) in a nominal amount of € 190,300 thousand from its direct controlling company CMF S.p.A. in order to complete the refinancing process of the Group controlled by Manutencoop Società Cooperativa.

To date the Proceeds Loan has been paid off following the already mentioned merger of CMF S.p.A. by incorporation into Rekeep S.p.A. with effect from 1 July 2018. As at this date the residual book value of the Proceeds Loan amounted to € 166,899 thousand, against a debt on account of principal for € 174,220 thousand (as a result of partial repayments that took place in December 2017 and June 2018), net of the adjustment relating to amortised cost for € 7,321 thousand.

In consideration of this Proceeds Loan, the Parent Company also sustained additional costs for the issue in an initial total amount of € 9,121 thousand, charged back by CMF S.p.A. in proportion to the proceeds reserved for it (equal to 52.86% of total issue), accounted for at amortised cost, which gave rise to amortisation costs of € 810 thousand during the first half of 2018 and interest payment of € 8,573 thousand.

Super Senior Revolving Credit Facility (RCF)

At the same time as the bond issue, the Parent Company CMF S.p.A. also entered into a Super Senior Revolving loan agreement with Unicredit Bank AG (RCF), to which Rekeep S.p.A. is a party as Borrower. The latter acquired title to the line of credit in question from the effective date of merger of CMF S.p.A. by incorporation into its subsidiary Rekeep S.p.A..

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 greater financial flexibility. CMF S.p.A. has charged all financing costs (equal to € 1,000 thousand upon issue) back to the Parent Company Rekeep S.p.A., which will be also amortised on a straight-line basis throughout the entire term of the credit facility. This amortisation had an impact of € 179 thousand on the 2018 financial year and the remaining amount of these costs was accounted for as a prepaid expense of € 768 thousand on the reporting date of the Consolidated Financial Statements. 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 recognised 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 and no use of the facility had been requested from the execution of the agreement.

Prepaid interest expenses

At 30 September 2018 the Group recognised prepaid interest expenses of € 976 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 for € 768 thousand at 30 September 2018.

Accrued interest expenses

At 30 September 2018 the Group also recognised accrued interest expenses of € 9,757 thousand, of which € 8,100 thousand relating to the amount accrued on the coupon of the Senior Secured Notes due 15 December 2018.

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

On 14 November 2017 the Parent Company Rekeep S.p.A. signed a loan agreement with CCFS for a total amount of € 10 million. The loan includes two lines of credit, the first of which, amounting to € 5,000 thousand, was disbursed at the same time as the execution and will expire in April 2023. The second 66-month line of credit, for an additional amount of € 5,000 thousand, was disbursed on 13 February 2018 and provides for the repayment in six-monthly instalments, with a pre-amortisation period of 12 months. This loan is backed by a pledge over the shares of subsidiary H2H Facility Solutions S.p.A..

Artigiancassa Loan (Rekeep S.p.A.)

On 21 June 2018 the Parent 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 of € 1,676 thousand, with a pre-amortisation period of 12 months. This loan does not bear interest and provides for the payment of 14 six-monthly instalments, falling due on 31 March and 30 September of each year.

Other bank loans

Other loans amounted to € 1,180 thousand at 30 September 2018 and mainly related to a 1-year loan of € 1,000 thousand raised with Deutsche Bank S.p.A. on 3 August 2018, at a rate corresponding to 1-month EURIBOR plus a spread of 1.50%.

Current bank overdraft, advance payments and hot money

The item showed a balance of € 6,424 thousand at 30 September 2018, against € 6,000 thousand at the end of the previous year.

Bank overdrafts and current account advances are not backed by guarantees. Their management is linked to temporary cash shortages, within the flows of receipts and payments as at the reporting date.

Obligations arising from finance leases

The lease agreements entered into are not secured and refer to the companies Servizi Ospedalieri S.p.A., Sicura S.p.A., EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S. and Medical Device S.r.l.. They related to motor vehicles and plant and machinery, mainly relating to Servizi Ospedalieri S.p.A. which uses them in the laundering and sterilisation production processes.

Within the business combinations that took place during 2018 finance lease payables were consolidated for € 401 thousand, of which € 52 thousand relating to EOS and to capital goods used in Turkey and € 349 thousand relating to capital goods and a property granted under leases to Medical Device S.r.l.. For more details, reference should be made to note 3 on business combinations.

Loans from syndicated shareholders

This item refers to financing provided by syndicated shareholders outside consortium companies included within the scope of consolidation as subsidiaries or held under a 50% joint venture. In certain cases, these loans are non-interest bearing 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. The balance of this item, equal to € 530 thousand, remained substantially unchanged compared to 31 December 2017.

Collections on behalf of assignees of trade receivables

The item included collections from customers on assigned receivables as part of the factoring without recourse transaction of trade receivables claimed from the National Health Service signed with Banca Farmafactoring S.p.A. in 2016 as well as on some of the assignments of trade receivables without recourse claimed from the Public Administration, with reference to which the Parent Company Rekeep carried out the collection service. The collections (€ 7,326 thousand at 30 September 2018) were transferred to the factor in the first days of the month following the end of the period.

Obligations from assignments of receivables with recourse

During 2015, the Parent Company Rekeep S.p.A. signed a contract of assignment with recourse of trade receivables with Unicredit Factoring S.p.A. concerning receivables from Public Administrations. During the first 9 months of 2018 assignments of trade receivables with recourse were made in an overall nominal amount of € 50,281 thousand. The Group had obligations from assignments of receivables with recourse of € 23,631 thousand at 30 September 2018 (€ 29,999 thousand at 31 December 2017).

Options on subsidiaries' non-controlling interests

At 30 September 2018, options on subsidiaries' non-controlling interests were reported in an amount of € 473 thosuand in relation to estimated liabilities relating to the Put option held by the minorities of Manutencoop France S.a.r.l. (whose quota 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

The debt for acquisition of investments amounted to € 756 thousand at 30 September 2018 and mainly related to the remaining amount of the consideration that Sicura S.p.A. paid to the third-party shareholder for the acquisition of the residual minority interest of subsidiary Evimed S.r.l. (€ 690 thousand).

Receivables and other current financial assets

At 30 September 2018, *Receivables and other current financial assets* amounted to € 1,687 thousand (€ 1,870 thousand at 31 December 2017). At the end of the period under examination the following items were mainly recognised:

- the balance of pledged current accounts dedicated to the management of the service within the scope of assignments of trade receivables without recourse with Banca Farmafactoring, equal to € 1,238 thousand (€ 1,494 thousand at 31 December 2017);
- receivables of € 181 thousand for short-term loans and financial accounts held with non-consolidated Group companies (€ 302 thousand at 31 December 2017).

12. EMPLOYEE TERMINATION BENEFITS

Changes in employee termination benefits occurred during the first nine months of 2018 are shown below, compared with changes in the same period of the previous year.

	For the 9 months ended	
	30 September 2018	30 September 2017
AT 1 January	**15,519**	**17,043**
Increases for business combinations	264	0
Service cost	524	246
Interest costs on benefit obligations	183	183
Benefits paid	(1,427)	(2,104)
Actuarial (gains)/losses on benefit obligations	(134)	(353)
Other changes	(4)	1
AT 30 SEPTEMBER	**14,925**	**15,015**

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

	For the 9 months ended	
	30 September 2018	30 September 2017
Service cost	524	246
Interest costs on benefit obligation	183	183
Net cost of the benefits recognised in the statement of profit or loss	**707**	**429**
Actuarial (gains)/losses recognised in the period (on shareholders' equity)	(134)	(353)
TOTAL NET COST OF THE BENEFITS	**573**	**76**

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 9 months ended	
	30 September 2018	30 September 2017
Executives	63	59

	For the 9 months ended	
	30 September 2018	30 September 2017
Office workers	1,210	1,239
Manual workers	15,347	15,031
AVERAGE STAFF	**16,619**	**16,328**

The average number of employees provided to the Group by Manutencoop Società Cooperativa was equal to 427 at 30 September 2018 (439 at 30 September 2017).

13. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the period ended 30 September 2018:

	Risks on investments	Risks on job orders	Pending legal disputes	Tax litigation	Agents' indemnity leave	Employee termination benefits	Other risks and charges	Total
At 1° January 2018	**80**	**5,043**	**25,514**	**478**	**223**	**909**	**2,088**	**34,335**
Additions from business combinations			23	372				**395**
Accruals		216	870				65	**1,151**
Uses		(652)	(1,851)	(50)		(798)	(1,083)	**(4,434)**
Releases		(54)	(307)				(158)	**(519)**
Other		(65)	(287)			282	0	**(70)**
At 30 September 2018	**80**	**4,487**	**23,962**	**800**	**223**	**394**	**912**	**30,858**
At 30 September 2018:								
Short-term	*80*	*4,381*	*81*	*478*	*0*	*394*	*0*	*5,414*
Medium-/Long-term	*0*	*106*	*23,881*	*322*	*223*	*0*	*912*	*25,444*
At 31 December 2017:								
Short-term	*80*	*4,936*	*290*	*478*	*0*	*909*	*17*	*6,711*
Medium-/Long-term	*0*	*106*	*25,224*	*0*	*223*	*0*	*2,071*	*27,624*

Provisions for risks on investments

The item, amounting to € 80 thousand at 30 September 2018, includes the provision for unrecoverable future losses of Group companies and relates to the subsidiary Alisei S.r.l. in liquidation.

Provisions 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 recognised.

The balance at the end of the period was equal to € 4,487 thousand, against accruals of € 216 thousand, in addition to uses, releases and other changes that entailed a decrease of € 771 thousand.

Provisions for pending legal disputes

At the end of the reporting period, the Company assesses the risk of having to pay future compensation in the event of unsuccessful legal disputes with customers, suppliers, employees and others. During the period ended 30 September 2018, the provision, totalling € 23,962 thousand, reported increases for accruals for € 870 thousand, as well as for the contribution given by the first consolidation of Medical Device S.r.l. for € 23 thousand, and decreases for uses, releases and other changes totalling € 2,445 thousand.

Accruals were mainly recognised to cover risks of the Parent Company Rekeep S.p.A. for € 734 thousand and of Servizi Ospedalieri S.p.A. for € 117 thousand. Uses and releases in the year (€ 2,158 thousand) refer to the use of provisions recorded in previous years due to the settlement of disputes with suppliers and legal proceedings with other parties.

On 20 January 2016, the Competition Authority found a breach of competition rules on the part of some companies which had taken part in the European Union tender for cleaning services in school buildings called by Consip in 2012 and levied a fine of € 48,510 thousand against the Parent Company Rekeep S.p.A. (formerly: Manutencoop Facility Management S.p.A.). The Company rejected the arguments on which the charge was based and lodged an appeal against the Authority's order with the Lazio Regional Administrative Court. On 14 October 2016, the Lazio Regional Administrative Court upheld partially the appeal lodged by Rekeep S.p.A. and sent the official documents to the Competition Authority for recalculating the fine, recommending reducing both the tax base, limiting it to the tender amount, and the percentage to be applied to the above-mentioned amount from 15% to 5%. Rekeep S.p.A. appealed against the judgement on the merits before the Council of State that pronounced in any case its decision on 28 February 2017, confirming the provision of the Lazio Regional Administrative Court. Rekeep S.p.A. also lodged an appeal against the judgement of the Council of State with the Court of Cassation on 21 May 2017. The Court of Cassation has scheduled the hearing in chambers on 23 October 2018 and the Company is waiting to know whether the outcome will be successful. Finally, on 23 December 2016 the Competition Authority followed up the ruling of the Lazio Regional Administrative Court and adopted a new

measure, recalculating the fine in € 14,700 thousand. An appeal was lodged against this measure with the Lazio Regional Administrative Court as well and the Company is waiting for the hearing to be scheduled.

At the reporting date of the Financial Statements at 31 December 2016, also in light of the outcome of the appeals made by the parties and on which the competent courts of law had already expressed a judgement, the Directors recalculated the risk of outlay related to the fine in a maximum amount of € 14.7 million. On the other hand, on 24 March 2017 the Lazio Regional Administrative Court decided against the application to suspend the related payment filed by Rekeep S.p.A. and therefore, the entire amount of the fine was reclassified in the item "Other operating liabilities". Finally, the Competition Authority intervened with the measure of 28 April 2017 with regard to the division into instalments of the payment requested by Rekeep S.p.A., by allowing the latter to pay the fine in 30 monthly instalments at the legal interest rate (currently 0.3%). The Company is regularly paying the monthly instalments.

On 4 February 2016, as a result of the Competition Authority fine ruling described above, Consip S.p.A. started a proceeding to terminate the Agreements entered into as part of the tender under examination, also informing that it would consider the possibility of excluding the Company from future tenders for "work of the same type" also pursuant to Article 38, paragraph 1, letter f) of Italian Legislative Decree 163/06. Moreover, on 23 November 2016, Consip S.p.A. also informed Rekeep S.p.A. of the final termination of the agreements, expressly subject to the forfeiture of the given final deposit (known as "performance bond") for the residual part against the partial release due for services duly carried out until the date of termination, also communicating the intention to report the facts to ANAC and to the Public Prosecutor's Office.

On the other hand, on 24 April 2017, Decree Law no. 50 was published on the Official Gazette: Article 64 (Services in school) of this decree envisages the continuation of the acquisition of cleaning services and other auxiliary services until 31 August 2017 for the regions in which the Consip framework agreements "*for the acquisition of cleaning services and other auxiliary services provided in order to keep school buildings and public school and education establishments clean and in working order*" (known as "Consip Scuole" agreement) were terminated. In the subsequent Decree Law no. 91 of 20 June 2017, as converted with amendments by Law of 3 August 2017 and published in the Official Gazette on 12 August 2017, these services were further extended until 31 December 2017; finally, Article 1, paragraph 687, of Law 205 of 27 December 2017 ("2018 Budget Law") provided for these agreements to continue until 30 June 2019, in order to allow the regular performance of educational activities for the 2018-2019 school year.

Finally, on 2 December 2016, Consip S.p.A. formally reported to ANAC the facts challenged to Rekeep S.p.A., as announced in the termination letter of the Agreements together with the intention of reporting to the Public Prosecutor's Office. On 7 January 2017, the Company served to the entity a summons before the Court of Rome in order to verify the unlawfulness of the termination of the agreements and to order Consip S.p.A. to pay compensation for damages suffered by the Company itself. The first hearing for examining the applications for

investigation was held on 5 December 2017 and the Company is waiting to know whether the outcome will be successful at the hearing of 16 October 2018.

Any adverse outcome of the legal proceedings brought against Consip S.p.A. could also result in the actual partial enforcement of the performance bond issued during the tender (originally € 24.5 million). Following the judgement of the Regional Administrative Court of 14 October 2016, confirmed by the Council of State with judgement of 1 March 2017, which significantly reduced the fine previously imposed without however acknowledging the argument of the Company by which it had nothing to do with the alleged facts, the Directors considered to maintain the provisions for future charges in the Financial Statements at 31 December 2017 (equal to € 17.5 million), by taking also account of the risk of enforcement of the above-mentioned performance bon and despite the significant arguments by which Rekeep S.p.A. may oppose in court the enforcement of the guarantee in question. ANAC proceeded with the entry in the electronic criminal records of the contract termination, the objections raised against it on the part of Rekeep S.p.A. before the Civil Court of Rome and of the filing of the appeal with the Court of Cassation against the Council of State's judgement no. 928/2017.

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 cleaning with health service providers ("Consip Sanità"), with the intention also to forfeit, 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""). However, on 13 July 2017 and 14 September 2017 respectively, the Lazio Regional Administrative Court ordered the suspension of the measures of exclusion, deferring the decision on the merits of the appeal to the hearing scheduled on 21 February 2018. In this venue the Company had its appeal rejected and on 10 March 2018 the appeal was served before the Council of State, while submitting a request for precautionary decree from a single-member court and for suspension of the enforcement of the challenged order.

Furthermore, on 30 March 2018 Consip informed Rekeep S.p.A. that it had submitted a request to the competent insurance company to enforce the Company's warranty provided in relation to the Consip Caserme tender. However, the insurance company did not grant the request following the Council of State's decision handed down on 5 April 2018 whereby both the execution of the Lazio Regional Administrative Court's decision on the exclusion of Consip Caserme and Consip Sanità tenders and the related effects (also in relation to the enforcement of sureties) have been suspended and the hearing on the merits of the Company's appeal was held on 28 June 2018. However, by a subsequent order dated 19 July 2018, the Council of State proceeded with the "improper suspension of proceedings", since it considered that the relevant decision within the dispute was that on the preliminary issue pending before the European Court of Justice, which had been raised by the Piedmont Regional Administrative Court on 21 June 2018, as to whether the breach of competition rules fell within the scope of cases of "serious errors committed in professional practice" provided for in Article 38 of the Code of Public Contracts under Legislative Decree 163 of 12 April 2006 ("Old Code of Public Contracts"). The enforcement of the judgment is still suspended, as provided for in the previous order of 5 April 2018; the Company believes that it may take part in the pre-trial proceedings before the European Court of Justice in order to describe its own position.

In relation to the above-mentioned exclusion, ANAC decided to open two proceedings concerning its entry in the electronic criminal records of ANAC, as "Useful information". These proceedings were also suspended by ANAC until the outcome on the merits mentioned above and of proceedings for the application of disqualification measures, which have also been suspended.

With reference to the events referred to above, the Directors also point out that, despite a context that is significantly affected by new regulations and more restrictive approaches with respect to the previous ones, the Company believes that a risk may actually arise mainly with regard to delays in awarding some tenders attributable to situations of further worsening of the disputes connected with the participation in or the awarding of said tenders. To date the risk of the Company being temporarily excluded from public tenders as a result of an order issued by the ANAC can be reasonably regarded as not probable, in consideration of the defence arguments discussed with the Company's legal counsels, which may be submitted both upon participation in the ANAC procedure and at the time of any possible appeal filed with administrative courts, as well as based on the rulings recently handed down by the latter, which has suspended the abovementioned exclusion measures already enacted.

These decisions do not imply in any case any impediment for Rekeep S.p.A. to the participation and awarding of new calls for tenders by Consip and, more in general, by the Public Administration, and any other awarding procedure in progress remains absolutely valid. Moreover, on 16 June 2017, Rekeep S.p.A. received official communication from Consip to sign the agreements for the two batches of the "Consip Mies 2" tender relating to the award of an "integrated technology multi-service with energy supply for buildings used by Public Health Administrations": these agreements were formally signed on 20 September 2017 and the procedure to sign the individual supply orders was subsequently started. Consip Sanità and Consip Caserme tenders had not yet generated Consolidated revenues until 30 September 2018 and were not included in the Group's backlog at 30 September 2018.

Finally, on 23 March 2017 the Competition Authority notified Rekeep S.p.A. of the start of an investigation procedure 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., Rekeep S.p.A., Romeo Gestioni S.p.A. and STI S.p.A. 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").

To date, the Competition Authority has started only investigations and has allowed the Company to access the records of the proceedings, as well as proceeded with the Company's hearing on 24 April 2018. By an order of 22 November 2017 the Competition Authority also extended, both objectively and subjectively, the proceedings that had already been started; to date these proceedings also concern the SIE3 and MIES2 tenders and involve the industrial holding companies which control the entities initially involved (even if they have not been extended to the

Parent Company Manutencoop Società Cooperativa). Finally, by an order of 18 April 2018, it further subjectively extended the proceedings and postponed the time limit for the conclusion to 31 December 2018,further postponed at 15 February 2019 by an order of 21 September 2018. The Company firmly rejected the assumption of an alleged collusive agreement with the other companies involved in the proceedings. The Directors believe that there were absolutely no probability requirements, in addition to those that could be determined reliably, requested by international accounting standards for the allocation of a provision for risk.

Counting fully on the arguments discussed with its lawyers, considering also the solid financial balance of the Company and of the Group and the significant amount of contracts already acquired at the reporting date of the consolidated Financial Statements, the Directors did not find significant uncertainties for the purposes of assessing the going concern basis.

14. TRADE PAYABLES, ADVANCES FROM CUSTOMERS AND OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item as at 30 September 2018 and 31 December 2017:

	30 September 2018	of which to related parties	31 December 2017	of which to related parties
Trade payables	333,539		340,362	
Trade payables to third parties	**333,539**	**0**	**340,362**	**0**
Trade payables to Manutencoop Cooperativa	4,263	4,263	12,450	12,450
Trade payables to Group companies within 12 months	14,394	14,394	26,069	26,069
Trade payables to Manutencoop Group	**18,657**	**18,657**	**38,519**	**38,519**
Advances from customers including contract liabilities	17,232	65	14,141	0
Trade payables and advances from customers	**369,428**	**18,722**	**393,022**	**38,519**
Fees due to directors and statutory auditors	473		531	
Payables to the Tax Authorities	6,984		9,323	
Payables to social security institutions within 12 months	8,422		9,823	
Other payables to TAC	9,049		6,824	
Payables to employees within 12 months	55,032		48,974	
Other payables within 12 months	10,067		14,643	

	30 September 2018	of which to related parties	31 December 2017	of which to related parties
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**92,203**	**0**	**92,294**	**0**
Other current payables to Manutencoop Cooperativa	42	42	42	42
Other payables to Group companies	282	282	(10)	(10)
Other current operating payables to Manutencoop Group	**324**	**324**	**32**	**32**
Accrued expenses	7		8	
Deferred income	1,053		1,081	
Accrued expenses and deferred income	**1,060**	**0**	**1,089**	**0**
Other current operating payables	**93,587**	**324**	**93,415**	**32**

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 and are settled, on average, after 30 days, excluding payables due to employees for accrued year-end and summer bonuses and holidays paid at 6 months on average, and the amounts due to the Tax Authorities for VAT payments.

Trade payables and advances from customers at 30 September 2018 amounted to € 369,428 thousand against a balance of € 393,022 thousand at 31 December 2017.

Other current operating payables showed a balance of € 93,587 thousand at 30 September 2018 (€ 93,415 thousand at 31 December 2017) and are mainly made up of the following items:

- payables to employees of € 55,032 thousand (€ 48,974 thousand at 31 December 2017) including the current monthly salaries to be paid in the months after the reporting period, as well as payables for additional monthly salaries to be paid (a portion of the summer bonus, to be paid every year in the month of July, and of the year-end bonus, to be paid every year in December). Furthermore, the corresponding payables to social security institutions were recognised for € 8,422 thousand (€ 9,823 thousand at 31 December 2017);
- payables due to Tax Authorities for € 6,984 thousand, mainly related to the balance of the VAT payables due from some subsidiaries of the Group and the IRPEF (Personal Income) tax debt relating to employees (€ 9,323 thousand at 31 December 2017);
- collections on behalf of Temporary Associations of Companies (TAC) for € 9,049 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under the “CONSIP” agreement (€ 6,824 thousand at 31 December 2017).

Other payables within 12 months of € 10,067 thousand mainly include the payable related to the Competition Authority's fine of € 5,888 thousand following the dismissal by the Lazio Regional Administrative Court of the request for suspension of the payment made by Rekeep S.p.A. (for further details, refer to note 13 above). Moreover, the Competition Authority intervened with the measure of 28 April 2017 by allowing to pay the fine in 30 monthly instalments at the legal interest rate of currently 0.1%. Rekeep S.p.A. has paid monthly instalments regularly.

15. COMMITMENTS AND CONTINGENT LIABILITIES

Financial lease

The Group signed finance leases primarily for plant and machinery used in the production processes of the *Laundering&Sterilisation* SBU and for motor vehicles. Moreover, during 2017 a real-estate lease agreement was signed by subsidiary Servizi Ospedalieri S.p.A. to acquire the factory in Lucca. The acquisitions of EOS and Medical Device S.r.l., during 2018, contributed additional leases for capital goods and for the use of a property.

The table below details the amount of future fees deriving from financial leases and the current value of these fees:

	30 September 2018		31 December2017	
	Fees	Current value of lease fees	Fees	Current value of lease fees
Within 1 year	507	388	586	491
From 1 to 5 years	1,841	1,689	1,474	1,632
After 5 years	2,132	1,590	2,442	1,769
TOTAL LEASE FEES	**4,479**	**3,667**	**4,502**	**3,622**
Financial charges	(813)		(880)	
CURRENT VALUE OF LEASE FEES	**3,667**	**3,667**	**3,622**	**3,622**

Moreover, at 30 September 2018, the Group granted sureties to third parties for:

- guarantees for financial obligations of € 11,282 thousand (€ 11,037 thousand compared to 31 December 2017), of which € 3,525 thousand issued in the interest of associates for bank overdrafts and other financial obligations (€ 4,425 thousand at 31 December 2017);

- sureties issued to third parties to ensure the correct fulfilment of contract obligations in place with customers amounting to € 264,738 thousand (€ 234,241 thousand at 31 December 2017), of which € 435 thousand issued in the interest of associates;
- other guarantees issued by third parties in favour of associates, joint ventures and other interests amounting to € 6,891 thousand (€ 10,014 thousand at 31 December 2017).
- other guarantees issued 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 € 25,249 thousand (31 December 2017: € 5,040 thousand).

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.

The controlling company 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. In this context the Parent Company Rekeep S.p.A. benefitted from a Proceeds Loan in a nominal amount of Euro 190.3 million, bearing interest at a rate equal to that of the bond issue.

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 indirect 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) were initially backed mainly by the following collateral provided on 13 October 2017 *pro indiviso* in favour of bond and bank creditors:

- a first-degree pledge over the total shares of Rekeep S.p.A.;
- an assignment, by way of security, involving receivables arising from the abovementioned Proceeds Loan, which was partially repaid during the fourth quarter of 2017 and then during the first nine months of 2018 in order to allow CMF to pay the interest coupons and finally it was paid off after the merger.

After the completion of the merger there is still a first-degree pledge over the total shares of Rekeep S.p.A., granted by the controlling company Manutencoop Società Cooperativa. Furthermore, the following additional guarantees have been accepted:

- a pledge over the total shares of 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.

Furthermore, the Parent Company Rekeep S.p.A. has issued, in favour of the subscribers of the Super Senior Revolving loan only, a special lien under art. 46 of Legislative Decree 385 of 1 September 1993 over some of its personal property.

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 Group. At 30 September 2018, no events of default had occurred.

Contingent liabilities

At the date of approval of the Interim Report on Operations at 30 September 2018, contingent liabilities had arisen for the Rekeep Group which had not been recognised in the accounts and for which the Management believes that the related financial risks can be regarded as possible but unlikely.

Compensation for damages for the fire that occurred in the former Olivetti area in Scarmagno (Turin)

Rekeep S.p.A. is liable for the offences of unintentional fire and breach of safety regulations following the fire that occurred in the former Olivetti area in Scarmagno (Turin) on 19 March 2013. The Court of Ivrea ruled in first instance on 24 February 2017, with a judgement which acquitted the accused on the grounds that they “had not committed the offence”. However, the Public Prosecutor and Prelios SGR, Telecom Italia S.p.A and Olivetti S.p.A plaintiffs appealed against this ruling in July 2017 and the company is waiting for the hearing before the Court of Appeal of Turin to be scheduled.

In relation to the accident caused by this fire the insurance companies paid the injured parties damages for more than € 38 million, for which they subsequently formalised recourse actions against the natural persons concerned and their employers, including Rekeep S.p.A.. The overall claim for damages was equal to more than € 50 million, including claims for damages submitted by the owners of the properties concerned and the above-mentioned insurance company’s recourse actions. On the other hand, on 24 February 2017, Rekeep S.p.A. and the subjects involved were served a summons by AIG Europe Limited (one of the insurance companies party to the action) in order to obtain, by way of subrogation, what was already paid to Telesystem Electronics S.r.l (owner of the goods stored at the factory of Scarmagno) for a value of € 187 thousand.

As part of the above proceedings, Generali Assicurazioni voluntarily appeared before the court as well by making a similar claim for more than € 33 million on account of recourse for indemnities it had paid in favour of Celltel S.p.A (now Fallimento Telis S.r.l), Innovis S.p.A, the Telecom Group, RTI S.p.A, in addition to costs for technical assessments ordered by Generali prior to the case. The proceedings before the Court of Milan are still pending, and the next hearing has been scheduled on 12 February 2019. In the meanwhile, the parties started negotiations aimed at an amicable settlement of the dispute; specifically, a settlement agreement is being prepared between Rekeep S.p.A. and Generali Assicurazioni, under which Rekeep S.p.A. undertakes (using funds provided to it by UnipolSai Assicurazioni S.p.A. as the insurance company for Liability, which has declared its willingness to enter into the agreement by signing a binding commitment), to pay Generali an overall amount of € 3,366 thousand,

equal to 10% of the total sum paid by Generali to its insured parties, on account of full payment, write-off and settlement. This amount will be paid by UnipolSai on behalf of Rekeep S.p.A. in three equal instalments by 30 January 2019. The agreement also provides that, as regards the position of Prelios SGR, since it is not a party to the agreement and since its liability is covered by an insurance policy taken out with Generali, Rekeep S.p.A. undertakes to hold harmless Generali Assicurazioni, until Prelios SGR's claim against Generali Assicurazioni becomes statute barred and up to an amount equal to the limit of Liability equal to € 2,600 thousand, from and against any expenditure which Generali should be required to sustain by virtue of a provisionally enforceable judgment. Rekeep S.p.A. and UnipolSai Assicurazioni S.p.A. also undertake to settle, by 30 November 2018, the credit positions of the co-insurers of Generali Italia S.p.A., Chubb European Group Limited (formerly ACE) and HDI Global S.E., General Representative Office in Italy (formerly HDI Gerling), at a percentage of 10% of the right claimed and through the payment of amounts of € 125 thousand and € 63 thousand, respectively.

After careful assessment of the available evidence and also following the acquittal in first instance and the settlement agreements being entered into, the Directors considered the risk as possible but unlikely.

Enquiry of the Public Prosecutor's office of Naples relating to the tender for the awarding of cleaning services at A.O.R.N. Santobono Pausilipon

On 3 April 2017, the Public Prosecutor's office of Naples served a search order against some employees of the Company, carried out at its premises. These employees are under investigation as part of the enquiry started by the Public Prosecutor's office of Naples relating to the tender for the awarding of cleaning services at A.O.R.N. Santobono Pausilipon in Naples. The offences notified to the employees also include the crime of corruption pursuant to Article 319 and 319-*bis* of the Italian Penal Code, potentially relevant under Legislative Decree 231 of 2001.

On 27 April 2017, Rekeep S.p.A. was formally served the summons for the hearing to discuss the request of applying the precautionary disqualification measure to the Company formulated by the Public Prosecutor pursuant to Legislative Decree 231/2001 and, however, the Judge for Preliminary Investigations of the Court of Naples rejected this request for disqualification measure, since he did not believe that the requirements had been met for the application of this measure. With regard to the only two employees who at the time of the facts were executives, moreover, on 2 August 2017 the Judge for Preliminary Investigations of the Court of Naples, at the request of the Public Prosecutor, ordered the dismissal of the related proceedings.

Finally, on 28 December 2017 the Judge for Preliminary Investigations ordered the commitment for trial for the Company and two employees. Rekeep S.p.A. confirms that it is completely extraneous to the alleged offences with which it is charged, while specifying that the two employees committed for trial at the time of the facts did not hold any executive office and that one of them left the Manutencoop Group well before the execution of the alleged unlawful agreement objected against. The first hearing for the trial was set for 1 March 2018 and was postponed due to a defect in the service of process to 3 May 2018 and further postponed due to another defect in the service of process to 5 July 2018. The next hearing has been scheduled for 24 January 2019.

ANAC's order relating to the tender for the awarding of cleaning services at A.O.R.N. 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 on Rekeep S.p.A., 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 being involved in the investigation conducted on the part of the Naples Public Prosecutor's Office in 2013, as described above. On the other hand, this proxy holder met the legal requirements in full. The ANAC order provided for the Company to be excluded from all public tenders for a period of 6 months. 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 ANAC measure before any discussion on the merits of the case ("request for precautionary measure from a single-member court"). On 15 November 2017 this request was granted and all the effects of the ANAC order were suspended until the issue of the subsequent ruling handed down by the Lazio Regional Administrative Court. On 21 December 2017 the Lazio Regional Administrative Court granted the appeal, as regards the merits, submitted by the Company and annulled the sanctioning order. Subsequently ANAC challenged the administrative court's ruling before the Council of State, while submitting a request for precautionary measures for the suspension of the effects of the trial judgment. At the hearing held to discuss this request on 8 March 2018 the Council of State rejected this request, ordering ANAC to pay expenses, waiting for the hearing on the merits to be set. The next hearing to discuss the merits of the case has been scheduled for 24 October 2018 and the Company is waiting for the outcome.

16. MANAGEMENT OF FINANCIAL RISKS

The management of borrowing and the relative risks (mainly interest rate and liquidity risks) is carried out centrally by the financial department of the Group on the basis of guidelines that are approved by the Parent Company's Board of Directors, which are reviewed on a regular basis. The main aim of these guidelines is to ensure that the liabilities' structure is in line with the composition of the assets in the financial statements in order to maintain a high degree of financial stability.

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 the Parent Company Rekeep S.p.A. to a newly-established corporate SPV named CMF S.p.A, which became the company directly controlling

Rekeep S.p.A.. In particular, 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. during 2013, as well as at purchasing the shares held by minority shareholders in the share capital of the Parent Company Rekeep S.p.A. and repaying any other financial debt of the entire Group controlled by Manutencoop Società Cooperativa.

On 6 July 2017, CMF S.p.A. launched a non-convertible and non-subordinated high yield bond issue named "€360,000,000 9.0% Senior Secured Notes due 2022", for a total capital amount of € 360 million, due on 15 June 2022. The bond, which is reserved for institutional investors and is listed on the Euro MTF market managed by the Luxembourg Stock Exchange, as well as on the Extra MOT Pro Segment of the Italian Stock Exchange, was issued at a price equal to 98% and a fixed annual 9.0% coupon on a six-monthly settlement basis. The terms and conditions referred to in the rules governing the Bond Issue are laid down in the Indenture regulated by the laws of the State of New York. This bond issue was initially paid by Bank of New York to an escrow account until it was released on 13 October 2017. On the same date Rekeep S.p.A. received a Proceeds Loan of € 190,300 thousand from CMF S.p.A., which was subsequently partially repaid and which allowed it, together with the use of a portion of its Cash and cash equivalents, to have available sufficient cash to proceed with the early redemption of the Notes issued in 2013.

At the same time, CMF S.p.A. completed the purchase of the shares held by Institutional Investors in the capital of Rekeep S.p.A. (equal to 33.2%), thus becoming the sole shareholder of Rekeep S.p.A., using the remaining amount of cash acquired through the subscription of the Notes,

As provided for in Offering Memorandum of the bond issue, the Group proceeded with the merger of CMF S.p.A by incorporation into its subsidiary Rekeep S.p.A. on 1 July 2018, pursuant to art. 2501-*bis* (merger following acquisition with debt), while entailing a simultaneous repayment of the Proceeds Loan (equal to a nominal amount of € 174,220 thousand at the date of the merger) and Rekeep S.p.A.'s direct acquisition of the bond issue.

With the start of the operations of corporate reorganisation and refinancing of the entire Manutencoop Group planned by Manutencoop Società Cooperativa in 2017 and the completion of the merger of CMF S.p.A. by incorporation into Rekeep S.p.A. on 1 July 2018, a change was reported in the financial structure of the Rekeep Group during the third quarter of 2018.

In fact, the merger entailed the acquisition, directly on the part of Rekeep S.p.A., of the non-convertible and non-subordinated high yield bond issue named "€360,000,000 9.0% Senior Secured Notes due 2022", for a total capital amount of € 360 million, due on 15 June 2022.

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

- short-term loans and revolving assignments of trade receivables without and with recourse 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 amortisation 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. Trading in financial instruments is not part of the Group's policy.

The Group's financial instruments were classified based on the three levels stated in IFRS 7. Specifically, the fair value hierarchy is composed of the following 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 at 30 September 2018 and 31 December 2017.

		Hierarchy Levels				Hierarchy Levels		
	30 September 2018	Level 1	Level 2	Level 3	31 December 2017	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss								
Financial receivables, securities and other non-current financial assets	101	101			101	101		
- of which securities	101	101			101	101		
Available for sale financial assets								
Financial receivables and other current financial assets	145	145			0	0		
- of which securities	145	145			0	0		
- of which hedging derivatives	0	0			0	0		
- of which non-hedging derivatives	0	0			0	0		
TOTAL FINANCIAL ASSETS	**246**	**246**			**101**	**101**		

Any additional financial assets resulting from the Statement of Financial Position were not measured at fair value. The Group had no financial liabilities measured at fair value at 30 September 2018 and 31 December 2017. During the reporting period, there were no transfers from one fair value measurement level to another.

There were no changes in the destination of financial assets that entailed any being classified differently. The Group has no credit guarantee instruments to mitigate credit risk. The carrying amount of financial assets, therefore, represents its potential credit risk.

Management of capital

The main objective of the Group's policy for the management of its capital is to ensure that a solid credit rating and sound capital ratios are maintained in order to support its business and maximise shareholder value.

The Group manages and modifies capital structure according to changes in economic conditions. In order to maintain or adjust capital structure, the Group may change the amounts of shareholder dividends, repay capital or issue new shares.

The Group checks its debt ratio comparing its net debt with the sum of equity and net debt: interest-bearing loans, trade payables, other payables and the provision for employee termination benefits, net of cash and cash equivalents.

	30 September 2018	31 December 2017
Provision for employee termination benefits	14,925	15,519
Interest-bearing loans	406,550	175,281
Trade payables and advances from customers	369,428	393,022
Other current payables	93,587	93,415
Other current financial liabilities	3,787	43,165
Cash and cash equivalents	(84,754)	(59,870)
Other current financial assets	(1,687)	(1,870)
Total Net debt	**801,836**	**658,662**
Equity attributable to the Group	109,076	298,401
Undistributed net profit (loss)	(10,340)	(642)
Total Capital	**98,736**	**297,759**
CAPITAL AND NET DEBT	**900,572**	**956,421**
Debt ratio	89.0%	68.9%

The transaction of reverse merger of CMF S.p.A. by incorporation into Rekeep S.p.A. gave rise to an increase in the debt ratio compared to 31 December 2017, since it entailed a simultaneous increase in the Net debt of € 143.2 million, and a decrease in the Capital, as reported in note 3 above.

17. 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 the business is classified. The latter is not affected by significant seasonal factors. The SBUs identified coincide with the CGUs in which the Group's operations are divided and are summarised below.

Facility Management SBU

Facility Management offers a range of logistic and organisational support services targeted at users of properties and aimed at optimising 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 includes cleaning and hygiene services, sanitation, disinfection, pest control and rat extermination, collection, transport and disposal of hospital waste and employs the highest number of Group employees.

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

- design and implementation of redevelopment and adjustment work in line with safety regulations;
- design and installation of devices for energy saving and for the reduction of emissions of pollutants into the atmosphere.

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

Through a series of acquisitions, the Group also expanded its range of services, providing certain specialist facility management services alongside its "traditional" Facility management services, such as:

- services related to the security of buildings;

- mailing services;
- document management.

The establishment of Yougenio S.r.l. during 2016 led to embarking on a path to growth in "business to consumer" (B2C) service markets, with the aim to enter the Consumer market of home and personal services, also leveraging the creation of a digital platform easily accessible by a wide range of prospects.

Laundering & Sterilization SBU

The so-called *Laundering&Sterilisation* is an industrial activity given in support of healthcare activities. The operations, carried out by the Rekeep Group in particular through Servizi Ospedalieri S.p.A. and its subsidiaries, mainly involve (i) the rental and industrial laundering of bed linen, packaged linen and mattresses (linen rental and industrial laundering), (ii) sterilisation of linen and (iii) sterilisation of surgical equipment.

Laundering&Sterilisation services provided by the Group include also the following activities:

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

The following table shows the economic results by segment for the periods ended 30 September 2018 and 30 September2017:

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Revenues by segment	594,092	94,590	(1,938)	686,744
Segment costs	(563,382)	(84,913)	1,938	(646,358)
Operating income (loss) by segment	**30,710**	**9,676**	**0**	**40,386**
Equity-accounted profit (loss) of associates	920	280		1,201
Net financial income (charges)				(21,760)
Profit (loss) before taxes				**19,827**
Income taxes				(9,346)
NET PROFIT FOR THE PERIOD ENDED 30 SEPTEMBER 2018				**10,481**

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Revenues by segment	568,556	97,900	(1,997)	664,459
Segment costs	(530,207)	(84,382)	1,997	(612,591)
Operating income (loss) by segment	**38,349**	**13,518**	**0**	**51,868**
Equity-accounted profit (loss) of associates	948	81		1,029
Net financial income (charges)				(21,366)
Profit (loss) before taxes				**31,530**
Income taxes				(13,618)
NET PROFIT FOR THE PERIOD ENDED 30 SEPTEMBER 2017				**17,913**

Below are the data related to assets and liabilities by operating segments of the Group at 30 September 2018 and 31 December 2017.

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Assets allocated to the segment	427,194	112,324	(929)	538,589
Goodwill	393,813	13,809		407,622
Investments	23,941	5,633		29,574
Other assets not allocated and related taxes				121,985
SEGMENT ASSETS AT 30 SEPTEMBER 2018	**844,949**	**131,765**	**(929)**	**1,097,771**
Liabilities allocated to the segment	450,442	59,286	(929)	508,799
Other liabilities not allocated and related taxes				479,125
SEGMENT LIABILITIES AT 30 SEPTEMBER 2018	**450,442**	**59,286**	**(929)**	**987,924**

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Assets allocated to the segment	447,605	116,856	(1,885)	562,576
Goodwill	358,600	11,763		370,363
Investments	26,870	6,290		33,160
Other assets not allocated and related taxes				101,235
SEGMENT ASSETS AT 31 DECEMBER 2017	**831,966**	**134,910**	**(1,885)**	**1,066,225**
Liabilities allocated to the segment	480,629	57,549	(1,885)	536,293

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Other liabilities not allocated and related taxes				231,151
SEGMENT LIABILITIES AT 31 DECEMBER 2017	**480,629**	**57,549**	**(1,885)**	**767,444**

18. RELATED PARTY TRANSACTIONS

Related party transactions were performed under normal market conditions, i.e. in line with the 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, financial and lease service contracts in place with its parent company Manutencoop Società Cooperativa.

The main contracts in place with other companies of the Rekeep, Group, which is controlled by Manutencoop Società Cooperativa, with the latter and its subsidiaries, are shown below:

- e-Digital Services S.r.l. signed a contract with the associate Roma Multiservizi S.p.A. on the basis of which it commits to provide an Information System service. The contract, expiring on 31 December 2018, envisages an annual consideration of € 815 thousand.
- Manutencoop Cooperativa sub-leased to Rekeep S.p.A. the part of the property located in Zola Predosa, via Poli no. 4 (Bologna), for office use. The lease is automatically renewable, except in the event of termination by one of the parties. Annual rent is € 1,333 thousand, to be paid in monthly instalments.
- The affiliate company Manutencoop Immobiliare S.p.A. leased to Sicura S.p.A. the property located in Vicenza (Vicenza), via Zamenhof 372, for office/warehouse use. The duration of the lease has a 6-year term and is automatically renewable, except in the event of termination by one of the parties. Annual rent is € 372 thousand, to be paid in monthly instalments.
- The affiliate company Manutencoop Immobiliare S.p.A. leased to Rekeep S.p.A. the part of the property located in Mestre (Venice), via Porto di Cavergnago 6, for office use. Annual rent is € 322 thousand, to be paid in 12 monthly instalments.
- 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 contracts for the supply of staff 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 automatically renewed, unless in case of termination. As a result of said agreement, which has the legal nature of a framework 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 supply of shareholding staff to Manutencoop Cooperativa, and the operating rules for establishing and resolving said contracts.

- Manutencoop Cooperativa is committed, on the basis of contracts signed with the individual companies of the Rekeep Group, to prepare pay packets.
- Rekeep S.p.A. signed agreements with Manutencoop Cooperativa and its subsidiaries for the provision of tax consultancy services.
- On 13 October 2017 Rekeep S.p.A. entered into a loan agreement named Proceeds Loan with the then sole shareholder CMF S.p.A., expiring on 15 June 2022 and bearing interest at an annual fixed rate of 9.0%, payable on a six-monthly basis on 15 June and 15 December. CMF S.p.A. was merged by incorporation into Rekeep S.p.A. with effect from 1 July 2018. The loan in question was paid off following said merger.

The breakdown of the balances relating to the transactions carried out by the Group Companies with related parties is provided in Annex II to the Interim Report on Operations.

The Rekeep Group is subject to the management and coordination activities of Manutencoop Società Cooperativa.

Zola Predosa, 14 November 2018

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 n. 4	Zola Predosa (BO)

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name	Registered office	City	% Held	Currency
Alessandria Project Value S.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	100%	Euro
CO.GE.F. Soc. Cons. a r.l	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	80%	Euro
Consorzio Igiene Ospedaliera Soc. Cons. a r.l	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	66.66%	Euro
Consorzio Servizi Toscana Soc. Cons. a r.l	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	60%	Euro
Evimed S.r.l.	Via Zamenhof 363	Vicenza	100%	Euro
e-Digital Services S.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	100%	Euro
Elene Project S.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	62%	Euro
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, n. 4	Çankaya/ Ankara	51%	TRY
Ferraria Soc. cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	69%	Euro
Global Oltremare Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	60%	Euro
H2H Facility Solutions S.p.A.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	100%	Euro
ISOM Lavori Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	62.71%	Euro
ISOM Gestione Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	52.97%	Euro
KANARIND Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	62.43%	Euro
Leonardo S.r.l.	Via Zamenhof 363	Vicenza	100%	Euro
Logistica Sud Est Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	60%	Euro
Manutencoop France S.a.r.l.	4 place Louis Armand-Tour de l'Horloge	Paris	70%	Euro

Name	Registered office	City	% Held	Currency
Manutencoop International Services LLC	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	QAR
Manutencoop Transport S.a.S.	4 place Louis Armand-Tour de l'Horloge	Paris	100%	Euro
MCF servizi Integrati Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	60%	Euro
Medical Device S.r.l.	Via della Tecnica .52	Montevarchi (Arezzo)	60%	-Euro
MFM Capital S.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	100%	Euro
MSE Soc. Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	100%	Euro
Palmanova Servizi Energetici Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	60%	Euro
Protec S.r.l.	Via Zamenhof 363	Vicenza	100%	Euro
Rekeep Facility S.a.s.	52, Boulevard de Sebastopol	Paris	100%	Euro
Rekeep Rail S.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	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 n. 4	Zola Predosa (Bologna)	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 n. 4	Zola Predosa (Bologna)	60%	Euro
Servizi Brindisi Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	52%	Euro
Servizi Ospedalieri S.p.A.	Via Calvino 33	Ferrara	100%	Euro
Servizi Sanitari Sicilia Soc.Cons. a r.l.	Via Calvino 33	Ferrara	70%	Euro
Servizi Taranto Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	60.08%	Euro
Sicura S.p.A.	Via Zamenhof 363	Vicenza	100%	Euro
Telepost S.p.A.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	100%	Euro
Yougenio S.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	100%	Euro

JOINT VENTURES CONSOLIDATED UNDER THE EQUITY METHOD

Name	Registered office	City	% Held	Currency
AMG S.r.l.	SS Laghi di Avigliana 48/a	frazione Roata Raffo Busca (Cuneo)	50%	Euro

Name	Registered office	City	% Held	Currency
Cardarelli Soc.cons.r.l.	S.S. Appia 7 bis Km. 11,900 Zona A.s.i. Aversa Nord	Carinaro (Caserta)	60%	Euro
CO. & MA. Soc. Cons. a r.l.	Via del Parco n. 16	Tremestieri Etneo (Catania)	50%	Euro
DUC Gestione Sede Unica Soc.cons.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	49%	Euro
Legnago 2001 Soc.cons.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	50%	Euro
Servizi Sportivi Brindisi Soc.cons.r.l.	Via Licio Giorgieri 93	Rome	50%	Euro

COMPANIES CONSOLIDATED UNDER THE EQUITY METHOD

Name	Registered office	City	% Held	Currency
Alisei S.r.l. in liquidation	Via Cesari 68/1	Modena	100%	Euro
Bologna Gestione Patrimonio Soc.Cons. r.l. in liquidation	Via della Cooperazione 9	Bologna	27.58%	Euro
BGP2 Soc.Cons. r.l.	Via Giovanni Papini n. 18	Bologna	41.17%	Euro
Bologna Global Strade Soc.Cons. r.l.	Via Pila n. 18	Sasso Marconi (Bologna)	56%	Euro
Bologna Multiservizi Soc.Cons. r.l. in liquidazione	Via San Silvestro n. 56	Faenza (Ravenna)	39%	Euro
Bologna Più' Soc.Cons.r.l in liquidation	Via M.E. Lepido 182/2	Bologna	25.68%	Euro
Centro Europa Ricerche S.r.l.	Via G. Zanardelli n. 34	Roma	21.38%	Euro
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	Via Poiano 22	Imola (Bologna)	60%	Euro
Como Energia Soc.Cons. r.l.	Via Pietro Strazzi 2	Como	30%	Euro
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati 84	Padua	60%	Euro
Consorzio Sermagest Soc.Cons. a r.l. in liquidation	Via Filippo Corridoni 23	Rome	60%	Euro
F.lli Bernard S.r.l.	Stradella Aquedotto 21	Bari	20%	Euro
Gico System S.r.l.	Via Finelli 8	Calderara di Reno (Bologna)	20%	Euro
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	42.40%	Euro
GR.A.AL. SOC.CONS a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	29.926%	Euro
Global Riviera Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	30.66%	Euro
Global Vicenza Soc.Cons. a r.l.	Via Grandi 39	Concordia Sulla Secchia (Modena)	41.25%	Euro

Name	Registered office	City	% Held	Currency
Gymnasium Soc.Cons. r.l. in liquidation	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa 76	Bologna	29.926%	Euro
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi 18	Turin	24.75%	Euro
Livia Soc.Cons. a r.l. in liquidation	Via Roma 57/B	Zola Predosa (Bologna)	34.10%	Euro
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa 23/I	Caltanissetta (Caltanisetta)	45%	Euro
Newco Duc Bologna S.p.A.	Via M.E. Lepido 182/2	Bologna	24.90%	Euro
Palazzo della Fonte S.c.p.a.	Via Calamandrei, 255	Arezzo	33.30%	Euro
Roma Multiservizi S.p.A.	Via Tiburtina 1072	Rome	45.47%	Euro
San Martino 2000 Soc.Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (Genova)	40%	Euro
S.E.I. Energia Soc. Cons. a r.l.	Via Emilia 65	Palermo (Palermo)	49%	Euro
Società Consortile Adanti Manutencoop a r.l.in liquidation	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	50%	Euro
Serena S.r.l. in liquidation	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	50%	Euro
Se.Ste.Ro S.r.l.	Via San Pietro 59/B	fraz. Castellina - Soragna (Parma)	25%	Euro
Servizi Napoli 5 Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	45%	Euro
Sesamo S.p.A.	Via C. Pisacane 2	Carpi (Modena)	20.91%	Euro
Simagest 2 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	90%	Euro
Simagest 3 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	89.99%	Euro
Synchron Nuovo San Gerardo S.p.A.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	35.82%	Euro
Steril Piemonte Soc.Cons. r.l.	Corso Einaudi 18	Turin	25%	Euro
T&M Protection Resources Holdings Italy S.p.A.	Via Ubaldo Poli n. 4	Zola Predosa (Bologna)	40%	Euro
Tower Soc.Cons. a r.l. in liquidation	Via Zanardi 372	Bologna	20.17%	Euro

ANNEX II

RELATED PARTY TRANSACTIONS

PARENT COMPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
CMF S.p.A.	30-Sep-17					31-Dec-17			10,759	168,562
	30-Sep-18				8,679	30-Sep-18				
Manutencoop Società Cooperativa	30-Sep-17	102	21,947			31-Dec-17	100	8,004	12,450	267
	30-Sep-18	142	22,039		189	30-Sep-18	46	9,732	4,267	53,935

ASSOCIATES AND JOINT-VENTURE

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Alisei s.r.l. in liquidation	30-Sep-17					31-Dec-17	3			1
	30-Sep-18					30-Sep-18	3			1
AMG S.r.l.	30-Sep-17		201			31-Dec-17			162	
	30-Sep-18		199			30-Sep-18			169	
BGP2 Soc.Cons. r.l.	30-Sep-17		39			31-Dec-17			89	
	30-Sep-18					30-Sep-18			89	
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	30-Sep-17					31-Dec-17	452		411	
	30-Sep-18	45	259			30-Sep-18	507		647	
Bologna Multiservizi Soc.Cons. a r.l.	30-Sep-17	37				31-Dec-17	54		606	
	30-Sep-18					30-Sep-18	54		386	
Bologna Più Soc.Cons.a r.l. in liquidation	30-Sep-17					31-Dec-17		3	3	2
	30-Sep-18					30-Sep-18		3	3	2
Bologna Global Strade Soc. Cons. a r.l	30-Sep-17	2,008	3,906			31-Dec-17	1,943	336	3,926	
	30-Sep-18	2,399	4,224			30-Sep-18	1,978	336	3,761	
Cardarelli Soc.	30-Sep-17		467			31-Dec-17			342	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cons. a r.l.	30-Sep-18		39			30-Sep-18			40	
Centro Europa Ricerche S.r.l.	30-Sep-17					31-Dec-17				
	30-Sep-18					30-Sep-18				
Como Energia Soc.Cons.a r.l.	30-Sep-17		285			31-Dec-17			999	
	30-Sep-18		46			30-Sep-18			102	
Consorzio Imolese Pulizie soc.Cons. in liquidation	30-Sep-17					31-Dec-17		36	12	
	30-Sep-18					30-Sep-18		36	12	
Consorzio Polo Sterilizzazione Integrata a r.l.	30-Sep-17					31-Dec-17				
	30-Sep-18					30-Sep-18				
Consorzio Sermagest Soc.Cons.a r.l in liquidation	30-Sep-17					31-Dec-17				
	30-Sep-18					30-Sep-18				
CO.& MA. Soc. Cons. a r.l	30-Sep-17	240	812			31-Dec-17	120	20	709	
	30-Sep-18	270	813			30-Sep-18	210	20	963	
DUC Gestione Sede Unica Soc. Cons. a r.l.	30-Sep-17	5,064	2.,83			31-Dec-17	3,464		1,042	
	30-Sep-18	5,314	2.,71			30-Sep-18	4,412		822	
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	30-Sep-17	31				31-Dec-17	480	882	(27)	260
	30-Sep-18					30-Sep-18				
Fr.lli Bernard s.r.l.	30-Sep-17	9	46			31-Dec-17	45	50	56	
	30-Sep-18	(8)	57			30-Sep-18	25	50	48	
Gico Systems S.r.l.	30-Sep-17	7	451			31-Dec-17	7		532	
	30-Sep-18	8	944			30-Sep-18	8		745	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	30-Sep-17					31-Dec-17		70	13	
	30-Sep-18					30-Sep-18		70	13	
Global Riviera Soc.Cons.a r.l.	30-Sep-17		8			31-Dec-17			(41)	
	30-Sep-18		8			30-Sep-18			(33)	
Global Vicenza Soc.Cons. a r.l.	30-Sep-17		9			31-Dec-17		570	467	
	30-Sep-18		7			30-Sep-18		570	574	
Grid Modena S.r.l.	30-Sep-17					31-Dec-17				
	30-Sep-18					30-Sep-18				
Gymnasium Soc. cons. a r.l in liquidation	30-Sep-17					31-Dec-17	1	8	33	5
	30-Sep-18					30-Sep-18	1	8	33	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
IPP S.r.l.	30-Sep-17	196	19			31-Dec-17	125	59		
	30-Sep-18	103				30-Sep-18	130	59		
Legnago 2001 Soc. Cons. r.l.	30-Sep-17		3			31-Dec-17	158		45	
	30-Sep-18		3			30-Sep-18	158		48	
Livia Soc. cons. a r.l.	30-Sep-17					31-Dec-17			8	
	30-Sep-18					30-Sep-18			8	
Logistica Ospedaliera Soc. Cons. a r.l.	30-Sep-17					31-Dec-17			15	
	30-Sep-18					30-Sep-18			15	
Newco DUC Bologna S.p.A	30-Sep-17		4			31-Dec-17			37	
	30-Sep-18					30-Sep-18			37	
Palazzo della Fonte S.c.p.a.	30-Sep-17	2,858				31-Dec-17	1,367			
	30-Sep-18	2,853				30-Sep-18	1,302			
Progetto ISOM S.p.A.	30-Sep-17	222	273	90		31-Dec-17	12,203	2,043	474	
	30-Sep-18	491	125	66		30-Sep-18	14,286		598	200
Roma Multiservizi S.p.A.	30-Sep-17	4,391	875			31-Dec-17	4,248		725	
	30-Sep-18	1,404	948			30-Sep-18	3,221		765	
San Martino 2000 Soc.Cons. r.l.	30-Sep-17	1,198	2,457			31-Dec-17	163		633	
	30-Sep-18	1,763	2,000			30-Sep-18	1,436		1,468	
Savia Soc. Cons. a r.l	30-Sep-17		16			31-Dec-17			44	
	30-Sep-18		(4)			30-Sep-18			36	
Serena S.r.l. - in liquidation	30-Sep-17					31-Dec-17		3		
	30-Sep-18					30-Sep-18		3		
Servizi Napoli 5 Soc.Cons. a r.l.	30-Sep-17	1,049	957			31-Dec-17	2,057		1,310	
	30-Sep-18	1,010	968			30-Sep-18	2,250		1,478	
Se.Sa.Mo. S.p.A.	30-Sep-17	3,798		19		31-Dec-17	1,451	607	7	
	30-Sep-18	3,804		20		30-Sep-18	1,855	614	7	80
S.E.I. Energia Soc. Cons. a r.l.	30-Sep-17					31-Dec-17				
	30-Sep-18	41				30-Sep-18	47	735		
SESATRE S.cons. a r.l.	30-Sep-17	9	3,316	3		31-Dec-17	3	3	1,352	
	30-Sep-18	8	189			30-Sep-18	8		45	
Se.Ste.Ro S.r.l.	30-Sep-17					31-Dec-17				
	30-Sep-18					30-Sep-18				
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	30-Sep-17					31-Dec-17		75	13	2
	30-Sep-18					30-Sep-18		75	13	2
S.I.MA.GEST3 Soc. Cons. r.l in liquidation	30-Sep-17					31-Dec-17		3	3	
	30-Sep-18					30-Sep-18		3	3	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Società Consortile Adanti Manutencoop in liquidation	30-Sep-17					31-Dec-17			53	
	30-Sep-18					30-Sep-18			53	
Steril Piemonte Soc. cons. a.r.l	30-Sep-17		509	1		31-Dec-17	7	326	474	
	30-Sep-18		537			30-Sep-18	7	75	563	
Synchron Nuovo San Gerardo S.p.A.	30-Sep-17	4,708	278	140		31-Dec-17	7,153	2,520	719	
	30-Sep-18	4.626	135	151		30-Sep-18	5,728	2,671	835	
T&M Protection Resources Holdings Italy S.p.A.	30-Sep-17	,				31-Dec-17				
	30-Sep-18	4				30-Sep-18	4			
Tower Soc.Cons. a r.l. in liquidation	30-Sep-17					31-Dec-17	33	29		
	30-Sep-18					30-Sep-18	33	29		

SUBSIDIARIES OF MANUTENCOOP 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	30-Sep-17					31-Dec-17	1			
	30-Sep-18					30-Sep-18	1			
Manutencoop Immobiliare S.p.A.	30-Sep-17	8	772			31-Dec-17	3	173		
	30-Sep-18	8	764			30-Sep-18	3	173		
Nugareto Società Agricola Vinicola S.r.l.	30-Sep-17	13	6			31-Dec-17	10		20	
	30-Sep-18	14	5			30-Sep-18	2		83	
Sacoa S.r.l.	30-Sep-17	52	13			31-Dec-17	97		42	
	30-Sep-18	43	38			30-Sep-18	15	23	23	
Segesta servizi per l'Ambiente S.r.l.	30-Sep-17	12				31-Dec-17	1			
	30-Sep-18	4				30-Sep-18	2			
MPH S.p.A.	30-Sep-17					31-Dec-17				
	30-Sep-18					30-Sep-18				

ASSOCIATES OF MANUTENCOOP COOPERATIVA OR OTHER GROUP COMAPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Società Cooperativa	30-Sep-17	43	1			31-Dec-17	30		1	
	30-Sep-18	47				30-Sep-18	11		1	
Consorzio Karabak 2 Società Cooperativa	30-Sep-17	3				31-Dec-17				
	30-Sep-18	3	1			30-Sep-18	1		1	
Consorzio Karabak 4 Società Cooperativa	30-Sep-17					31-Dec-17			1	
	30-Sep-18					30-Sep-18				
Consorzio Karabak 5 Società Cooperativa	30-Sep-17					31-Dec-17				
	30-Sep-18					30-Sep-18			1	
Consorzio Karabak 6 Società Cooperativa	30-Sep-17					31-Dec-17				
	30-Sep-18					30-Sep-18				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
GENERAL TOTAL	**30-Sep-17**	**26,058**	**39,953**	**253**	**0**	**31-Dec-17**	**35.,78**	**15,820**	**38,519**	**169,099**
	30-Sep-18	**24,396**	**36,715**	**237**	**8,868**	**30-Sep-18**	**37.,44**	**15,285**	**18,722**	**54,220**

ANNEX III

STATEMENT OF RECONCILIATION OF THE RECLASSIFIED STATEMENT OF CASH FLOWS AND THE STATUTORY STATEMENT ITEMS

	For the 9 months ended 30 September			
	2018		2017	
Cash and cash equivalents at the beginning of the period		**59,870**		**174,992**
Cash flow from current operations:		**41,537**		**47,836**
Profit before taxes	19,827		31,531	
Amortisations, depreciations, write-downs (write-backs) of assets	23,449		21,328	
Accruals(reversals) of provisions	632		764	
Employee termination benefits provision	707		429	
Income (loss) from equity investments, net of dividends collected	1,440		573	
Financial charges (income) for the period	22,250		21,541	
Net interests received (paid) in the period	(10,231)		(26,836)	
Taxes paid in the period	(3,715)		(637)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*(12,822)*		*5,295*	
*Non-cash elements ("*Oneri di Sistema*" charges)*	*0*		*(6,152)*	
Uses of provisions for risks and charges and employee terminations benefits:		**(5,861)**		**(6,789)**
Uses of employee terminations benefits	(1,427)		(2,104)	
Uses of provisions for risks and charges	(4,434)		(4,685)	
CHANGE IN NWOC:		**3,219**		**50,244**
Decrease (increase) in inventories	(83)		(896)	
Decrease (increase) in trade receivables	23,938		32,240	

	For the 9 months ended 30 September			
	2018		2017	
Changes in trade payables	(27,074)		18,900	
INDUSTRIAL AND FINANCIAL CAPEX:		**(17,456)**		**(22,289)**
(Purchase of intangible assets, net)	(4,382)		(5,148)	
(Purchase of property, plant and equipment)	(16,523)		(17,260)	
Sale of property, plant and equipment	361		361	
Disposal (acquisition) of investments	3,393		(411)	
(Decrease) increase in of financial assets	1,488		(29)	
Financial effects of business combinations	(1,529)		0	
Net cash from assets held for sale	175		110	
Reclassifications:				
Net change in current financial assets, to be included in net financial liabilities	*439*		*(5)*	
Payables for acquisition of equity investments and business combinations	*0*		*93*	
CHANGE IN NET FINANCIAL LIABILITIES:		**(192,074)**		**(50,419)**
Change in finance lease debt	45		2,871	
Acquisition of non-current borrowings	6,676		0	
(Repayment) of non-current borrowings	0		(10,000)	
Proceeds from/(repayment of) short term bank debt	1,341		(11,857)	
Other net changes in financial debt	(10,235)		(26,050)	
Adjustments:				
Financial effects of business combinations	*181,258*		*0*	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*12,822*		*(5,295)*	
Net change in current financial assets, to be included in net financial liabilities	*439*		*5*	
Payables for acquisition of equity investments and business combinations	*0*		*(93)*	
Financial effects of business combinations	*(272)*		*0*	
OTHER CHANGES:		**(182,190)**		**(29,259)**

	For the 9 months ended 30 September			
	2018		2017	
Decrease (increase) in other current assets	4,018		(975)	
Change in other current liabilities	(3,060)		(9,325)	
Dividends paid	(70)		(25,111)	
Acquisition/assignment of minority interests of subsidiaries	1,322		0	
Difference of financial statements translations in foreing currency	(770)		0	
Adjustments:				
Financial effects of business combinations	(181,258)		0	
Reclassifications:				
*Non-cash elements ("*Oneri di Sistema*" charges)*	*0*		*6,152*	
Financial effects of business combinations	*272*		*0*	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**84,754**		**164,316**



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