

INTERIM REPORT ON OPERATIONS

at 30 september 2019

rekeep

minds that work

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
Laura Duò
Rossella Fornasari
Paolo Leonardelli
Gabriele Stanzani
Matteo Tamburini

BOARD OF STATUTORY AUDITORS

Appointed by Shareholders' Meeting
del 13 October 2017

CHAIRMAN

Germano Camellini

STATUTORY AUDITORS
Marco Benni
Monica Mastropaolo (ceased to hold office on 5 June 2019)

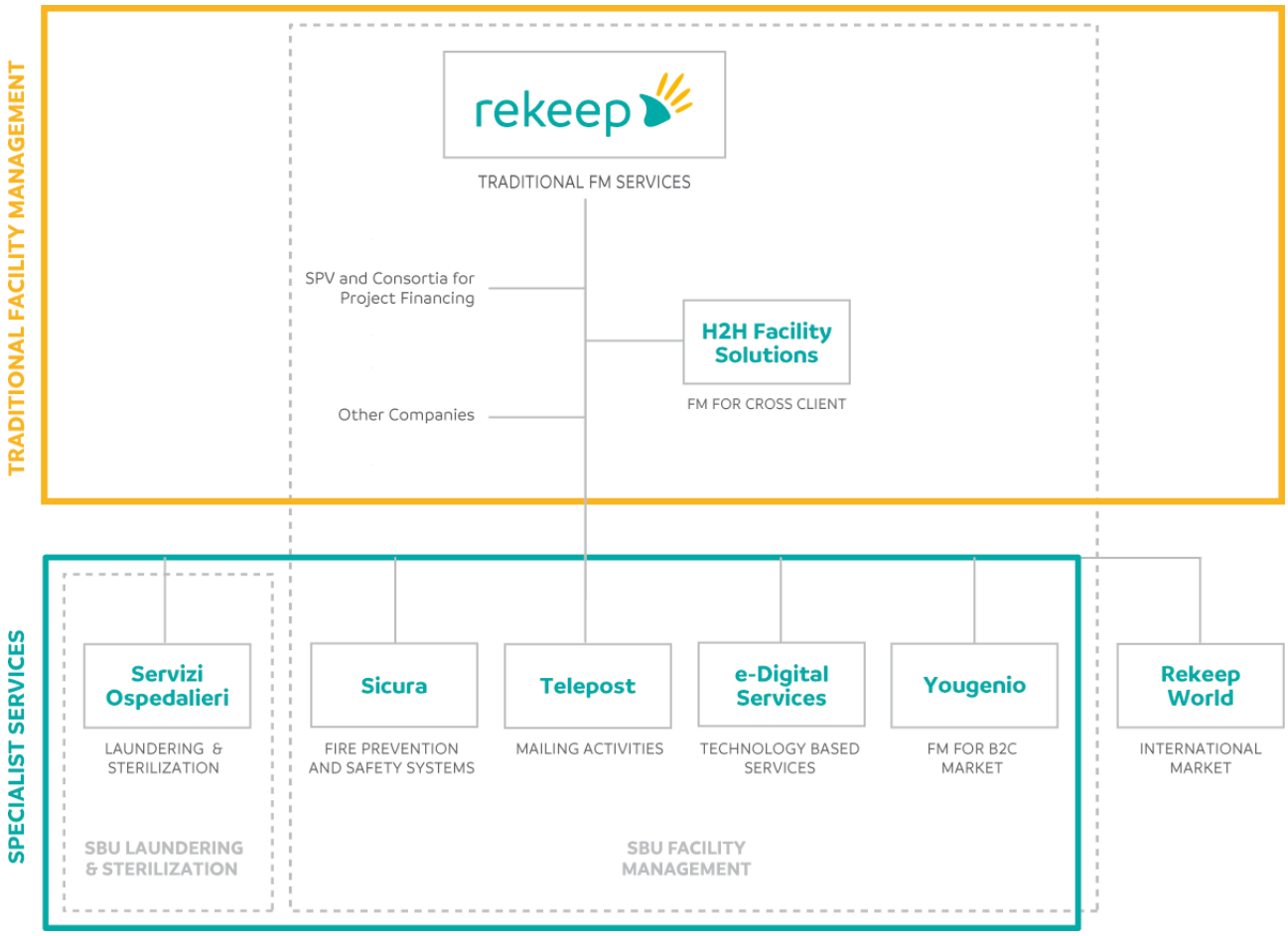
ALTERNATE AUDITORS
Michele Colliva (acting as statutory auditor starting from 5 June 2019)
Antonella Musiani

INDEPENDENT AUDITORS

EY S.p.A.

PREAMBLE

Al 30 September 2019 the Group controlled by Rekeep S.p.A. 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, which was established at the end of 2015 to start business development in international markets.

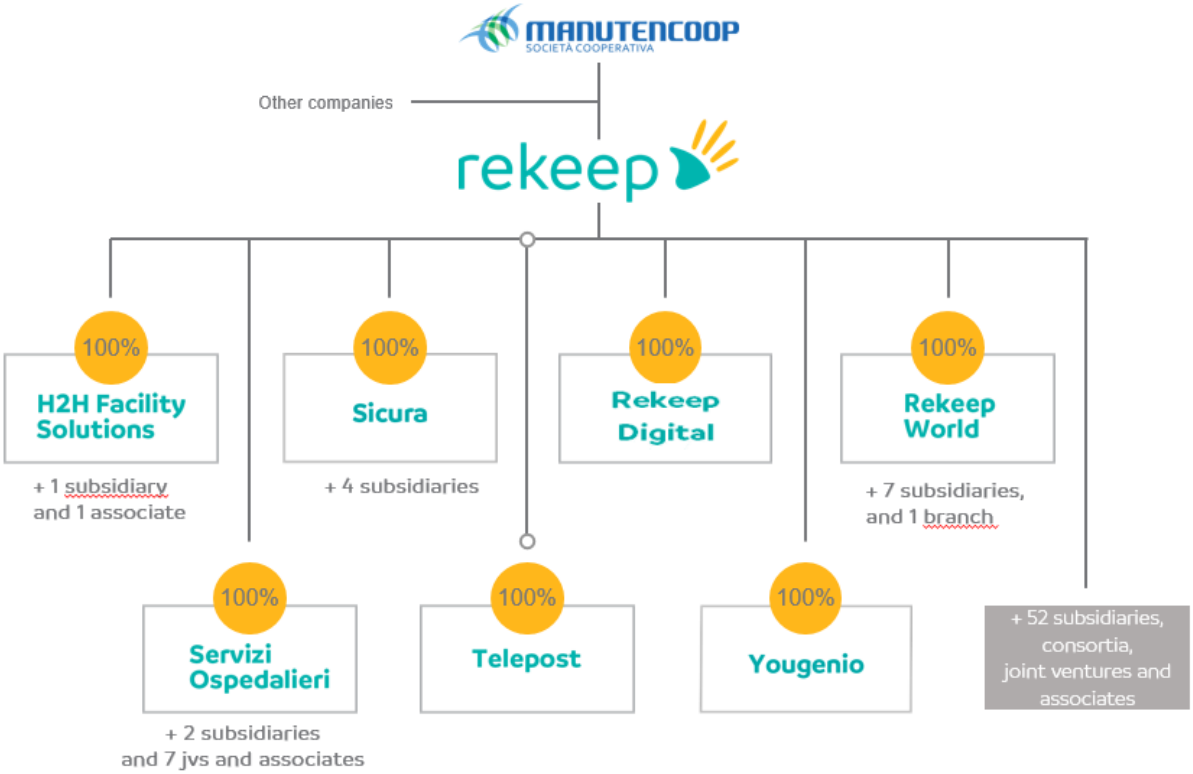
A further boost to diversification occurred during 2016 with the establishment of Yougenio S.r.l., an innovative start-up providing services to private consumers through an e-commerce platform. This event marked the entry of the Group in the market of "business to consumer" (B2C) services)

Shareholding structure

Ordinary shares issued by Rekeep S.p.A. and fully paid up at 30 September 2019 amounted to 109,149,600, with a par value of € 1 each. They are wholly held by Manutencoop Società Cooperativa, which also carries out Management and Coordination activities.

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

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

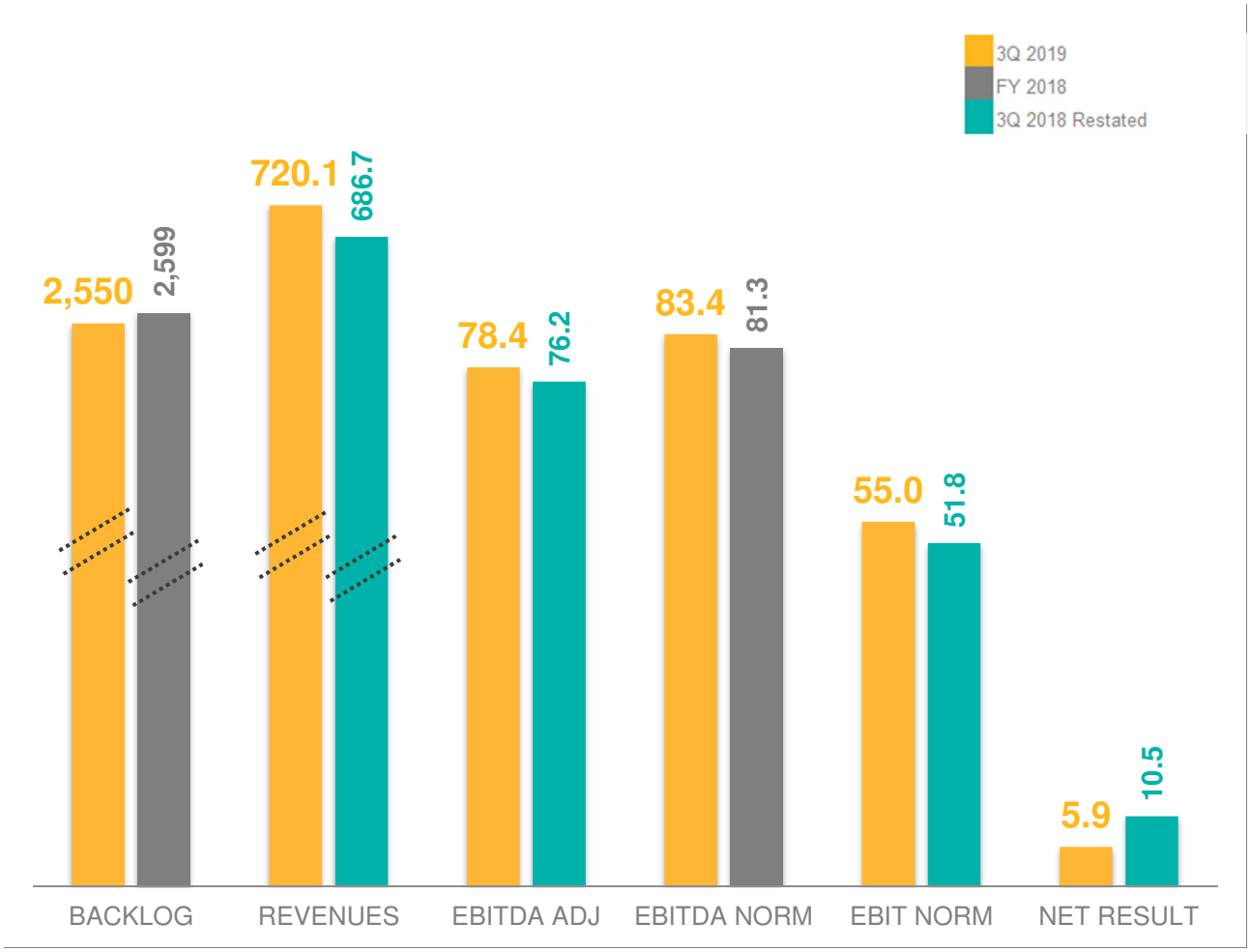


NON-GAAP FINANCIAL MEASURES

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 contract liabilities."
DPO	DPO (Days Payables Outstanding) is a weighted average of days for payment of consolidated trade payables calculated as the ratio of trade payables, net of VAT on the 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

	Definition
	investments; v) Exchange gains (losses). The Statement of Profit or Loss for the period 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 period as described in paragraph "Non-recurring events and transactions."
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) 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. When it is negative, it is equivalent to the "Net Financial Indebtedness."
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.



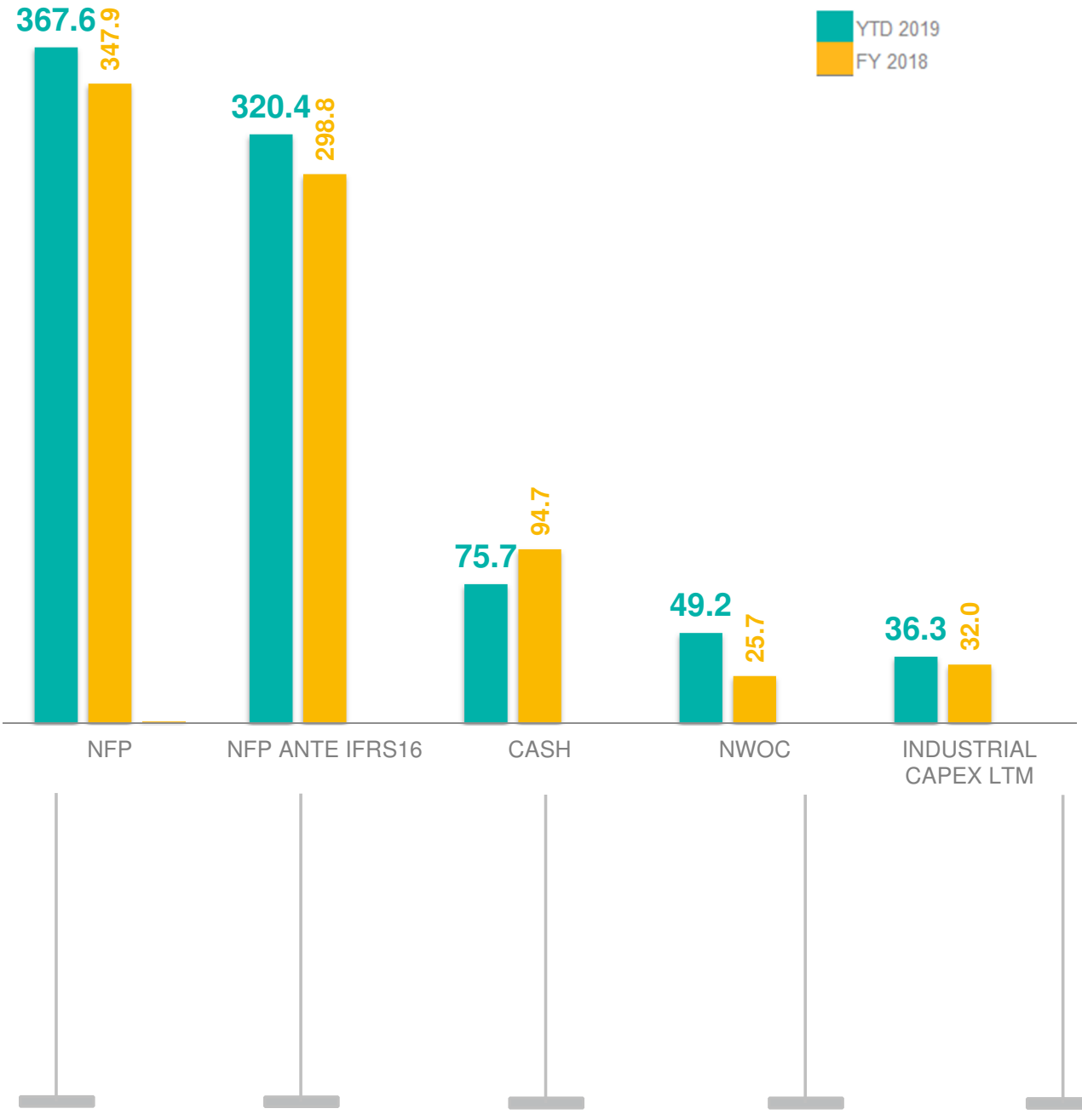
BACKLOG/ LTM REVENUES
2.6x
vs 2.7x 31/12/2018

REVENUES
+4.9 %
vs 30/09/2018

EBITDA/ REVENUES
10.9%
vs 11.1% 30/09/2018 Restated

NORM/EBITDA REVENUES
11.7%
vs 11.9% 30/09/2018 Restated

NORM EBIT/ REVENUES
7.7%
vs 7,6% 30/09/2018 Restated



NFP BEFORE IFRS16 / NORM EBITDA LTM BEFORE IFRS16
2.9x

CASH
75.7 mln
vs 94.7 mln 31/12/2018

NET CASH
50.1 mln
vs 71.1 mln 31/12/2018

NWOC / LTM REVENUES
5.0%
vs 2.7% 31/12/2018

PREAMBLE ON THE ADOPTION OF THE NEW ACCOUNTING STANDARD IFRS16

The Group adopted some newly-issued IFRS with effect from the beginning of the 2019 financial year. Specifically, it was necessary to carry out an in-depth analysis following the first-time adoption of the new IFRS 16 – Leases, which allowed the assessment of the potential impact on the financial position, results of operations, cash flows and disclosures reported in the Consolidated Financial Statements as from the 2019 financial year. Furthermore, a careful assessment was started in relation to the operational impact that this accounting transition would entail on the Group's administrative processes.

According to the previously applicable accounting rules, the "operating" lease cost for the period was accounted for in the Statement of Profit/Loss for the period, as "Cost for use of third-party assets", according to the matching principle and based on its accrual for the time being, thus directly impacting on EBITDA and EBIT for the period. The impact on the business cash flows was then accounted for as "Cash flow from current operations" in the Statement of Cash Flows. Furthermore, the accounting standard IAS 17 provided for the financial method to be adopted for "finance" leases only, thus recognising the asset among balance sheet assets (and recognising accordingly any related amortisation and depreciation) and the financial liability arising from future lease payments among balance sheet liabilities, as an increase in the net financial indebtedness. Moreover, the related financial costs for the period were accounted for during the period of financial amortisation of this liability.

The new accounting standard IFRS 16 has introduced significant changes concerning the method to account for operating leases, providing for the recognition of the liability arising from leases that were previously classified as operating leases in applying IAS 17.

The main cases of operating leases identified by the analysis concern:

- property leases for the Group's offices throughout Italy;
- long-term hire for the corporate fleets of the Group companies;
- other forms of hiring of equipment used in the performance of some work contracts.

The analysis conducted upon first-time adoption in the Consolidated Financial Statements highlighted, first of all, the need for the evaluation of an appropriate marginal discount rate, which was adopted on a provisional basis at a 5% for any and all categories of operating lease in place. Additional analyses will be conducted during the year, which will be aimed at confirming or changing this rate by the date of publication of the Consolidated Financial Statements at 31 December 2019.

The accounting method applied to transition is the "Modified retrospective approach", which does not provide for the mandatory restatement of comparative information. The lessee must instead recognise the cumulative effect of the first-time adoption of the standard as an adjustment to the opening balance of profits carried forward as at 1 January 2019.

However, with a view to better understanding the changes that were reported during the periods under comparison, the comparative balance sheet values at 31 December 2018 and the income and cash flows for the first nine months of 2018 have been restated in the Interim Report on Operations in order to take account of the amendments to the accounting standard described above. Since the analysis concerning the adoption of the standard is still being completed, the balance sheet values at 31 December 2018 have been reviewed with respect to the previous Interim Reports at 30 June 2019 and at 31 March 2019 in order to ensure a more accurate calculation of comparative effects.

The effects of the adoption of the new standard on the main KPIs used by the Group for the assessment of its own performance in terms of results of operations and cash flows are summarised below.

	30 September 2018 approved	Accounting effects of IFRS16	30 September 2018 restated
EBITDA	64,467	7,219	**71,686**
Adjusted EBITDA	68,964	7,219	**76,183**
Normalized EBITDA	74,248	7,095	**81,342**
EBIT	40,386	1,123	**41,509**
Adjusted EBIT	44,883	1,123	**46,006**
Normalized EBIT	50,704	1,105	**51,810**
Net financial charges	(21,760)	(1,751)	**(23,511)**
Consolidated Net Result	10,481	(453)	**10,028**

	31 December 2018 approved	Accounting effects of IFRS16	31 December 2018 restated
Consolidated Net Equity	165,492	(2,480)	**163,012**
Net Financial Indebtedness	298,788	49,098	**347,886**

MAIN EVENTS OF THE FIRST NINE MONTHS OF 2019

During the first nine months of 2019 management activities continued as part of the SBUs in which the Group operates.

As regards the performance in terms of results of operations, the revenue growth trend that had gradually characterized the 2018 financial year was further strengthened during the half-year. Revenues in the nine months ended 30 September 2019 came to € 720.1 million, up by € 33.4 million compared to the same period of the previous financial year (+ 4.9%). Profit margins also were on the rise: Adjusted EBITDA was equal to € 78.4 million in the nine months ended 30 September 2019, against € 76.2 million in the first nine months of 2018 (as restated to take account of the first-time adoption of IFRS 16).

As regards the financial performance, the third quarter of 2019 ended with a net financial indebtedness of € 367.6 million, showing a normal increase compared to 31 December 2018 (+€ 19.7 million) against an operating working capital that increased from € 25.7 million to € 49.2 million, in line with both the historical performance recorded by the working capital in the various quarters and the revenue growth trend referred to above.

Buy-back transactions of the Notes issued in 2017

In early 2019 Rekeep S.p.A. formalised the purchase of portions of its bond issue on the open market for a total nominal amount of € 10.3 million. The weighted average repurchase price was less than 85% against a price for the issue equal to 98% at 6 July 2017. These transactions entailed the recognition of financial capital gains, net of related fees, equal to € 1.6 million through consolidated profit or loss in 2019.

Business combinations of the period

On 18 December 2018 H2H Cleaning S.r.l., which was established by H2H Facility Solutions S.p.A. in November 2018, signed with Eraclya Società Cooperativa a business unit lease agreement concerning the provision of environmental hygiene, concierge, porterage and other general services for private customers, mainly located in the Triveneto, Piedmont, Lombardy and Lazio regions. The business unit lease became effective from 1 January 2019 and will have a term of 4 years, subject to a call option which may be exercised from the 45th month from the effective date of the lease, at a price calculated as a multiple of the business unit value, net of lease rentals already paid. Specifically, the business unit, which expressly excludes public contracts, is made up of sales contracts in place with private customers as at the date of execution and employment contracts with 1,142 people, as well as of procurement contracts relating to the leased business unit.

On 3 July 2019 the subsidiary Sicura S.p.A. acquired 80% of the quota capital of Emmetek S.r.l., a company specialising in the design, prefabrication and installation of pumping stations, water reserves for fire-fighting purposes, hydrant networks and extinguishing systems, as well as in routine and non-routine maintenance of extinguishing systems with various types of extinguisher and pump units. The Company, the head office of which is located in Ferrara, mainly operates in Northern Italy (in particular in Veneto and in Emilia-Romagna) and recorded a consolidated turnover of € 3.7 million and EBITDA of € 1 million at 31 December 2018. The transaction was completed against the payment of a consideration of € 5.6 million upon the execution of a quotaholders' agreement, including put and call options on the remaining 20% of the capital, which may not be exercised before the approval of the acquiree's financial statements at 31 December 2021.

1. SUMMARY RESULTS OF THE THIRD QUARTER OF 2019

	For the quarter ended 30 September			For the 9 months ended 30 September		
	2019	2018 restated	%	2019	2018 restated	%
Revenues	230,066	220,425	+4.4%	720,116	686,744	+4.9%
Adjusted EBITDA (*)	24,718	23,795	+3.9%	78,357	76,183	+2.9%
Adjusted EBITDA % of Revenues	10.7%	10.8%		10.9%	11.1%	
Normalized EBITDA (*)	26,245	25,397	+3.3%	83,371	81,343	+2.5%
Normalized EBITDA % of Normalized Revenues	11.6%	11.7%		11.7%	11.9%	
Adjusted EBIT (*)	14,974	12,894	+16.1%	48,795	46,006	+6.1%
Adjusted EBIT % of Revenues	6.5%	5.8%		6.8%	6.7%	
Consolidated Net Result	2,088	(1,489)		5,863	10,028	

In the third quarter of 2019, the Group recorded ***Revenues*** of € 230.1 million compared to € 220.4 million in the same period of the previous year, with a positive change (+ € 9.6 million), which further strengthened the growth in volumes. This positive change was firstly recorded in the Public market (+ € 5.8 million), as well as, to a lesser extent, in the Private market (+ € 2.4 million) and in the Healthcare sector (+ € 1.4 million). The Public market benefitted, compared to the third quarter of 2019, from a favourable portfolio turnover, in particular for some contracts relating to the national railway transport and in relation to energy service contracts. In the quarter, the Healthcare market reported the full operation of the Consip MIES2 agreement (started in the second quarter of 2018) while the Private market recorded an excellent business performance of H2H Facility Solutions S.p.A., as well as a further improved performance of the revenues of H2H Cleaning S.r.l., which started its operations from the 2019 financial year only.

In terms of Strategic Business Units ("SBUs"), the *Facility Management* SBU's turnover showed a positive change of € 7.5 million (+ 4.0%) in Revenues in the quarter, coming to € 197.4 million in the quarter ended 30 September 2019 compared to € 189.8 million in the same period of 2018. This SBU includes most of the positive changes in Revenues in the Healthcare market (including especially MIES2), as well as the excellent performance recorded in terms of Revenues from the Private market. Furthermore, note the revenues arising from the full operation of the activities carried out for SNCF in France during the quarter, as well as the contribution given by the Turkish companies EOS and Rekeep United (+ € 0.6 million).

The recovery in the Revenues achieved by the *Laundering&Sterilization* SBU was confirmed during the third quarter of 2019 too, showing an increase of € 2.2 million, mainly due to the start of operations under a new contract for the supply of surgical kits to

the Friuli Regional Government and thanks to the revenues arising from the entry into full operation of some new linen rental and industrial laundering services during 2018.

Adjusted EBITDA for the third quarter of 2019 came to € 24.7 million, up by € 0.9 million compared to the same quarter of the previous year (when it was equal to € 23.8 million). In particular, the *Facility Management* SBU showed an increase of € 0.4 million while the *Laundering&Sterilization* SBU showed an increase of € 0.5 million, against an adjusted operating loss reported by the start-up Yougenio S.r.l. and by the companies that operate in the international market (included in the *Facility Management* SBU), which showed no significant changes (+ € 0.1 million). The average profit margins (**Adjusted EBITDA/Revenues**) came to 10.7% in the quarter ended 30 September 2019 against 10.8% for the same period of the previous year.

Adjusted EBIT for the quarter ended 30 September 2019 came to € 15.0 million (6.5% of related Revenues), compared to € 12.9 million in the same period of the previous year (5.8% of related Revenues). The trend was affected, in absolute terms, by the performance already shown for Adjusted EBITDA (+ € 0.9 million) to which must be added lower *amortisation and depreciation* of € 0.1 million, this being also due to the net effects of some adjustments concerning the amortisation and depreciation schedules of some categories of operating assets used in industrial laundering, linen rental and specialist services (- € 0.5 million in the quarter), which were partially offset by higher amortisation and depreciation on the Rights of Use (+ € 0.1 million) and intangible assets (+ € 0.1 million). Furthermore, there was the recognition of lower write-downs of receivables (net of releases) of € 1.9 million compared to the same period of the previous year (relating, in 2018, to specific write-downs in relation to the customer ATAC and to the contracts in place with the Municipality of Catania) and higher accruals to provisions for future risks and charges of € 0.8 million.

Finally, **Consolidated Net Result** for the quarter posted a positive value of € 2.1 million against a negative result of € 1.5 million for the quarter ended 30 September 2018. In addition to the performance in terms of consolidated EBIT described above (+ € 1.6 million), in the third quarter of 2019 lower net financial charges of € 1.0 million were recognised (of which € 0.2 million relating to the financial charges on the Senior Secured Notes for the portion reacquired in the first quarter of 2019), lower dividends collected from non-consolidated companies for € 0.2 million and lower net charges arising from equity-accounted investments for € 0.3 million. Finally, the best result in the third quarter of 2019 compared to the third quarter of 2018 entailed the recognition of higher income taxes of € 1.4 million.

	30 September 2019	30 June 2019	31 December 2018 restated
Net Working Operating Capital (NWOC)	49,238	30,428	25,749
Net Financial Position (NFP)	(367,613)	(328,282)	(347,886)

From an equity and financial point of view, the figure relating to Net Working Operating Capital (**NWOC**) at 30 September 2019 recorded an increase compared to the value of the previous quarter (+ € 18.8 million) and to the value posted at the end of the

previous year (+ € 23.5 million). In particular, higher trade receivables of € 1.0 million and lower trade payables of € 17.1 million were recorded compared to the end of the previous quarter, against a Net Financial Position (**NFP**), which recorded a negative change of € 39.3 million in the quarter.

During the third quarter of 2019, there were assignments of trade receivables without recourse to factoring companies for an overall amount of € 46.7 million and assignments of VAT receivables without recourse of € 7.6 million. At 30 September 2019, DSO was 163 days, showing a slight further improvement compared to 30 June 2019 (164 days) and 30 September 2018 (165 days) while also showing an improvement compared to the 169 days at 31 December 2018. On the other hand, the performance of the DPO showed a more evident reduction in the indicator which came to 225 days, against 241 days at 30 June 2019 and 248 days at 31 December 2018. The trend in the amounts collected from customers and payments to suppliers entailed an overall absorption of cash flows (- € 18.2 million) during the quarter, showing, against substantially stable periods of time required to collect amounts from customers, a reversal of the financial benefit in favour of the flows of payments to suppliers.

The Net Financial Position (**NFP**) showed an increase of € 39.3 million during the quarter. The flows generated from operating activities in the quarter (€ 9.9 million) gave rise to a cash flow absorbed by the change in NWOC for € 18.2 million, as well as the uses of financial resources for net industrial investments (€ 7.3 million) and net financial investments of € 5.7 million (relating to the financial effects of the acquisition of Emmetek S.r.l.). Furthermore, payments were made for uses of provisions for future risks and charges and the provision for Employee Termination Benefits (TFR) for the quarter for € 0.9 million. Finally, there was a negative cash flow of € 17.2 million due to changes that occurred in other operating assets and liabilities in the quarter, and in particular in relation to the normal seasonal trend in payables to employees (which decreased by an overall amount of € 15.0 million) and for the payment of the last instalments on the payable for the fine imposed by the Competition Authority (AGCM) during 2016, which was paid off on 30 September 2019 (€ 1.5 million in the quarter).

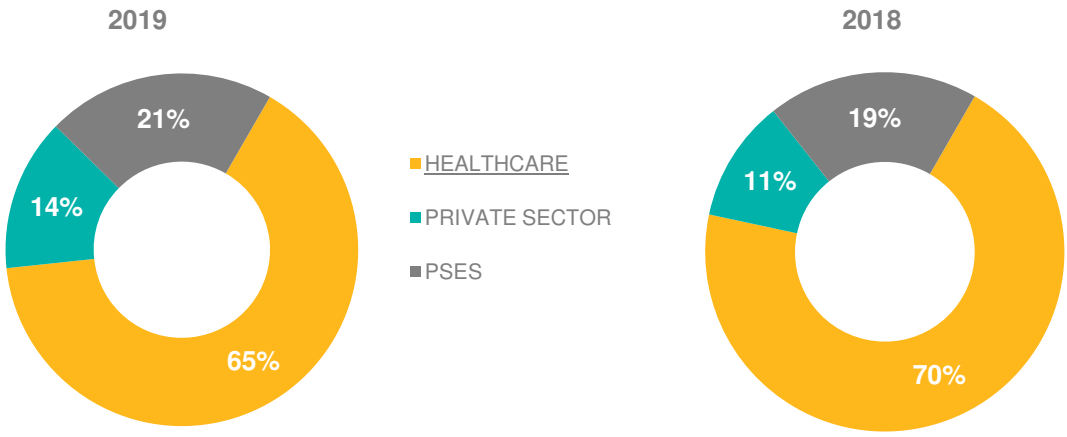
2. BUSINESS DEVELOPMENT

In the first nine months of 2019, the Group gained orders for an overall multi-year amount of € 397 million, of which € 209 million related to extensions and renewals of contracts already existing in its business portfolio and € 188 million for the development of a new portfolio. The new portfolio also includes the orders relating to the subsidiary H2H Cleaning S.r.l., which acquired a business unit concerning hygiene services in the Private market in 2019.

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 Rekeep Digital S.r.l. (formerly 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 (equal to about 4% in the first nine months of 2019) on consolidated production volumes.

New contracts in the Healthcare sector, amounting to € 256 million in the period (equal to 65% of the total orders gained), against orders gained in the Public sector for € 85 million (21% of the total) and in the Private sector for € 55 million (14% of the total).

CONTRACTS ACQUIRED BY MARKET AT 30 SEPTEMBER



In the Healthcare market the Group further gained orders under the MIES 2 agreement, thus being awarded additional services at Health Care Units (ASL) in Veneto and Lombardy. Furthermore, contracts were renewed for energy services that were already included in the portfolio at ESTAR Toscana. Following the signature of an additional deed, the Group was awarded new Hygiene and Maintenance services at the San Gerardo Hospital in Monza, which was already operated by the Group on a project finance basis. Finally, orders were gained for hygiene services at Health Care Units (ASL) in Livorno and Versilia, also following the renewal of contracts already in place.

Furthermore, orders were gained in the Public market for the provision of asset management and maintenance services to the Provincial Government of Treviso and work continued on the signature of energy service agreements with the Municipal Government of Bologna. Furthermore, the contract was extended, through Rekeep Rail S.p.A., for on board train cleaning services for Campania 2, Molise and Lombardy lots. In the Private sector note the orders gained for cleaning services, as well as the renewal of cleaning services at the SACMI S.C. offices and logistics services in the Carrefour network. Cleaning service contracts were also renewed with the Unipol group offices. In France, through the subsidiary Rekeep Facility S.a.s., new orders were gained for soft-facility agreements at the Engie Group buildings and with SIAAP Water, a Parisian water treatment company.

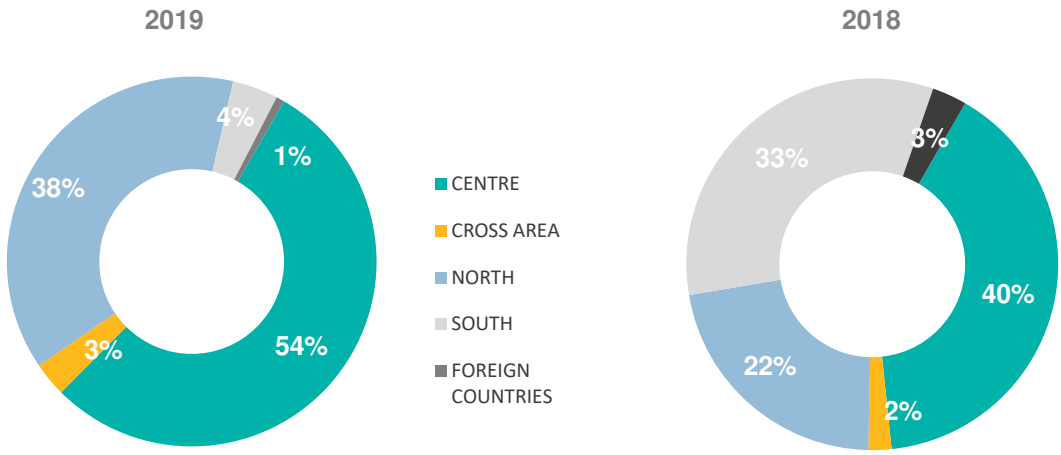
In relation to the orders gained in the period in terms of Strategic Business Unit ("SBU"), the Facility Management SBU obtained contracts of € 368 million while Laundering&Sterilisation SBU obtained contracts of € 29 million. The subsidiary Servizi Ospedalieri S.p.A. renewed, among others, laundering and sterilization contracts at the New Hospital in Lucca. Any and all orders gained in the Private sector, including those in the French market, form 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



On 30 September 2019, the **Backlog** came to € 2,550 million, unchanged compared to the value posted at the end of the previous quarter (€ 2,559 million) and 31 December 2018 (€ 2,599 million). Backlog/revenues ratio also remained equally unchanged (2.6x).

The fact that the Backlog remained substantially unchanged in 2019 (when the historical trend shows its normal consumption in the first part of the year) was mainly due to the signature of other supply orders for the additional lot of the Consip MIES 2 agreement during the period, concerning the award of an Integrated Technology Multi-service with energy supply for buildings used by Public Health Administrations.

3. GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND FINANCIAL POSITION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

3.1 Consolidated performance of operations in the first nine months of 2019

Below are reported the main income figures relating to the first 9 months of 2019, compared to the figures of the corresponding period of 2018.

As already noted in the preamble, the Group adopted some newly-issued international accounting standards IFRS and in particular IFRS16 – Leases from the 2019 financial year. For the sake of a clearer presentation, the comparative data have been restated in order to account for the effects of the new accounting standard.

(in thousands of Euro)	For the 9 months ended 30 September		For the quarter ended 30 September	
	2019	2018 restated	2019	2018 restated
Revenues	720,116	686,744	230,066	220,425
Costs of production	(645,471)	(615,058)	(207,859)	(198,615)
EBITDA	**74,645**	**71,686**	**22,207**	**21,810**
EBITDA %	**10.4%**	**10.4%**	**9.7%**	**9.9%**
Amortisation, depreciation, write-downs and write-backs of assets	(28,144)	(29,545)	(9,047)	(11,043)
Accrual of provisions for risks and charges	(1,418)	(632)	(697)	142
Operating Income (EBIT)	**45,083**	**41,509**	**12,463**	**10,909**
EBIT %	**6.3%**	**6.0%**	**5.4%**	**4.9%**
Share of net profit of associates	338	1,201	(370)	(84)
Net financial charges	(30,419)	(23,511)	(10,615)	(11,565)
Earnings before taxes (EBT)	**15,002**	**19,199**	**1,478**	**(740)**
EBT %	**2.1%**	**2.8%**	**0.6%**	**-0.3%**
Income taxes	(9,139)	(9,171)	610	(749)
Profit (loss) from continuing operations	**5,863**	**10,028**	**2,088**	**(1,489)**
Profit (loss) from discontinued operations	0	0	0	0
CONSOLIDATED NET PROFIT (LOSS)	**5,863**	**10,028**	**2,088**	**(1,489)**
CONSOLIDATED NET PROFIT (LOSS) %	**0.8%**	**1.5%**	**0.9%**	**-0.7%**
Minority interests	(151)	(140)	(107)	(117)
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**5,712**	**9,888**	**1,981**	**(1,606)**
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**0.8%**	**1.4%**	**0.9%**	**-0.7%**

NON-RECURRING EVENTS AND TRANSACTIONS

In the course of the first nine months of 2019, 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	
	2019	**2018**
Legal advice fees concerning pending administrative disputes	488	99
Costs from reorganization of company units	1,688	1,649
Rebranding Project	0	2,749
M&A and non-recurring transactions of Group companies	986	0
Transactions with the members of TJA ***("Raggruppamento Temporaneo di Imprese")***	550	0
NON-RECURRING COSTS (INCOME) IMPACTING ON EBITDA AND EBIT	**3,712**	**4,497**

During 2019 the dispute with the Competition Authority (AGCM) continued, also in relation to the new measure on the "FM4" tender (to which reference is made below). Furthermore, some Group companies started some scouting and due diligence projects aimed at acquiring companies in Italy and abroad as early as in the previous year. Finally, costs were recognised relating to the management of business relationships with the members of TJA which have claimed amounts on account of reimbursement for disputes relating to previous years.

Furthermore, during 2018 the Group completed 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..

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

(in thousands of Euro)	For the 9 months ended 30 September	
	2019	**2018 restated**
EBITDA	**74,645**	**71,686**
Non-recurring charges (income) impacting on EBITDA	3,712	4,497

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

(in thousands of Euro)	For the 9 months ended 30 September	
	2019	2018 restated
Adjusted EBITDA	**78,357**	**76,183**
Adjusted EBITDA % of Revenues	**10.9%**	**11.1%**
EBIT	**45,083**	**41,509**
Non-recurring charges (income) impacting on EBITDA and EBIT	3,712	4,497
Adjusted EBIT	**48,795**	**46,006**
Adjusted EBIT % of Revenues	**6.8%**	**6.7%**

As early as from 2016, the Group also undertook to diversify its target markets by establishing the sub-holding company Rekeep World 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 year. However, the increase in the volumes achieved by the start-ups compared to the previous years is not sufficient to achieve the break-even point and to cover higher fixed costs to sustain growth.

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

(in thousands of Euro)	For the 9 months ended 30 September	
	2019	2018 restated
ADJUSTED EBITDA	**78,357**	**76,183**
EBITDA related to start-up activities	5,014	5,160
NORMALIZED EBITDA	**83,371**	**81,343**
NORMALIZED EBITDA % of Normalized Revenues	**11.8%**	**11.9%**
ADJUSTED EBIT	**48,795**	**46,006**
EBIT related to start-up activities	6,226	5,803
NORMALIZED EBIT	**55,021**	**51,809**
NORMALIZED EBIT % of Normalized Revenues	**7.6%**	**7.5%**

REVENUES

The Group recorded ***Revenues*** of € 720.1 million in the period ended 30 September 2019, compared to € 686.7 million in the same period of the previous year, with a positive change of € 33.4 million (+4.9%) which confirms the growth trend in volumes that already characterized the 2018 financial year.

A contribution to this growth was made, first of all, by the volumes of the minor M&A operations carried out by the Group during the second half of 2018 (Medical Device S.r.l. on the part of Servizi Ospedalieri S.p.A.: + € 2.0 million) and in early 2019 (H2H Cleaning S.r.l. on the part of H2H Facility Solutions S.p.A.: + € 5.1 million). The change in the volumes achieved in the international market was also positive (+ € 3.4 million), in particular in the Turkish and French markets.

The breakdown of consolidated revenues in the first nine months of 2019 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	
	2019	**% of total Revenues**	**2018**	**% of total Revenues**	**2019**	**2018**
PSEs	181,185	25.2%	180,888	26.3%	55,438	49,600
Healthcare	359,748	50.0%	337,081	49.1%	114,292	112,930
Private sector	179,183	24.8%	168,774	24.6%	60,336	57,894
CONSOLIDATED REVENUES	**720,116**		**686,744**		**230,066**	**220,425**

The volume growth that marked the first nine months of the year is once again driven by the Healthcare sector, which showed an increase of € 22.7 million (+6.7%, with an increase of about 1% in the relative impact on consolidated revenues) and mainly benefitted from the abovementioned volumes, which are guaranteed under the new MIES 2 agreement when fully operational (+ € 18.5 million compared to the same period of 2018), which, together with the recovery in the volumes of linen rental and industrial laundering services, were more than offset by the completion of or reduction in the number of other contracts in the same market.

The Private market also grew by € 10.4 million (+ 6.1%, with a substantially unchanged relative impact on consolidated Revenues) mainly due to the acquisition by H2H Facility Solutions S.p.A. of the business unit of H2H Cleaning S.r.l. (+ € 5.1 million) and to the abovementioned development of new customers by internal growth of H2H Facility Solutions S.p.A. itself. The growth recorded by the Group companies that deliver specialist facility management services (+ € 1.0 million, mainly Rekeep Digital S.r.l. and Yougenio S.r.l.), as well as the new business ("picking") being developed at the customer Carrefour and non-recurring

activities in the network of the customer Wind, have allowed the reduction in the scope of operation arising from the renewal of the contract with Auchan to be offset. Furthermore, a positive impact was due to the higher volumes developed by Medical Device S.r.l. (+ € 2.0 million), a company that specialises in the production and sale of procedure kits, in which Servizi Ospedalieri S.p.A. acquired the majority of quotas in July 2018.

Finally, the volumes of revenues from Public Authorities remained substantially in line during the two comparative periods (€ 181.2 million at 30 September 2019 against € 180.9 million at 30 September 2018) after having been affected by a slight decrease in absolute terms in the previous quarters. This market was also affected by lower volumes due to the gradual completion of some expiring contracts, against an increase in revenues from train cleaning services at Trenitalia, as well as a greater amount of energy services provided to public authorities.

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&Sterilization.*"

REVENUES BY SEGMENT

(in thousands of Euro)	For the 9 months ended 30 September				For the quarter ended 30 September	
	2019	% of total Revenues	2018	% of total Revenues	2019	2018
Facility Management	621,323	86.3%	594,092	86.5%	197,358	189,837
Laundering & Sterilization	100,685	14.0%	94,590	13.8%	33,396	31,230
Intra-Group eliminations	(1,892)	-0.3%	(1,938)	-0.3%	(688)	(642)
CONSOLIDATED REVENUES	**720,116**		**686,744**		**230,066**	**220,425**

The consolidated turnover growth trend was reported in both the SBUs in which the Group operates, with a proportional improvement in volume performance. In fact, no appreciable deviation was reported in terms of the SBUs' relative weight over total consolidated Revenues compared to the same period in the previous year.

Revenues of € 621.3 million in the *Facility Management* SBU were recorded in the first nine months of 2019, showing an increase of € 27.2 million (+ 4.6%) compared to the value posted for the same period of the previous year (€ 594.1 million). Its performance was affected by the abovementioned positive changes relating to the MIES 2 agreement and to the development of H2H Facility Solutions S.p.A. by internal growth and acquisitions, as well as the positive effects on revenues from energy management in public administrations.

On the other hand, the revenues of the *Laundering&Sterilization* SBU increased from € 94.6 million for the period ended 30 September 2018 to € 100.7 million for the period ended 30 September 2019, with an increase of € 6.1 million (+ 6.4%). This

increase of € 2.0 million was attributable to the acquisition of Medical Device S.r.l. in July 2018 while as regards the growth by internal growth note the start of operations under a new contract for the supply of surgical kits and the recovery in the volumes from the linen rental and industrial laundering segment, as well as to the entry into full operation of new contracts started to be delivered during 2018.

EBITDA

The Group's EBITDA came to € 74,6 million for the period ended 30 September 2019, up by € 3.0 million compared to the first nine months of 2018 (when it was equal to € 71.7 million). However, EBITDA during the two comparative periods expensed non-recurring costs of € 3.7 million at 30 September 2019 and € 4.5 million at 30 September 2018. Adjusted EBITDA, which excludes these non-recurring items, then amounted to € 78.4 million at 30 September 2019 against Adjusted EBITDA of € 76.2 million at 30 September 2018 (+ € 2.2 million).

Below is provided a comparison of EBITDA by segment for the period ended 30 September 2019 and the same period of 2018:

EBITDA BY SEGMENT

(in thousands of Euro)	For the 9 months ended 30 September				For the quarter ended 30 September	
	2019	**% of total Revenues**	**2018 restated**	**% of total Revenues**	**2019**	**2018 restated**
Facility Management	50,352	8.1%	48,246	8.1%	14,322	14,228
Laundering &Sterilization	24,292	24.1%	23,440	24.8%	7,885	7,582
CONSOLIDATED EBITDA	**74,645**	**10.4%**	**71,686**	**10.4%**	**22,207**	**21,810**

The Facility Management sector showed EBITDA of € 50.4 million at 30 September 2019, up compared to € 48.2 million in the same period of 2018 (+ € 2.1 million). The non-recurring items which affected the consolidated results recorded during the two comparative periods had an impact on this sector of € 3.4 million and € 4.4 million at 30 September 2019 and 30 September 2018, respectively; therefore, the Adjusted EBITDA by sector showed an increase compared to the first half-year of the previous year (+ € 1.1 million). The segment also includes Yougenio's start-up activities and those launched in international markets, which had a substantially equivalent impact on the consolidated Adjusted EBITDA during the two comparative periods (€ 5.0 million at 30 September 2019 and € 5.1 million at 30 September 2018) despite increasing volumes (+ € 4.4 million compared to the same period of the previous year). The core perimeter of the sector (traditional facility management and specialist services) was positively affected by the non-recurring activities with some private customers and by the commercial and operational efficiency improvement actions taken on some major contracts, which led to an improvement in the related profit margins.

EBITDA in the *Laundering&Sterilization* segment for the nine months ended 30 September 2019 amounted to € 24.3 million, thus confirming the recovery in the sector (+ € 0.9 million compared to the same period of 2018), also thanks to the positive contribution from Medical Device S.r.l. (+ € 0.5 million compared to the previous year, given that its acquisition only took place in the third quarter of 2018). Furthermore, at 30 September 2019, the segment recognised higher positive settlements of € 0.6 million on the quantities supplied under the linen rental and industrial laundering contracts.

Finally, non-recurring charges impacting on EBITDA by segment of € 0.3 million were reported at 30 September 2019 (they had not been reported at 30 September 2018).

Costs of production

Costs of production, which amounted to € 645.5 million at 30 September 2019, showed an increase of € 30.4 million in absolute terms compared to € 615.1 million posted at 30 September 2018 (+4.9%).

(in thousands of Euro)	For the 9 months ended 30 September				For the quarter ended 30 September	
	2019	% of total	2018 restated	% of total	2019	2018 restated
Costs of raw materials and consumables	115,498	17.9%	99,554	16.2%	32,389	28,696
Change in inventories of finished and semi-finished products	(1,155)	-0.2%	19	0.0%	(430)	155
Costs for services and use of third-party assets	228,247	35.4%	224,995	36.6%	80,927	77,764
Personnel costs	299,656	46.4%	288,685	46.9 %	93,726	92,272
Other operating costs	5,413	0.8%	4,352	0.7%	2,074	1,337
Lower costs for internal work capitalised	(2,188)	-0.3%	(2,546)	-0.4%	(827)	(1,609)
TOTAL COSTS OF PRODUCTION	**645,471**		**615,058**		**207,859**	**198,615**

Costs of raw materials and consumables in the first nine months of 2019 amounted to € 115.5 million, up by € 15.9 million (+16.0%) compared to the value posted in the same period of 2018, which entailed an increased incidence on Total costs of production (17.9% at 30 September 2019 against 16.2% at 30 September 2018). The increase was mainly related to the consumption of raw materials, electricity and fuel, the first item of which was linked to the costs of raw materials used in the production of procedure kits(+ € 3.4 million) on the part of Medical Device S.r.l. (acquired by Servizi Ospedalieri S.p.A. in July 2018), while the increase in the costs of electricity and fuel was attributable to higher volumes of heat management and energy service following the full operation under the MIES2 agreement, as well as, marginally, to higher fuel costs in some areas of Italy.

Costs for services and use of third-party assets came to € 228.2 million at 30 September 2019, up by € 3.2 million compared to the value posted at 30 September 2018 (€ 225.0 million) albeit with a lower impact on total Costs of production (35.4% versus

36.6%). The reduction in the impact of these costs mainly related to the services directly linked to production operations (third-party and professional services, in addition to costs from consortia), typically linked to the mix of services being delivered and to any possible resulting make-or-buy choices.

Personnel costs increased by € 11.0 million in absolute terms (+ 3.8%, slightly lower than the 4.9% increase in Revenues) from € 288.7 million at 30 September 2018 to € 299.7 million at 30 September 2019, decreasing slightly in terms of impact on total Costs of production (46.4% million at 30 September 2019 against 46.9% million at 30 September 2018).

The average number of employees in service during the first nine months of 2019 was equal to 17,484 against 16,619 in the same period of the previous year (of which 16,160 versus 15,347 manual workers). As it was said for costs for services and for fuel and energy consumption, 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 2019 amounted to € 5.3 million (€ 4.4 million at 30 September 2018). Specifically, non-recurring costs were recognised during the quarter in relation to the management of business relationships with the members of the Temporary Business Grouping which have claimed amounts on account of reimbursement for disputes of previous years for € 0.6 million, while in the previous quarter higher emission trading costs had been recorded under energy contracts for € 0.6 million, which were however accounted together with related revenues since they were sustained on behalf of a customer and invoiced back to the latter.

Finally, *Lower costs for internal work capitalised* of € 2.2 million were recorded at 30 June 2019 (€ 2.5 million at 30 June 2018), relating to some service concession agreements managed by Rekeep S.p.A., which provide for the initial construction of long-term works, and in particular to the 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, as well as to the concession agreement with the Municipality of Valsamoggia (Bologna) for the integrated operation of thermal energy and public lighting supply and management services, which was started at the beginning of 2019.

Operating Income (EBIT)

In the first nine months of 2019, consolidated Operating Income **(EBIT)** stood at € 45.1 million (6.3% of Revenues) against € 41.5 million (6.0% of Revenues) during the same period of 2018.

EBIT was affected by the above-mentioned consolidated performance in terms of EBITDA (+ € 3.0 million compared to the same period of the previous year), from which must be deducted *amortization and depreciation* of € 26.6 million (€ 26.9 million at 30 September 2018) of which € 6.6 million relating to the amortization of the Rights of Use (€ 6.1 million in the first nine months of 2018), *accruals to provisions for risks and charges (net of reversals)* of € 1.4 million (€ 0.6 million at 30 September 2018) as well as *write-downs of receivables and reversals* of € 1.5 million (€ 2.4 million at 30 September 2018).

Adjusted EBIT recognised the same non-recurring items impacting on Adjusted EBITDA and came to 48.8 million and € 46.0 million at 30 September 2019 and 30 September 2018, respectively, showing relative profit margins (Adjusted EBIT/Revenues) equal to 6.8 % and 6.7%, respectively, in the periods under comparison.

Below is a comparison between Operating Income (EBIT) by segment in the period ended 30 September 2019 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	
	2019	% of total	2018 restated	% of total	2019	2018 restated
Facility Management	33,512	5.4%	31,746	5.3%	8,901	7,925
Laundering &Sterilization	11,571	11.5%	9,763	10.3%	3,562	2,984
CONSOLIDATED EBIT	**45,083**	**6.3%**	**41,509**	**6.0%**	**12,463**	**10,909**

EBIT in the *Facility Management* segment amounted to € 33.5 million (5.4% of related segment Revenues) at 30 September 2019, against EBIT by segment of € 31.7 million (5.3% of related segment Revenues) at 30 September 2018 and therefore with a net improvement compared to the same period of the previous year (+ € 1.8 million). However, the adjusted amounts show a more limited increase, with adjusted segment EBIT that increased from € 36.2 million at 30 September 2018 to € 36.9 million at 30 September 2019 and operating profit margins which decreased from 6.1% at 30 September 2018 to 5.9% at 30 September 2019.

Compared to the same period of the previous year, the sector recorded higher amortisation and depreciation of € 0.5 million (due to amortisation on Rights of Use for € 0.4 million) at 30 September 2019, lower write-downs of trade receivables for € 0.8 million (which included some significant write-downs due to the financial difficulties experienced by the customer ATAC and by the Municipality of Catania in the 2018 financial year) and lower impairment losses on operating assets of € 0.3 million. On the other hand, higher net accruals to provisions for future risks and charges were recognised for € 1.0 million.

The EBITDA performance in the *Laundering&Sterilization* segment during the first nine months of 2019 (+ € 0.9 million compared to the same period in the previous year) was accompanied, at the level of segment EBIT, by amortisation and depreciation of € 12.7 million (€ 13.5 million for the same period in the previous year and mainly relating to the linen used in the linen rental and industrial laundering segment); these values included a downward adjustment of € 1.4 million following the Servizi Ospedalieri's review of the useful life of some categories of operating assets used in linen rental and industrial laundering services, which was adjusted in line with the rates of use actually reported. Furthermore, note the recognition of write-downs of receivables of € 0.1 million (unchanged compared to 30 September 2018) and a net release of € 0.1 million in provisions for future risks and charges

(a provision equal to € 0.1 million at 30 September 2018), in connection with risk situations of an absolutely insignificant amount in both periods under comparison. The profit margins by segment amounted to 11.5% in terms of EBIT on related Revenues by segment (10.3% at 30 September 2018). The adjusted amounts also showed an even more evident increase in terms of profit margins, with an adjusted EBIT by sector which increased from to € 9.8 million at 30 September 2018 to € 11.9 million at 30 September 2019 and a profit margin which increased from 10.4% at 30 September 2018 to 11.8% at 30 September 2019.

Profit before taxes

Net income from companies accounted for using the equity method, equal to € 0.3 million (€ 1.2 million at 30 September 2018) must be added to consolidated EBIT. The lower balance of the item compared to the previous year was attributable, for € 0.6 million, to some project finance companies that left the Group's consolidation area and were disposed of in December 2018 to 3i European Operational Projects SCSp ("3i EOPF"), an investment fund managed by 3i Investments Plc.

Furthermore, there was the recognition of net financial charges of € 30.4 million (€ 23.5 million at 30 September 2018), thus obtaining a Profit before taxes equal to € 15.0 million at 30 September 2019 (€ 19.2 million at 30 September 2018).

Below is the breakdown by nature of net financial charges in the first nine months of 2019 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	
	2019	2018 restated	2019	2018 restated
Dividends and income (loss) from sale of investments	782	490	6	186
Financial income	2,575	1,241	335	207
Financial charges	(33,871)	(24,948)	(10,996)	(11,690)
Exchange gains (losses)	5	(294)	40	(268)
NET FINANCIAL CHARGES	**(30,419)**	**(23,511)**	**(10,615)**	**(11,565)**

During the first nine months of 2019 dividends of € 0.2 million (€ 0.3 million at 30 September 2018) were collected from non-consolidated companies. The Parent Company also recorded capital gains on equity investments of € 0.6 million in the period, in relation to the collection of the earn-out on the disposal of one of the project finance companies within the scope of the abovementioned transaction carried out with 3i EOPF in December 2018. This income was not recognised at the same time as the disposal because it was linked to uncertain and unforeseeable future events that occurred during 2019.

Financial income amounted to € 2.6 million in the first nine months of 2019, showing an increase of € 1.3 million compared to € 1.3 million recorded in the same period of 2018. The main item recorded during the period related to a capital gain of € 1.6 million

achieved by the Parent Company Rekeep S.p.A. on the purchase of portions of its bond issue on the open market for a total nominal amount of € 10.3 million.

The impact of *financial charges* on the consolidated profit (loss) for the period was equal to € 33.9 million compared to € 24.9 million for the same period of 2018.

With respect to the two comparative periods, the financial debt structure reported significant changes. 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. The consolidated income statement, was therefore 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 only, 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 itself).

The financial charges accrued on the Proceeds Loan came to € 7.9 million during the first half of 2018, to which were added financial charges of € 8.1 million directly accrued for Rekeep S.p.A. on the Notes during the third quarter of 2018. The financial charges accrued on the coupons came to 23.7 million in the first nine months of 2019. The above-mentioned buy-back operations that were carried out during the first quarter of 2019 on the other hand ensured savings of € 0.6 million on the financial charges accrued on the repurchased portions for the time being.

Finally, the *upfront fees* relating to the issue of Senior Secured Notes were accounted for according to the amortised cost method, which entailed financial amortisation charges of € 2.9 million in the first nine months of 2019, of which € 0.4 million relating to the write-off of the portion relating to the repurchased Notes. On the contrary, financial amortisation charges of € 1.6 million had been accounted for during the same period of 2018, of which € 0.8 million related to the additional issue 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).

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 (initially 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 both periods under comparison.

Finally, costs for interest discounts related to the assignments of trade and VAT receivables without recourse carried out with Banca Farmafactoring, Banca UCF and Banca IFIS for € 2.8 million (€ 2.3 million at 30 September 2018) were recorded during the first nine months of 2019.

Consolidated net result

Taxes of € 9.1 million must be deducted from Profit before taxes for the period (€ 15.0 million), thus obtaining a Net result of € 5.9 million (€ 10.0 million at 30 September 2018, as restated to take account of the effects of changes in accounting standards). Below is the breakdown of consolidated tax rate:

(*in thousands of Euro*)	For the 9 months ended 30 September	
	2019	**2018 restated**
Profit (loss) before taxes	**15,002**	**19,199**
Current, prepaid and deferred IRES tax	(5,542)	(5,964)
Current, prepaid and deferred IRAP tax	(3,596)	(3,207)
Consolidated net result	**5,863**	**10,028**
Overall tax rate	**60.9%**	**47.8%**

Compared to the first nine months of the previous year, the Profit before taxes showed a decrease of € 4.2 million (€ 15.0 million at 30 September 2019 compared to € 19.2 million at 30 September 2018) against an overall tax burden that remained substantially unchanged (€ 9.1 million at 30 September 2019 compared to € 9.2 million at 30 September 2018). Furthermore, the overall tax rate amounted to 60.9% against 47.8% for the same period of the previous year, mainly due to a higher non-deductible amount of financial costs and 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 2019

The statement of Sources and Uses is reported below, showing the accounting effects of the first-time adoption of the new IFRS 16 on Net financial indebtedness:

(in thousands of Euro)	**30 September 2019**	**31 December 2018 restated**
USES		
Trade receivables and advances to suppliers	426,208	417,930
Inventories	9,614	7,421
Trade payables and contract liabilities	(386,584)	(399,602)
Net working operating capital	**49,238**	**25,749**
Other items of working capital	(150,709)	(61,284)

(in thousands of Euro)	30 September 2019	31 December 2018 restated
Net working capital	**(101,471)**	**(35,535)**
Property, plant and equipment and under finance leases	78,799	73,975
Rights of use for operating leases	42,813	45,658
Goodwill and other intangible assets	439,144	433,256
Investments accounted for under the Equity method	11,139	19,207
Other non-current assets	120,272	29,443
Fixed assets	**692,167**	**601,539**
Non-current liabilities	(55,065)	(55,106)
NET INVESTED CAPITAL	**535,631**	**510,898**
SOURCES		
Equity attributable to non-controlling interests	790	660
Equity attributable to equity holders of the parent	167,228	162,352
Shareholders' Equity	**168,018**	**163,012**
Net financial indebtedness	367,613	347,886
of which accounting effects of the adoption of IFRS 16	*47,178*	*49,098*
FINANCIAL SOURCES	**535,631**	**510,898**

Net working capital

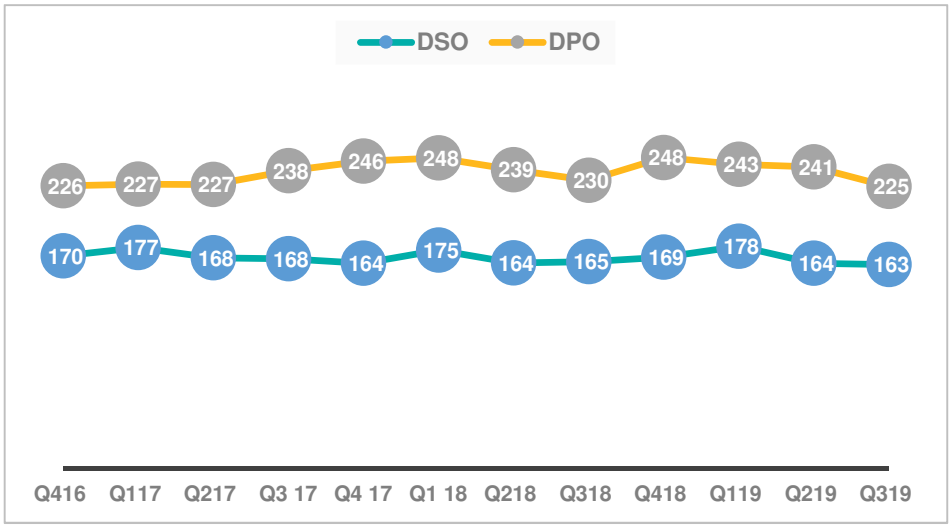
At 30 September 2019, consolidated Net Working Capital (**NWC**) posted a negative value of € 101.5 million against a negative value of NWC of € 35.5 million at 31 December 2018.

At 30 September 2019, consolidated Net Working Operating Capital (**NWOC**), composed of trade receivables and advances to suppliers and inventories, net of trade payables and contract liabilities, was equal to € 49.2 million against € 25.7 million at 31 December 2018. Considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies (equal to € 53.6 million at 30 September 2019 and € 60.3 million at 31 December 2018), the **Adjusted NWOC** amounted to € 102.9 million and € 86.1 million, respectively.

The change in this latter item (+ € 16.8 million) was mainly due to a change in the balance of trade payables in the period (- € 13.0 million) against a less significant increase in trade receivables (+ € 1.6 million, considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies).

At 30 September 2019, average DSO was 163 days, showing a historical low, against 169 days at 31 December 2018 and 165 days at 30 September 2018. Furthermore DPO was 225 days at 30 September 2019, with a sharp decrease compared to the value posted at 31 December 2018 (248 days) and 30 September 2018 (230 days).

Within the overall management of cash flows, the figure on collections confirms the trend in the previous periods and came to the minimum value in the historical series on the indicator. On the other hand, the DPO showed a more marked reduction compared to the average data for the period too, with a lower use of leverage on payments to suppliers with respect to the benefits of financial flows obtained from receipts.



The balance of the other items of working capital at 30 September 2019 was a net liability of € 150.7 million, up by € 89.4 million compared to the net liability of € 61.3 million at 31 December 2018:

(in thousands of Euro)	30 September 2019	31 December 2018 restated	Change
Current tax receivables	11,018	14,658	(3,640)
Other current assets	30,726	22,320	8,406
Provisions for risks and charges, current	(5,962)	(6,948)	986
Current tax payables	(4,077)	(954)	(3,123)
Other current liabilities	(182,414)	(90,360)	(92,054)
OTHER ITEMS OF WORKING CAPITAL	**(150,709)**	**(61,284)**	**(89,425)**

Compared to 31 December 2018, the change in the net liability of other working capital items was due to a combination of factors, mainly including:

› 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 € 4.0

million, given in particular the recognition of higher accruals for additional monthly salaries (summer and Christmas bonuses, paid in July and December, respectively) at 30 September 2019;

- the increase in the net VAT credit balance of the Group companies that are predominantly subject to a VAT invoicing system based on “Split payment” and “Reverse charge” (+ € 3.5 million);
- the decrease in the item of “Other current operating liabilities” of the payable related to the fine imposed by the Competition Authority during 2016, given the payment of the last instalment of it (€ 4.4 million at 31 December 2018);
- the recognition of receivables for settlements on the lease of the business unit of subsidiary H2H Cleaning S.r.l. (+ € 1.5 million);
- the decrease of € 1.0 million in the short-term portion of provisions for future risks and charges.

Net current tax receivables of € 6.9 million were also recognised at 30 September 2019, against a net receivable of € 13.7 million at 31 December 2018, mainly due to the recognition of € 9.1 million of current taxes for the period.

Finally, the payable of € 91.6 million to the Competition Authority (AGCM) for the "FM4" procedure described in paragraph 4 and in the explanatory notes to the condensed Consolidated Interim Financial Statements was recognised under "Other current assets." On the basis of the orders issued by the Lazio Regional Administrative Court on 18 July 2019 and 17 September 2019, on 30 September 2019 the Competition Authority held a potential enforceable right to claim its credit in order to obtain the deposit requested against the fine of € 91.6 million imposed on 9 May 2019, even while pending the judgment on the merits, the hearing of which is set for 6 May 2020. The payment of the deposit was formally requested by the Competition Authority on 29 October 2019: therefore, Rekeep S.p.A. took steps to recognise this liability among “Other current liabilities” in the Statement of Financial Position. This liability is expected to be settled by paying the instalments based on the statutory plan for the instalment payment of tax bills, since the Company meets any and all requirements to be entitled to make use of this method of payment. Furthermore, the deposit was stated among the balance sheet assets, since it constitutes a receivable against sums that are potentially subject to return following the settlement of the existing dispute (however, the time required for the judgment to become final cannot be estimated at present) and that cannot however be claimed automatically, even following the repayment of the entire debt. For this reason, this receivable was recognised among “Other non-current assets.”

Other non-current liabilities

This item includes liabilities relating to:

- defined contribution plans for employee benefits, mainly including the Employee Termination Benefits (TFR), equal to € 15.5 million and € 14.7 million at 30 September 2019 and 31 December 2018, respectively;
- the long-term portion of Provisions for risks and charges (€ 24.5 million at 30 September 2019 against € 25.2 million at 31 December 2018);
- deferred tax liabilities of € 14.5 million (unchanged compared to 31 December 2018).

Consolidated net financial indebtedness

The breakdown of net financial indebtedness at 30 September 2019 is shown below, compared to the figures at 31 December 2018 and restated to take account of the effects of the amendments to the accounting standards, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006.

(in thousands of Euro)	**30 September 2019**	**31 December 2018 restated**
A. Cash	79	49
B. C/a, bank deposits and consortia, non-proprietary accounts	75,607	94,684
C. Securities held for trading		
D. Liquidity (A) + (B) + (C)	**75,686**	**94,733**
E. Current financial receivables	**4,079**	**5,532**
F. Current bank overdraft	799	5,247
G. Current portion of non-current debt	10,271	2,855
H. Other current financial liabilities	37,877	30,613
I. Current financial indebtedness (F)+(G)+(H)	**48,947**	**38,714**
J. Current net financial indebtedness (I) - (D) - (E)	**(30,818)**	**(61,551)**
K. Long-term bank debts and Senior Secured Notes	352,009	358,225
L. Other non-current financial liabilities	46,422	51,212
M. Derivatives		
N. Non-current financial indebtedness (K) + (L) + (M)	**398,431**	**409,437**
O. NET FINANCIAL INDEBTEDNESS (J) + (N)	**367,613**	**347,886**

In the first nine months of 2019 there was a negative change in the consolidated net financial indebtedness from € 347.9 million at 31 December 2018 to € 367.6 million at 30 September 2019. The adoption of the new IFRS16 – Leases entailed the recognition of the discounted value of future operating lease payments for an amount of € 47.2 million and € 49.1 million at 30 Septemebr 2019 and 31 December 2018, respectively. Net of this accounting item, the Net Financial Indebtedness came to € 320.4 million at 30 September 2019 against € 298.8 million at 31 December 2018.

On 27 December 2018 the Parent Company Rekeep S.p.A. and Servizi Ospedalieri S.p.A. signed a 3-year maturity factoring agreement with Bancafarmafactoring S.p.A. concerning the assignment, without recourse and on a revolving basis, of receivables claimed by the same companies from Entities in the National Health System and Public Authorities, for an amount of up to € 200 million. The new agreement replaces the previous contract, which was executed with Banca Farmafactoring S.p.A. in 2016 and which provided for an annual ceiling of up to € 100 million for the assignment of receivables claimed from the National Health System only. During the first nine months of 2019 assignments without recourse were made under this contract for € 114.6 million.

On 27 June 2018, the Parent Company also signed an uncommitted factoring agreement with Banca IFIS, concerning the assignment without recourse of trade receivables specifically accepted for the individual transactions carried out. In the first nine months of 2019, receivables from private entities and Public Authorities were assigned for € 16.3 million in consideration of this new contract. Furthermore, on 18 December 2018 the Parent Company obtained an additional line for assignments without recourse up to € 20 million on a revolving basis with Unicredit Factoring S.p.A, which was also aimed at converting credit positions into cash specifically agreed with the factor. This line was used for the assignment of receivables from private individuals for a total amount € 11.1 million. Finally, spot assignments of trade receivables to private companies in the large-scale retail trade were made for € 2.0 million. Furthermore, there were assignments of VAT credits involved in requests for refund for a total of € 24.6 million during the period. All assignments without recourse carried out were subject to derecognition according to IFRS9.

The consolidated net adjusted financial debt for the amount of trade receivables assigned without recourse to factoring companies, which had not been collected by them at the reporting date (totalling € 53.6 million at 30 September 2019 against € 60.3 million at 31 December 2018) came to € 421.3 million (€ 374.1 million, excluding the effects of the adoption of IFRS16) against € 408.2 million at 31 December 2018 (€ 359.1 million, eliminating the effects of the adoption of IFRS16).

At 30 September 2019 the balance of Cash and cash equivalents, net of short-term credit lines (known as “Net Cash”) amounted to € 50.1 million (€ 71.1 million at 31 December 2018):

(in thousands of Euro)	**30 September 2019**	**31 December 2018**
Cash and cash equivalents	75,686	94,733
Current bank overdraft, advance payments and hot money	(799)	(5,247)
Obligations from assignments of trade receivables with recourse	(24,789)	(18,379)
NET CASH	**50,098**	**71,106**

Below is the detail of the net financial exposure for bank credit lines and finance leases ("Net Debt"), compared to 31 December 2018:

(in thousands of Euro)	**30 September 2019**	**31 December 2018**
Senior Secured Notes 2022 (nominal value)	349,700	360,000
Bank debts (nominal value)	13,378	12,454
Financial lease obligations	3,553	3,577
Current bank overdraft, advance payments and hot money	799	5,247
Obligations from assignments of receivables with recourse	24,789	18,379
GROSS DEBT	**392,218**	**399,659**

(in thousands of Euro)	30 September 2019	31 December 2018
Current financial assets	(4,079)	(5,532)
Cash and cash equivalents	(75,686)	(94,733)
NET DEBT	**312,453**	**299,394**

The "Net Debt" increased compared to 31 December 2018 (€ 312.5 million against € 299.4 million). Specifically, at the closing date of the first half-year of 2019, there was a lower drawdown of short-term credit lines for Current bank overdraft, advance payments and hot money and Assignments of trade receivables with recourse (a total of - € 4.4 million).

Furthermore, in early 2019 Rekeep S.p.A. formalised the purchase of portions of its bond issue on the open market for a total nominal amount of € 10.3 million. The weighted average repurchase price was less than 85% against a price for the issue equal to 98% at 6 July 2017. The Notes were cancelled at the same time. Furthermore, a new committed credit line agreement has been entered into by subsidiary Elene Project S.r.l. (holding a 15-year service concession for the integrated management of thermal energy and public lighting in the municipal district of Casalecchio di Reno (BO)) for an amount equal to € 2.0 million, expiring in 2030, which also includes a VAT line of € 0.3 million, due 2020. Finally, instalments expiring on bank loans were repaid for € 1.4 million during the period under consideration.

The change in consolidated Cash and Cash equivalents is analysed in the table below: the cash flows for the first nine months of 2019 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)	2019	2018 restated
At 1 January	**94,733**	**59,870**
Cash flow from current operations	42,868	41,537
Uses of provisions for risks and charges and for employee termination benefits	(4,834)	(5,861)
Change in NWOC	(24,162)	(3,219)
Industrial capex, net of disposals	(25,019)	(20,544)
Financial capex, net of disposals	2,444	3,088
Change in net financial liabilities	680	192,074
Other changes	(11,024)	(182,190)
AT 30 SEPTEMBER	**75,686**	**84,754**

The overall cash flows mainly reflect:

› an inflow from operations of € 42.9 million (€ 41.5 million at 30 September 2018);

- € 4.8 million in outflows from the use of the provisions for future risks and charges and for employee termination benefits (€ 5.9 million at 30 September 2018);
- a cash flow absorbed by the changes in NWOC for € 24.2 million (€ 3.2 million at 30 September 2018) which arises from an outflow correlated to an increase in trade receivables of € 8.8 million (against inflows of € 23.9 million in the first nine months of 2018) against outflows of € 13.4 million relating to a change in the balance of trade payables (against an outflow of € 27.1 million at 30 September 2018) and in the balance of inventories (€ 2.0 million, mainly related to the stock of medical devices);
- a € 25.3 million cash flow used in industrial investments (€ 20.9 million at 30 September 2018), net of disposals of € 0.2 million (€ 0.4 million at 30 September 2018);
- cash inflows from financial investments and disinvestments, equal to € 2.4 million at 30 September 2019, relating to the transfer of the shares held in Palazzo della Fonte S.c.p.a. to UBI Banca S.p.A. at their equity value (€ 8.0 million) on the one hand, and, on the other, to the financial effects of the business combination that led to the acquisition of Emmetek S.r.l. (- € 5.6 million). At 30 September 2018 there also was the recognition of net financial disinvestments of € 3.1 million, related to the net financial effects of the acquisition of the majority interest in the Turkish company EOS (- € 2 million), as well as of the payment of capital amounts in non-consolidated companies (- € 0.5 million) and the disposal of the interest held in Progetto ISOM S.p.A. (+ € 6.0 million);
- a decrease in net financial liabilities of € 0.1 million, which was mainly due to (i) a reduction in the Senior Secured Notes debt for the repurchase of € 10.3 million of Notes on the open market, albeit against an increase in the balance of financial accruals on the coupons being accrued (+ € 7.8 million); (ii) new long-term bank lines for € 2.3 million entered into by subsidiary Elene Project S.r.l., against repayments of capital quotas on bank loans for a total of € 1.4 million; (iii) other changes in the liability related to the use of short-term credit lines for hot money and advances on invoices (- € 4.4 million) and for assignments of trade receivables with recourse (+ € 6.4 million); (iv) a lower liability recognised against factoring firms for amounts received on receivables that had been previously assigned without recourse and returned to them in the subsequent quarter (- € 5.1 million); (iv) the recognition of higher financial liabilities for the acquisition of investment for € 3.6 million for the acquisition of Emmetek S.r.l.. On the other hand, in the first nine months of 2018 there was an increase in net financial liabilities of € 192.1 million, which was mainly due to the 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) and of lines with other 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);
- cash outflows arising from other changes recorded in the period for € 11.0 million, which also included the flows generated by the performance of other operating assets and liabilities (- € 7.2 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 (+ € 4.0 million); (ii) the trend in net VAT credit balances for the Group companies, up by € 3.5 million in the period albeit against assignments without recourse amounting to € 24.6 million during the period; (iii) a decrease in the debit balances for payments due to the members of the Temporary Business Grouping for € 1.9 million (iv) a decrease, among “Other operating current liabilities”, in the payable related to the fine imposed by the Competition

Authority during 2016 (- € 4.4 million and its consequent payment). On the other hand, in the first nine months of 2018 there was the recognition of outflows arising from other changes reported 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 were involved in assignments without recourse amounting to € 25.2 million during the period; (iv) a decrease, among "Other operating current liabilities", in the payable related to the fine imposed by the Competition Authority during 2016, given its payment in instalments (- € 4.4 million).

Financial and industrial Capex

In the first nine months of 2019, the Group made gross capital expenditures which totalled € 25.3 million (€ 21.0 million at 30 September 2018), from which must be deducted disinvestments of € 0.2 million (€ 0.4 million at 30 September 2018):

(in thousands of Euro)	For the 9 months ended 30 September	
	2019	**2018**
Fixed assets under finance lease	305	67
Properties	42	60
Purchase of plant and equipment	18,793	16,396
Other capital expenditures in intangible assets	6,110	4,441
INDUSTRIAL CAPEX	**25,250**	**20,964**

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 € 13.0 million at 30 September 2019 against € 11.7 million at 30 September 2018, with a considerable increase due to new stocks for the start-up of some major contracts. Furthermore, there were increases of € 2.2 million relating to service concessions managed for the Municipal Government of Casalecchio di Reno (BO) (through the subsidiary Elene Project S.r.l.) and at Valsamoggia (BO) (through the subsidiary Energy Saving Valsamoggia S.r.l.).

Investments in intangible assets for the period amounted to € 6.1 million (€ 4.4 million at 30 September 2018) and mainly related to ICT investments by the Parent Company for the upgrading and enhancement of its SAP infrastructure. These also included investments of € 0.7 million in the technological platform of subsidiary Yougenio S.r.l. (against an equal amount at 30 September 2018) and an amount of € 1.1 million relating to investments in progress for the automation of some processes relating to specialist services.

Finally, investments in new finance leases related to subsidiary Servizi Ospedalieri for linen rental and industrial laundering contracts.

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

(in thousands of Euro)	For the 9 months ended 30 September	
	2019	2018
Facility Management	9,724	7,887
Laundering & Sterilization	15,526	13,077
INDUSTRIAL CAPEX	**25,250**	**20,964**

Finally, the cash flow for financial investments posted a positive value of € 2.4 million at 30 September 2019. On 6 June 2019, the subsidiary H2h Facility Solutions S.p.A. transferred to UBI Banca S.p.A. the minority interests held in Palazzo della Fonte S.c.p.a., for a consideration equal to its asset value (€ 8 million), which was collected in full as at the date of transfer. Furthermore, the investment in Emmetek S.r.l. was acquired on 3 July 2019, the business combination of which entailed net financial uses of € 5.9 million.

Finally, the cash flow for financial investments posted a positive value of € 3.1 million at 30 September 2018 and was due to the sale to third parties of a stake of 31.98% of Progetto ISOM S.p.A. and of the related receivable for the existing shareholder loan, for a total consideration of € 6.1 million which was collected in full on the date of the transfer (2 July 2018).On the other hand, the business combination relating to the Turkish company EOS, which was completed on 28 February 2018, had a net effect on cash and cash equivalents of € 1.7 million against the acquisition by Rekeep World S.r.l. of an additional stake of 1% of the company's capital. On the other hand, the acquisition of Medical Device S.r.l. did not entail any cash out for the Group since the transaction was completed through an increase in the capital of the subsidiary itself. Finally, capital payments of € 0.5 million were made in investee companies not included in the consolidation area.

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 2018 restated	Business combinations	New loans	Repayments/ Payments	Buy-back/ Early termination	Other changes	30 September 2019
Senior Secured Notes	346,475				(10,300)	2,852	339,026
Bank borrowings	12,454		2,294	(1,371)		(117)	13,260
Current bank overdraft, advance payments and hot money	5,247	1	799	(5,248)			799
Accrued and prepaid expenses	574			(15,737)		23,823	8,661
BANK DEBTS	**364,751**	**1**	**3,093**	**(22,356)**	**(10,300)**	**26,558**	**361,746**
Financial lease obligations	3,577	24	289	(337)			3,553

(in thousands of Euro)	31 December 2018 restated	Business combinations	New loans	Repayments/ Payments	Buy-back/ Early termination	Other changes	30 September 2019
Operating lease liabilities	49,098		3,781	(5,422)	(279)		47,177
Payables for assignments of trade receivables with recourse	18,379		57,626	(51,217)			24,789
Collections on behalf of assignees of trade receivables without recourse	9,934		4,845	(9,934)			4,845
Other financial liabilities	2,411	1	3,609	(690)		(64)	5,267
FINANCIAL LIABILITIES	**448,150**	**26**	**73,243**	**(89,956)**	**(10,579)**	**26,493**	**447,378**
Current financial assets	(5,532)					1,452	(4,079)
NET FINANCIAL LIABILITIES	**442,619**	**26**	**73,243**	**(89,956)**	**(10,579)**	**27,945**	**443,299**

The adoption of IFRS16 – *Leases* entailed the restatement of the accounting data at 31 December 2018 for the recognition of a financial liability equal to € 49.1 million, relating to the discounted value of future payments to be made on property leases and operating hires for which the book value of the Right of Use embedded in these contracts is stated among fixed assets. In consideration of these contracts payments as a reduction in the liability for € 5.4 million were made during the first nine months of the year while new contracts were entered into for a present value of € 3.8 million upon recognition. Finally, differences for early termination were reported for € 0.3 million. These valuations were made on a provisional basis and based on an analysis conducted by the Group companies, which is still being completed to date.

In early 2019 Rekeep S.p.A. formalised the purchase of portions of its bond issue on the open market for a total nominal amount of € 10.3 million. The weighted average repurchase price was less than 85% against a price for the issue equal to 98% at 6 July 2017. These transactions entailed the recognition of financial capital gains, net of related fees, equal to € 1.6 million through consolidated profit or loss in 2019, as well as the cancellation of the Notes involved in the buy-back transactions.

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 generated financial amortisation charges of € 2.9 million in the period, of which € 0.4 million related to the write-off of the up-front fees in proportion to the buy-back made.

On 12 March 2019 Cassa Centrale Banca Credito Cooperativo del Nord Est S.p.A. disbursed to subsidiary Elene Project S.r.l. a senior facility due March 2030 and a VAT line due December 2020 for a total amount of € 2.3 million. The loan provided for a pre-amortisation period until 31 December 2019, the repayment in 30 quarterly instalments and a pledge on the shares of the same company, holding a service concession with the Municipality of Casalecchio di Reno (Province of Bologna), concerning the integrated management of thermal energy and public lighting in the municipal district.

Furthermore, at 30 September 2019 there was the recognition of accrued expenses on loans in a total amount of € 9.5 million (of which € 9.3 million related to the amount accrued on the bond coupon due on 15 December 2019) and of prepaid financial expenses of € 0.8 million, of which € 0.5 million relating to the remaining amount of costs to be amortised for obtaining the

Revolving Credit Facility ("RCF"). In fact, at the same time as the bond issue, CMF S.p.A. 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 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 first nine months of 2019.

As at the closing date of the period, short-term uncommitted credit lines had been used for hot money and advances on invoices of € 0.8 million (aimed at meeting peaks in temporary cash requirements linked to the natural performance of operations), against a balance of € 5.2 million at 31 December 2018. 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 2019, assignments were made in an overall nominal amount of € 57.6 million while the outstanding balance amounted to € 24.8 million at 30 September 2019 (€ 18.4 million at 31 December 2018).

Furthermore, Rekeep S.p.A. and Servizi Ospedalieri S.p.A. collected amounts of € 4.8 million at 30 September 2019, 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, there was the recognition of payables for the acquisition of investments for a total amount of € 3.6 million, relating to the remaining debt on the price of acquisition of Emmetek S.r.l. (€ 2.2 million), to which must be added the assessment of the potential debt correlated to the put&call options on the remaining 20% of its capital (€ 1.4 million).

Finally, the balance of short-term financial assets was € 1.5 million lower during the first nine months of 2019, mainly as a result of the reduction in the balance of the current financial accounts held by the Turkish subsidiary Rekeep United with the local partners (- € 0.9 million), as well as of a change in the balances of pledged current accounts used within the scope of the aforementioned contracts for the assignment of trade receivables without recourse, for which the parent company Rekeep S.p.A. manages the collection service (- € 0.2 million).

4. UPDATE ON LEGAL PROCEEDINGS

The updates are described below, which were reported at the date of approval of the Interim Report on Operations on the disputes described in the explanatory notes to the Consolidated Financial Statements (nos. 15 and 17), to which reference should be made for more details.

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

During 2019, the administrative dispute relating to the fine imposed by the Italian Competition Authority on 20 January 2016 on 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. Furthermore, 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 Supreme Court for jurisdiction reasons. The Supreme Court declared the appeal inadmissible on 18 January 2019. An appeal was lodged against this new order issued by the Competition Authority with the Lazio Regional Administrative Court as well and the Company is waiting for the hearing to be scheduled.

The Company is regularly paying this fine as from May 2017, for which the payment in 30 monthly instalments has been obtained at the legal interest rate (currently 0.8%). Furthermore, the debt was terminated on 30 September 2019.

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

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified, and, since it is also sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender, on 3 July 2019 it challenged the Authority's order before the Lazio Regional Administrative Court (TAR) while submitting a preliminary request for suspending the payment of the sanction.

Finally, on 18 July 2019 the Lazio Regional Administrative Court granted the request submitted by the Company and ordered for the payment of the fine imposed by the Competition Authority to be suspended until the date it rules on the merits, subject to prior provision of a deposit, including through a surety policy, in favour of the Authority itself for an amount equal to the fine imposed on the Company, within 60 days from the date of the order. The hearing for discussing the merits has been set for 6 May 2020. The Company filed an appeal against the Regional Administrative Court’s order with the Council of State on 1 August 2019; on 12 September 2019 the Council of State rejected the appeal, confirming the Lazio Regional Administrative Court’s order dated 18 July. On 17 September 2019 the Company informed the market that it had not provided any deposit in favour of the Competition Authority; on 29 October the latter formally asked the Company to provide the deposit within 15 days, in the enforcement of the Lazio Regional Administrative Court’s order of September, while informing that, if the Company fails to do so, the sums due will be entered in the taxpayers’ list. The Company has not provided any deposit within the expiry of said time limits, while believing that should the Authority enter these sums in the taxpayer’s list, their payment will take place within the time limits and according

to the methods prescribed by law, also pursuant to Article 19 of Presidential Decree 602/1973 and Ministerial Decree of 6 November 2013, as supplemented by the Directives issued by the Revenue Agency – Collection.

Furthermore, on 28 June 2019 Consip S.p.A. formally served on Rekeep S.p.A. the order providing for its exclusion from the FM4 Tender due to the breach of Article 38, paragraph 1.f, of Legislative Decree 163/2006, as well as of Article 68 of Royal Decree 827/1924 and of Article 38, paragraph 2, of Legislative Decree 163/2006, while also notifying the enforcement of the temporary guarantees provided by Rekeep S.p.A. in tendering (equal to € 3.9 million). In relation to this exclusion ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority) opened a procedure under Article 38, paragraph 1-*ter*, of Legislative Decree 163/2006. On 3 July 2019 Rekeep S.p.A. filed an appeal with the Lazio Regional Administrative Court in order to seek the annulment of the acts of Consip S.p.A.; on 10 July 2019 the administrative court ordered for them to be suspended pending its own ruling on the appeal against the Competition Authority's order, while also setting the hearing in chambers for the decision on the preliminary request at 11 September 2019. On that occasion the Lazio Regional Administrative Court partially granted the preliminary request against the order issued by Consip S.p.A., providing for the suspension of the enforcement of the temporary guarantees until the hearing on the merits set on 15 July 2020. On 4 November 2019 Rekeep S.p.A. submitted an appeal to the Lazio Regional Administrative Court against the procedure opened by ANAC and a precautionary appeal before the Council of State against the Lazio Regional Administrative Court's order dated 11 September 2019.

To date, since the tender has not yet been awarded on a final basis, potential revenues relating to the FM4 Tender have never been included in the Group's portfolio of new and renewed contracts (backlog).

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 condensed Consolidated interim financial statements at 30 September 2019 are included in the explanatory notes (notes 15 and 16), to which reference is made.

5. SUBSEQUENT EVENTS AFTER THE END OF THE PERIOD

On 25 September 2019 Rekeep S.p.A. signed an investment agreement for the acquisition of 80% of the share capital of the Polish company Naprzod S.A., the parent company of the Polish group with the same name, which mainly operates in the healthcare sector where it provides facility management services (in particular cleaning and disinfection, including specialis hospital services for the maintenance of areas and medical tools, and assistance to the patient in the arrangement of beds, as well as in transport, operations and medical procedures), catering and medical transportation services, including outsourcing services, ambulance hire, security in mass events and the transport of disabled people.

The acquisition was completed on 31 October 2019 through subsidiary Rekeep World S.r.l. against an acquisition price equal to about € 18 million, of which € 11.2 million paid on the closing date.

This intensifies the international growth of the Rekeep Group, which strengthens its objective of geographical diversification through local awards and partnerships with companies with management recognised in each country. The acquisition results in

a significant creation of value between the two Groups through synergies, cross-selling and operational efficiency, thus enabling Rekeep Group to immediately position itself as a leading company in Poland in the field of facility management in the healthcare sector. The operation will also give Naprzod access to a vast know-how on services it does not provide at present ((maintenance, heat management, linen rental, industrial laundering and sterilization, etc.), with a further improvement in its market position in Poland.

6. BUSINESS OUTLOOK

The first nine months of 2019 strengthened, quarter by quarter, the volume growth trend which had been already noted in the 2018 financial year, despite a business performance that confirms the slowdown in the market of awards of tenders.

This trend of growth in revenues is expected to continue in the last quarter of 2019.

Profit margins, which showed an increase during the nine months ended 30 September 2019 compared to the same period of 2018, are expected to be confirmed during 2019, thanks to the actions aimed at operational efficiency and keeping fixed costs low, taken on an ongoing basis to counteract both the continuous price pressure upon the renewal of the portfolio and a probable increase in labour cost arising from the renewal of the multi-service National Collective Labour Agreement (CCNL) that is expected in the next months.

Finally, in financial terms, despite recording a normal increase in net financial indebtedness at 30 September compared to 31 December 2018, which was driven by a reduction in the terms of payment to suppliers, work continued on the actions taken by the Rekeep Group, aimed at limiting trade receivables and the net working capital. This is proven by the fact that at 30 September 2019 a new historical low was also recorded in the time required to collect trade receivables. In fact, one of the main objectives of the Group is still to continue its scheme envisaging a reduction in net financial indebtedness.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	30 September 2019	31 December 2018 restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	73,749	67,991
Property, plant and equipment under lease	6	47,863	51,642
Goodwill	7-8	412,597	407,622
Other intangible assets	7	26,547	25,634
Investments accounted for under the equity method	9	11,139	19,207
Other investments	10	4,908	4,905
Non-current financial receivables and other securities	10	4,843	5,662
Other non-current assets	10	94,693	2,897
Prepaid tax assets		15,828	15,979
TOTAL NON-CURRENT ASSETS		**692,167**	**601,539**
CURRENT ASSETS			
Inventories		9,614	7,421
Trade receivables and advances to suppliers	11	426,208	417,930
Current tax receivables		11,018	14,658
Other current assets	11	30,726	22,320
Current financial assets	13	4,079	5,532
Cash and cash equivalents	13	75,686	94,733
TOTAL CURRENT ASSETS		**557,331**	**562,594**
Non-current assets classified as held for sale		0	0
TOTAL NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,249,498**	**1,164,133**

(in thousands of Euro)	NOTES	30 September 2019	31 December 2018 restated
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		18,588	3,260
Retained earnings (losses)		33,778	34,208
Profit attributable to equity holders of the Parent		5,712	15,734
EQUITY ATTRIBUTABLE TO THE GROUP		**167,228**	**162,352**
Capital and reserves attributable to non-controlling interests		639	551
Profit for the period attributable to non-controlling interests		151	109
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**790**	**660**
TOTAL SHAREHOLDERS' EQUITY	**12**	**168,018**	**163,012**
NON-CURRENT LIABILITIES			
Employee termination benefits	14	15,473	14,730
Provisions for risks and charges, non-current	15	24,509	25,189
Long-term financial debts	13	398,431	409,436
Deferred tax liabilities		14,489	14,527
Other non-current liabilities		594	660
TOTAL NON-CURRENT LIABILITIES		**453,496**	**464,542**
CURRENT LIABILITIES			
Provisions for risks and charges, current	15	5,962	6,948
Trade payables and contract liabilities	17	386,584	399,602
Current tax payables		4,077	954
Other current operating liabilities	17	182,414	90,360
Bank borrowings, including current portion of long-term debt, and other financial liabilities	13	48,947	38,715
TOTAL CURRENT LIABILITIES		**627,984**	**536,579**
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		**1,249,498**	**1,164,133**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2019	30 September 2018 restated
REVENUES			
Revenues from contracts with customers		718,818	685,888
Other revenues		1,298	856
TOTAL REVENUES		**720,116**	**686,744**
OPERATING COSTS			
Costs of raw materials and consumables		(115,498)	(99,554)
Change in inventories of finished and semi-finished products		1,155	(19)
Costs for services and use of third-party assets		(228,247)	(224,994)
Personnel costs		(299,656)	(288,685)
Other operating costs		(5,413)	(4,352)
Lower costs for internal work capitalised		2,188	2,546
Amortisation, depreciation, write-downs and write-backs of assets	5-6-7	(28,144)	(29,545)
Accrual of provisions for risks and charges	15	(1,418)	(632)
TOTAL OPERATING COSTS		**(675,033)**	**(645,235)**
OPERATING INCOME		**45,083**	**41,509**
FINANCIAL INCOME AND EXPENSES			
Income (loss) from equity investments	9	338	1,201
Dividends and income (loss) from sale of investments		782	490
Financial income		2,575	1,241
Financial charges		(33,781)	(24,948)
Profit (loss) on exchange rate		5	(294)
Profit (loss) before taxes		**15,002**	**19,199**
Current, prepaid, and deferred taxes		(9,139)	(9,171)
Net profit (loss) from continuing operations		**5,863**	**10,028**
Profit (loss) from discontinued operations		0	0
Profit (loss) for the period		**5,863**	**10,028**
Profit (loss) for the period attributable to non-controlling interests		(151)	(140)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**5,712**	**9,888**

	For the 9 months ended	
	30 September 2019	30 September 2018 restated
Basic earnings per share	0.052	0.091
Diluted earnings per share	0.052	0.091
Basic earnings per share from continuing operations	0.052	0.091
Diluted earnings per share from continuing operations	0.052	0.091

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2019	30 September 2018 restated
PROFIT FOR THE PERIOD		**5,863**	**10,028**
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Differences from translation of foreign financial statements		(67)	(770)
Share of other comprehensive income of equity-accounted entities, which will be subsequently reclassified under profit/loss for the year	9	(171)	233
Other comprehensive income for the period, which will be subsequently reclassified under profit/loss for the year		**(238)**	**(536)**
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Actuarial gains/(losses) on defined benefit plans		(647)	134
Income taxes		57	(7)
Net effect on actuarial gains/(losses)		**(590)**	**127**
Share of other comprehensive income of equity-accounted entities, which will not be subsequently reclassified under profit/loss for the year	9	(29)	8
Other comprehensive income for the period, which will not be subsequently reclassified under profit/loss for the year		**(619)**	**135**
TOTAL PROFITS (LOSSES) IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME, NET OF TAXES		**(857)**	**(401)**
TOTAL COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**5,006**	**9,627**
Equity holders of the Parent		4,876	9,487
Non-controlling interests		130	140

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2019	30 September 2018 restated
Net profit (loss) from continuing operations		**5,863**	**10,028**
Income taxes for the period		9,139	9,121
Profit before taxes		**15,002**	**19,199**
Amortisation, depreciation, write-downs (write-backs) of assets		28,144	29,545
Accrual (reversal) of provisions for risks and charges		1,418	632
Employee termination benefits provision		743	707
Payments of employee termination benefits		(1,651)	(1,427)
Use of provisions for risks and charges		(3,183)	(4,434)
Income (loss) from equity investments, net of dividends collected		(140)	1,440
Financial charges (income) for the period		31,201	24,001
Operating cash flows before changes in working capital		**71,535**	**69,663**
Decrease (increase) in inventories		(2,037)	(83)
Decrease (increase) in trade receivables and advances to suppliers		(8,763)	23,938
Decrease (increase) in other current assets		(6,734)	4,018
Change in trade payables and advances from customers		(13,361)	(27,074)
Change in other current liabilities		(441)	(3,060)
Changes in Working Capital		**(31,338)**	**(2,262)**
Net interests received (paid) in the period		(19,122)	(10,231)
Taxes paid in the period		(2,323)	(3,722)
Net cash flow from operating activities		**18,752**	**53,446**
(Purchase of intangible assets, net)	7	(6,110)	(4,382)
(Purchase of property, plant and equipment)	5-6	(19,140)	(16,523)
Proceeds from sales of property, plant and equipment	5-6	231	361
Disposal (acquisition) of investments		7,985	3,393
(Decrease) increase of financial assets		1,276	1,488
Financial effects of business combinations		(1,978)	(1,529)
Discontinuing activities		45	175
Net cash flow from (used) in investing activities		**(17,693)**	**(17,017)**
Change in finance lease debt	13	(49)	45
New (repayment of) operating leases	13	(5,700)	(5,461)

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2019	30 September 2018 restated
Acquisition of non-current borrowings	13	2,294	6,676
(Repayment) of non-current borrowings	13	(11,671)	0
Proceeds from/(repayment of) short term bank debt	13	(4,449)	1,341
Other changes in financial debt	13	(465)	(11,986)
Dividends paid		0	(70)
(Purchase) /sale of subsidiaries' minority shareholdings		0	(1,322)
Differences arising from translation of financial statements in foreign currency		(61)	(107)
Net cash flow from / (used in) financing activities		**(20,100)**	**(10,884)**
Change in cash and cash equivalents		**(19,040)**	**25,547**
Cash and cash equivalents at the beginning of the period		94,733	59,870
Change in cash and cash equivalents		(19,040)	25,547
Translation differences on cash and cash equivalents		(7)	(663)
Cash and cash equivalents at the end of the period		**75,686**	**84,754**
Details of cash and cash equivalents:			
Cash and bank current accounts		75,686	84,754
TOTAL CASH AND CASH EQUIVALENTS		**75,686**	84,754

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the 9 months ended	
	30 September 2019	30 September 2018 restated
Interest paid	(21,675)	(11,406)
Interest received	2,553	1,175
Dividends paid	0	(70)
Dividends received	396	570

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

The method used by the Group for transition to new IFRS 16 – *Leases* is the "Modified retrospective approach", which provides for the retrospective application to agreements previously classified as "operating" leases, accounting for the cumulative effect of this adoption, at the date of first-time adoption, as an adjustment to the balance of equity reserves at 1 January 2019.

	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 2019	**109,150**	**5,029**	**34,911**	**15,734**	**164,824**	**668**	**165,492**
Effects of changes in accounting standards		(1,769)	(704)		**(2,472)**	(8)	**(2,480)**
1 January 2019 Restated	**109,150**	**3,260**	**34,207**	**15,734**	**162,352**	**660**	**163,012**
Allocation of profits (losses) of previous years		16,163	(429)	(15,734)	**0**		**0**
Total comprehensive income (loss) for the period		(835)		5,712	**4,876**	130	**5,005**
30 September 2019	**109,150**	**18,588**	**33,778**	**5,712**	**167,228**	**790**	**168,018**

	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)**

	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
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**

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 nine months ended 30 September 2019 consists of the Interim Report on Operations and of the condensed consolidated interim Financial Statements at 30 September 2019, 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 2019 was authorised by resolution of the Board of Directors' meeting of 14 November 2019.

On 30 September 2019 the share capital of Parent Company Rekeep S.p.A. was wholly held by the sole shareholder Manutencoop Società Cooperativa, which carries out Management and Coordination activities.

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The condensed consolidated interim Financial Statements at 30 September 2019 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 Consolidated Financial Statements have been prepared on a going concern basis, as the Directors believe that there are no significant uncertainties.

The amounts presented in the Statements and in the explanatory Notes are compared with those at 31 December 2018, 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 2018. The condensed consolidated interim Financial Statements at 30 September 2019 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 2019 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 2019 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 2018.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the condensed consolidated interim Financial Statements at 30 September 2019 are consistent with those used to prepare the consolidated Financial Statements at 31 December 2018, 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 2019.

The Group has not proceeded with the early adoption of any standard, interpretation or improvement issued but not yet mandatorily in force.

New or revised IFRS and interpretations applicable from 1st January 2019

During 2019 the following new accounting standards came into force:

- *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. 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. In fact, as regards the lessor, the accounting method is substantially unchanged with respect to the provisions laid down under the current IAS17. For the effects of the adoption of this standard, reference should be mate to note 3 below.
- *IFRIC 23 – Uncertainty over Income Tax treatments.* 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.

- *Amendments to IFRS9 - Prepayment Features with Negative Compensation*. 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.
- *Amendments to IAS28 - Long-term interests in associates and joint ventures*. 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.
- *Amendments to IAS19 – Plan Amendment, Curtailment or Settlement*. It 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. No significant impact is expected from the application of the new standard on the Consolidated Financial Statements.

Improvements to IFRS

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. No significant impact is expected from the application of these improvements on the Consolidated Financial Statements.

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

In October 2018, the IASB issued amendments to *IAS 1 - Presentation of Financial Statements* and to *IAS 8 - Accounting Policies, Changes in Accounting Estimates* clarifying the definition of "materiality", in order to support the application of the standard. The amendments will become applicable from the financial years ending after 1 January 2020, with early adoption permitted. No significant impact is expected from the application of these amendments on the Consolidated Financial Statements.

The new IFRS 17 - *Insurance Contracts*, applicable from 1 January 2021, was also issued. No significant impact is expected from the application of the new standard on the Consolidated Financial Statements, as the Company does not conduct any insurance business.

2.3 Discretionary assessments and significant accounting assumptions

The preparation of the consolidated Financial Statements requires directors to make discretionary assessments, estimates and assumptions that affect the amounts of revenues, costs, assets and liabilities, and the 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 2019 the carrying amount of goodwill stood at € 412,597 thousand (€ 407,622 thousand at 31 December 2018), more details are given in note 8.

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;
- assumptions applied to the valuation of the Right of Use obligations;
- contractual 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 2019. 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

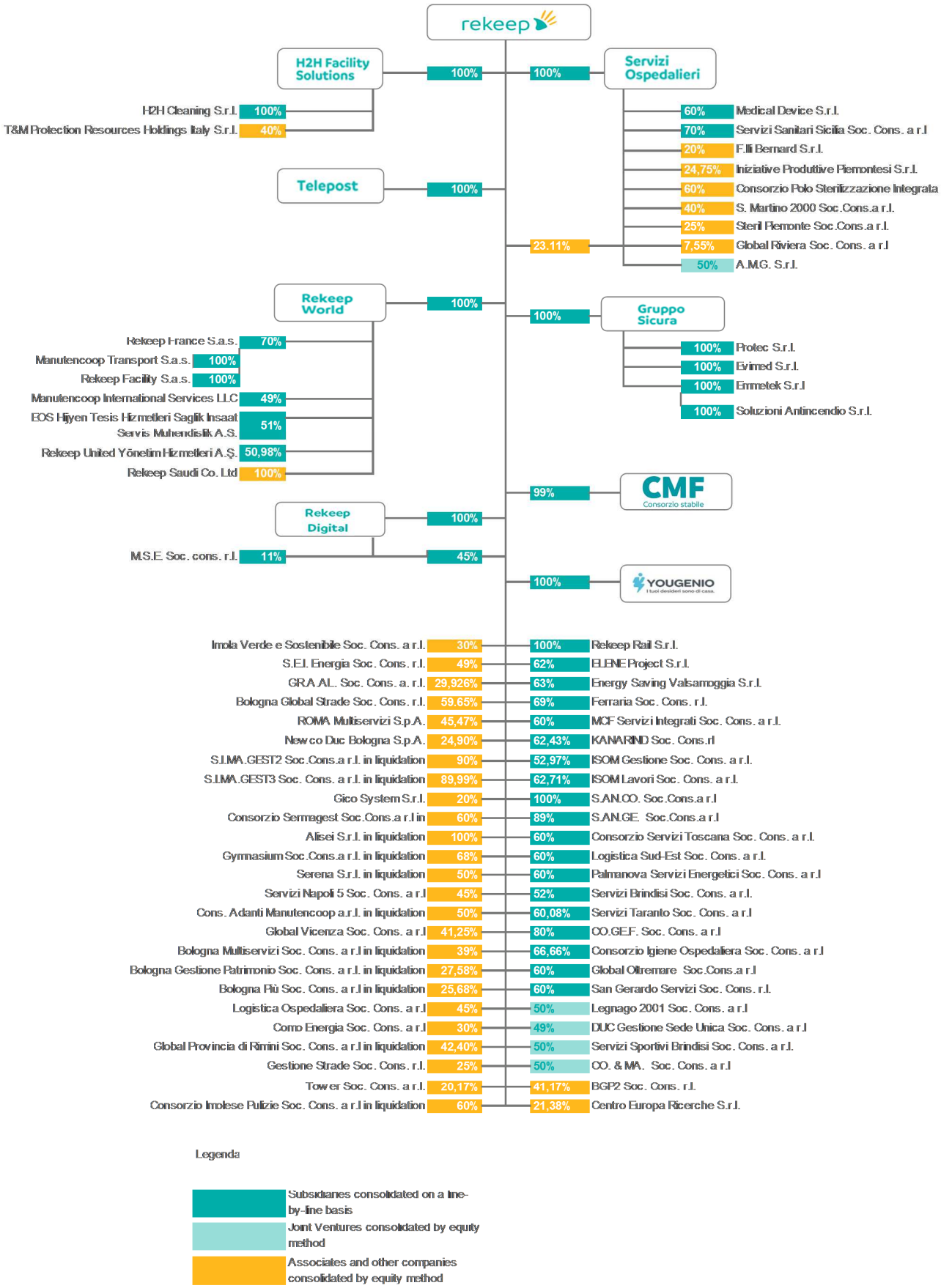
The financial statements are presented in Euro, the Group's functional and reporting currency. Statements of financial position and income statements stated in foreign currency are converted to Euro using the year-end exchange rates for the items of the Statement of Financial Position and average exchange 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 2019	Average exchange rate for the 9 months ended 30 September 2019
TRY	Lira - Turkey	6.1491	6.1311
QAR	Riyal - Qatar	3.9636	4.0561
SAR	Riyal – Saudi Arabia	4.0834	4.1265

The scope of consolidation at 30 September 2019 is shown below.


rekeep
H2H Facility Solutions
100%
H2H Cleaning S.r.l. 100%
T&M Protection Resources Holdings Italy S.r.l. 40%
Telepost
100%
Rekeep World
100%
Rekeep France S.a.s. 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%
Rekeep Saudi Co. Ltd 100%
Rekeep Digital
100%
M.S.E. Soc. cons. r.l. 11%
45%
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% Protec S.r.l.
100% Evimed S.r.l.
100% Emmetek S.r.l.
100% Soluzioni Antincendio S.r.l.
99%
CMF
Consorzio stabile
100%
YOUGENIO
Imola Verde e Sostenibile Soc. Cons. a r.l. 30%
S.E.I. Energia Soc. Cons. r.l. 49%
GRA.AL. Soc. Cons. a. r.l. 29,926%
Bologna Global Strade Soc. Cons. r.l. 59,65%
ROMA Multiservizi S.p.A. 45,47%
New co Duc Bologna S.p.A. 24,90%
S.I.MA.GEST2 Soc.Cons.a r.l. in liquidation 90%
S.I.MA.GEST3 Soc. Cons. a r.l. in liquidation 89,99%
Gico System S.r.l. 20%
Consorzio Sermagest Soc.Cons.a r.l in 60%
Alisei S.r.l. in liquidation 100%
Gymnasium Soc.Cons.a r.l. in liquidation 68%
Serena S.r.l. in liquidation 50%
Servizi Napoli 5 Soc. Cons. a r.l 45%
Cons. Adanti Manutencoop a.r.l. in liquidation 50%
Global Vicenza Soc. Cons. a r.l 41,25%
Bologna Multiservizi Soc. Cons. a r.l in liquidation 39%
Bologna Gestione Patrimonio Soc. Cons. a r.l. in liquidation 27,58%
Bologna Più Soc. Cons. a r.l in liquidation 25,68%
Logistica Ospedaliera Soc. Cons. a r.l 45%
Como Energia Soc. Cons. a r.l 30%
Global Provincia di Rimini Soc. Cons. a r.l in liquidation 42,40%
Gestione Strade Soc. Cons. r.l. 25%
Tower Soc. Cons. a r.l. 20,17%
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation 60%
100% Rekeep Rail S.r.l.
62% ELENE Project S.r.l.
63% Energy Saving Valsamoggia S.r.l.
69% Ferraria Soc. Cons. r.l.
60% MCF Servizi Integrati Soc. Cons. a r.l.
62,43% KANARIND Soc. Cons.rl
52,97% ISOM Gestione Soc. Cons. a r.l.
62,71% ISOM Lavori Soc. Cons. a r.l.
100% S.AN.CO. Soc.Cons.a r.l
89% S.AN.GE. Soc.Cons.a r.l
60% Consorzio Servizi Toscana Soc. Cons. a r.l.
60% Logistica Sud-Est Soc. Cons. a r.l.
60% Palmanova Servizi Energetici Soc. Cons. a r.l
52% Servizi Brindisi Soc. Cons. a r.l.
60,08% Servizi Taranto Soc. Cons. a r.l
80% CO.GE.F. Soc. Cons. a r.l
66,66% Consorzio Igiene Ospedaliera Soc. Cons. a r.l
60% Global Oltremare Soc.Cons.a r.l
60% San Gerardo Servizi Soc. Cons. r.l.
50% Legnago 2001 Soc. Cons. a r.l
49% DUC Gestione Sede Unica Soc. Cons. a r.l
50% Servizi Sportivi Brindisi Soc. Cons. a r.l.
50% CO. & MA. Soc. Cons. a r.l
41,17% BGP2 Soc. Cons. r.l.
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 2019:

- on 9 January 2019 Consorzio Stabile CMF was established, the consortium provision of which is 99% funded by Group companies (30% by Servizi Ospedalieri S.p.A., a further 30% by Sicura S.p.A., 20% by e-Digital Services S.r.l., 10% by Rekeep S.p.A. and 9% by Rekeep Rail S.r.l.);
- on 6 June 2019 H2H Facility Solutions S.p.A. transferred Palazzo della Fonte S.c.p.a. to UBI Banca S.p.A. for a consideration equal to its asset value (€ 8 million), which was collected in full as at the date of this transfer;
- the merger of Leonardo S.r.l by incorporation into its controlling company Sicura S.p.A. with legal effect from 1 July 2019 and with economic and fiscal effect backdated to 1 January 2019;
- on 3 July 2019 Sicura S.p.A. acquired 80% of the capital of Emmetek S.r.l. and its subsidiary Soluzioni Antincendio S.r.l., for a consideration of € 5.6 million. The investment agreement also provides for put and call options on the remaining 20% of the capital, which may not be exercised before the approval of the acquiree's financial statements at 31 December 2021;
- on 29 July 2019 Rekeep Saudi Co. Ltd was established, based in Riyadh, which is wholly held by Rekeep World S.r.l..

Furthermore, note the following events:

- Manutencoop France S.a.r.l. was involved in a corporate restructuring, following which it changed its name to Rekeep France S.a.s. with effect from 23 July 2019;
- e-Digital Services S.r.l. changed its company name to Rekeep Digital S.r.l. with effect from 1 August 2019.

3. EFFECTS OF CHANGES IN ACCOUNTING STANDARDS

Under Regulation (EU) No. 1986 of 31 October 2017 the European Union adopted IFRS 16 – Leases, as well as amended and renamed IFRS 1, IFRS 3, IFRS 4, IFRS 7, IFRS 9, IFRS 13, IFRS 15, in addition to the accounting standards IAS 1, IAS 2, IAS 7, IAS 12, IAS 16, IAS 21, IAS 23, IAS 32, IAS 37, IAS 38, IAS 39, IAS 40, IAS 41 and interpretations IFRIC 1, IFRIC 12, SIC 29 and SIC 32. The adoption of the accounting standard is effective for IAS-adopters from the financial periods commencing on or after 1 January 2019.

The first-time adoption of IFRS 16 – *Leases* made it necessary to carry out an in-depth analysis, which allowed the assessment of the potential impact of the adoption of the new standard on the financial position, results of operations, cash flows and disclosures reported in the Consolidated Financial Statements as from the 2019 financial year. Furthermore, a careful assessment was started in relation to the operational impact that this accounting transition would entail on the Group's administrative processes.

The main cases of operating leases identified by the analysis concern:

- locazioni immobiliari per sedi del Gruppo sul territorio italiano intrattenute con la controllante Manutencoop Società Cooperativa, proprietaria di tali immobili (tra cui in particolare: la sede direzionale di Zola Predosa (BO), la sede di Mestre (VE), la sede di Sicura S.p.A. in Vicenza ed altre sedi minori);
- property leases for the Group's offices throughout Italy held with parent company Manutencoop Società Cooperativa, which is the owner of these properties (including, in particular, the executive offices located in Zola Predosa (Province of Bologna), as well as the Mestre office (Province of Venice), the Vicenza office of Sicura S.p.A. and other minor offices);
- property leases for the Group's operating offices throughout Italy held with third parties;
- long-term hire for the corporate fleets of the Group companies;
- other forms of hiring of equipment used in the performance of some work contracts.

According to the previously applicable accounting rules, the "operating" lease cost for the period was accounted for in the Statement of Profit/Loss for the period, as "Cost for use of third-party assets", according to the matching principle and based on its accrual for the time being. The impact on the business cash flows was then accounted for as "Cash flow from current operations" in the Statement of Cash Flows. Furthermore, the accounting standard IAS 17 provided for the financial method to be adopted for "finance" leases only, thus recognising the asset among balance sheet assets (and recognising accordingly any related amortisation and depreciation) and the liability arising from future lease payments among balance sheet liabilities. Moreover, the related financial costs for the period were accounted for during the period of financial amortisation of this liability.

The new accounting standard IFRS 16 has introduced significant changes concerning the method to account for operating leases, providing for the recognition of the liability arising from leases that were previously classified as operating leases in applying IAS 17. The lessee must measure the lease liability at the present value of the remaining payments due under the lease, as discounted using the lessee's marginal borrowing rate and recognise the Right-Of-Use asset (ROU).

The analysis conducted upon first-time adoption in the Consolidated Financial Statements highlighted, first of all, the need for the evaluation of an appropriate marginal discount rate, which was adopted on a provisional basis at a 5% for any and all categories of operating lease in place. Additional analyses will be conducted, which will be aimed at confirming or changing this rate by the date of publication of the Consolidated Financial Statements at 31 December 2019.

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

Effects of the change in the accounting standard on the Equity and on the consolidated Statement of Financial Position at 1 January 2019

The accounting method applied to transition is the "Modified retrospective approach", which does not provide for the mandatory restatement of comparative information. The lessee must instead recognise the cumulative effect of the first-time adoption of the standard as an adjustment to the opening balance of profits carried forward as at 1 January 2019. The book value of ROU-assets

has been calculated by the Group as if the standard had been applied from the effective date, as discounted by using the lessee's marginal borrowing rate upon first-time adoption.

However, for the sake of clarity, in the Explanatory Notes the balance sheet data at 30 September 2019 and at 31 December 2018, as well as the results of operations and cash flows for the first nine months of 2019 have been reported by showing the comparative data restated to take account of the changes in the accounting standard described. Since the analyses concerning the adoption of the standard are still being completed, the balance sheet data at 31 December 2018 have been reviewed with respect to the previous Interim Reports at 30 June 2019 and 31 March 2019, in order to ensure a more accurate calculation of comparative effects.

Below is the reconciliation between the financial figures at 1 January 2019 and the financial figures at 1 January 2019 as restated to take account of the abovementioned adjustments:

	1 January 2019	Effects of adoption of IFRS 16	1 January 2019 Restated
Assets			
Non-current assets			
Property, plant and equipment	67,991		67,991
Property, plant and equipment under lease	5,984	45,658	51,642
Goodwill	407,622		407,622
Other intangible assets	25,634		25,634
Investments accounted for under the equity method	19,207		19,207
Other investments	4,905		4,905
Non-current financial receivables and other securities	5,662		5,662
Other non-current assets	2,897		2,897
Prepaid tax assets	15,017	962	15,979
Total non-current assets	**554,919**	**46,620**	**601,539**
Current assets			
Inventories	7,421		7,421
Trade receivables and advances to suppliers	417,930		417,930
Current tax receivables	14,658		14,658
Other current assets	22,320		22,320
Current financial assets	5,532		5,532
Cash and cash equivalents	94,733		94,733
Total current assets	**562,594**	**0**	**562,594**
Non-current assets classified as held for sale	0		0
Total non-current assets classified as held for sale	**0**	**0**	**0**
Total assets	**1,117,513**	**46,620**	**1,164,133**

	1 January 2019	Effects of adoption of IFRS 16	1 January 2019 Restated
Shareholders' equity			
Share capital	109,150		109,150
Reserves	5,029	(1,769)	3,260
Retained earnings (losses)	34,911	(704)	34,208
Profit (loss) attributable to equity holders of the Parent	15,734		15,734
Equity attributable to the Group	**164,824**	**(2,472)**	**162,352**
Capital and reserves attributable to non-controlling interests	559	(7)	552
Profit (loss) for the period attributable to non-controlling interests	109	(1)	108
Equity attributable to non-controlling interests	**668**	**(8)**	**660**
Total shareholders' equity	**165,492**	**(2,480)**	**163,012**
Non-current liabilities			
Employee termination benefits	14,730		14,730
Provisions for risks and charges, non-current	25,189		25,189
Long-term financial debts	361,687	47,749	409,436
Deferred tax liabilities	14,525	2	14,527
Other non-current liabilities	660		660
Total non-current liabilities	**416,791**	**47,751**	**464,542**
Current liabilities			
Provisions for risks and charges, current	6,948		6,948
Trade payables and contract liabilities	399,602		399,602
Current tax payables	954		954
Other current operating liabilities	90,360		90,360
Bank borrowings, including current portion of long-term debt, and other financial liabilities	37,366	1,349	38,715
Total current liabilities	**535,230**	**1,349**	**536,579**
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	**1,117,513**	**46,620**	**1,164,133**

Finally, the table below reports a reconciliation between the income statement balances recognised in the Interim Consolidated Financial Statements at 30 September 2018 and the corresponding balances at 30 September 2018 restated to take account of the effects that the adoption of the new accounting standard would have had on comparative data:

	30 September 2018	Effects of adoption of IFRS 16	30 September 2018 restated
Revenues			
Revenues from contracts with customers	685,888		685,888
Other revenues	856		856
Total revenues	**686,744**	**0**	**686,744**
Operating costs			
Costs of raw materials and consumables	(99,554)		(99,554)
Change in inventories of finished and semi-finished products	(19)		(19)
Costs for services and use of third-party assets	(232,213)	7,219	(224,994)
Personnel costs	(288,685)		(288,685)
Other operating costs	(4,352)		(4,352)
Lower costs for internal work capitalised	2,546		2,546
Amortisation, depreciation, write-downs and write-backs of assets	(23,449)	(6,096)	(29,545)
Accrual of provisions for risks and charges	(632)		(632)
Total operating costs	**(646,358)**	**1,123**	**(645,235)**
Operating income	**40,386**	**1,123**	**41,509**
Financial income and expenses			
Income (loss) from equity investments	1,201		1,201
Dividends and income (loss) from sale of investments	490		490
Financial income	1,241		1,241
Financial charges	(23,197)	(1,751)	(24,948)
Profit (loss) on exchange rate	(294)		(294)
Profit (loss) before taxes	**19,827**	**(628)**	**19,199**
Current, prepaid, and deferred taxes	(9,346)	175	(9,171)
Net profit (loss) from continuing operations	**10,481**	**(453)**	**10,028**
Profit (loss) from discontinued operations	0		0
Profit (loss) for the period	**10,481**	**(453)**	**10,028**
Profit (loss) for the period attributable to non-controlling interests	(141)	1	(140)
Profit (loss) for the period attributable to equity holders of the parent	**10,340**	**(452)**	**9,888**

4. BUSINESS COMBINATIONS

4.1 Business unit lease at H2H Cleaning S.r.l.

On 18 December 2018 H2H Cleaning S.r.l., which was established by H2H Facility Solutions S.p.A. in November 2018, signed with Eraclya Società Cooperativa a business unit lease agreement concerning the provision of environmental hygiene, concierge,

porterage and other general services for private customers, mainly located in the Triveneto, Piedmont, Lombardy and Lazio regions. The business unit lease became effective from 1 January 2019 and will have a term of 4 years, subject to a call option which may be exercised from the 45th month from the effective date of the lease, at a price calculated as a multiple of the business unit value, net of lease rentals already paid.

Accounting effects of the acquisition

Specifically, the business unit, which expressly excludes public contracts, is made up of sales contracts in place with private customers as at the date of execution and employment contracts with 1,142 people, as well as of procurement contracts relating to the leased business unit. Furthermore, any and all related references were transferred together with the business unit, as were any and all qualification and execution requirements, including permits, licences, authorisations, concessions, including of an administrative nature, required for the operation and management of the business unit, held and used by Eraclya, provided that they are transferrable.

The consideration for the business unit lease is equal to € 100,000 per year, which will be deducted from the consideration to be paid for any possible subsequent transfer of ownership.

The table below shows the value of the business unit's assets and liabilities at the effective date of the lease agreement, as calculated at the reporting date of these condensed consolidated Financial Statements. The imbalance noted in the business unit's values consists of an amount that will be settled upon the expiry of the lease and therefore at the time of the closing inventory of the business unit's property.

	Book value
Assets	
Non-current assets	
Property, plant and equipment	66
Total non-current assets	**66**
Total assets	**66**
Liabilities	
Employee termination benefits	942
Total non-current liabilities	**942**
Current liabilities	
Other current payables	821
Total current liabilities	**821**
Total liabilities	**1,764**
Receivables for settlement from business unit lease	**1,698**

4.2 Acquisition of a majority interest in Emmetek

On 3 July 2019 the Group acquired, through subsidiary Sicura S.p.A., a quota of 80% in the capital of Emmetek S.r.l., a company specialising in the design, prefabrication and installation of pumping stations, water reserves for fire-fighting purposes, hydrant networks and extinguishing systems. The newly-acquired company holds, in turn, a total quota in Soluzioni Antincendio S.r.l., which operates in routine and non-routine maintenance of extinguishing systems with various types of extinguisher and pump units. The transaction was completed by paying an overall consideration of € 5.6 million and upon the execution of a quotaholders' agreement, including put and call options on the remaining 20% of the capital, which may not be exercised before the approval of the acquiree's financial statements at 31 December 2021 and, in any case, not beyond 31 December 2022. The acquisition is consistent with Rekeep Group's growth and development strategy through entering specialist sectors that are complementary to the core business.

Emmetek S.r.l., the head office of which is located in Ferrara (as well as its subsidiary Soluzioni Antincendio S.r.l.), recorded a consolidated turnover of € 3.7 million in 2018 and employs a total number of 20 employees.

Accounting effects of 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 € 5,587 thousand, of which, as at the closing date of the transaction, an amount of € 3,027 thousand was paid to the transferor and an amount of € 350 thousand was paid to the company upon the repayment of a pre-existing debt the latter claimed from the transferor.

Furthermore, since the agreements signed between the counterparties provide for the mutual release of a Put option and a Call option for the transfer of the remaining capital quotas, the Group has stated a financial liability equal to the present value of the exercise price of the Put option available to the minority quotaholder, which is provisionally estimated at € 1,397 thousand on the date of these interim financial statements, as required by the applicable accounting standards. The collection and analysis of any and all information and elements required to obtain a more reliable estimate of the liability will be completed by the date of publication of the Consolidated Financial Statements at 31 December 2019.

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	35	35
Property, plant and equipment under lease	24	0
Goodwill	54	54

	Recognised value	Book value
Other non-current assets	2	2
Prepaid tax assets	3	3
TOTAL NON-CURRENT ASSETS	**117**	**94**
CURRENT ASSETS		
Inventories	156	156
Trade receivables and advances to suppliers	878	878
Other current receivables	155	155
Current financial assets	0	350
Cash and cash equivalents	1,399	1,049
TOTAL CURRENT ASSETS	**2,587**	**2,587**
TOTAL ASSETS	**2,704**	**2,681**
LIABILITIES		
NON-CURRENT LIABILITIES		
Provision for employee termination benefits	39	39
Non-current loans	18	0
TOTAL NON-CURRENT LIABILITIES	**58**	**39**
CURRENT LIABILITIES		
Short-term loans	8	3
Trade payables and contract liabilities	343	343
Current tax payables	125	125
Other current payables	93	93
TOTAL CURRENT LIABILITIES	**569**	**564**
TOTAL LIABILITIES	**627**	**603**
FAIR VALUE OF NET ASSETS	**2,077**	**2,077**
GOODWILL ARISING FROM THE BUSINESS COMBINATION	**4,906**	
Total business combination cost:		
Consideration paid to the transferor at the closing date	5,587	
Fair value of the options on minority shareholdings	1,397	
Additional contribution costs	45	
TOTAL BUSINESS COMBINATION COST	**7,029**	

	Recognised value	Book value
Net liquidity of the acquisition:		
Cash and cash equivalents of the newly-acquired company	1,399	
Consideration paid to the transferor	(3,377)	
Addition acquisition costs	(45)	
NET LIQUIDITY OF THE ACQUISITION	**(2,023)**	

The fair value of assets and liabilities acquired through the business combination was equal to € 2,077 thousand, while the total business combination cost amounted provisionally to € 7,029 thousand, including additional costs of € 45 thousand. The net liquidity absorbed by the business combination amounted to € 2,023 thousand.

The difference of € 4,906 thousand between purchase cost and book value of net assets arising from the business combination was allocated to the Goodwill.

The sub-group composed by Emmetek S.r.l. and Soluzioni Antincendio S.r.l. contributed to the Group's revenues for € 588 thousand from the date of acquisition.

5. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment owned in the period ended 30 September 2019.

	Property	Plant and equipment	Total
At 1 January 2019, net of accumulated depreciation and impairment losses	**12,896**	**55,093**	**67,991**
Additions from business combinations		101	101
Additions from acquisitions	42	18,793	18,835
Disposals		(231)	(231)
Depreciation for the period	(254)	(13,732)	(13,986)
Others	1	1,039	1,040
At 30 September 2019	**12,685**	**61,063**	**73,749**
At 1 January 2019			
Historical cost	15,885	377,458	393,343
Accumulated depreciation and impairment losses	(2,989)	(322,365)	(325,354)

	Property	Plant and equipment	Total
NET BOOK VALUE	**12,896**	**55,093**	**67,991**
At 30 September 2019			
Historical cost	15,927	397,160	413,087
Accumulated depreciation and impairment losses	(3,243)	(336,097)	(339,340)
NET BOOK VALUE	**12,685**	**61,063**	**73,749**

Additions from acquisitions in the first nine months of the year relate to linen in the *Laundering&Sterilisation* segment for € 12,968 thousand and to the purchases of other machinery and specific equipment for € 5,825 thousand. Furthermore, during the period additions for business combinations were recorded, related to the business unit lease, for which reference should be made to note 4.

Furthermore disposals were made in an amount of € 231 thousand.

6. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

The table below shows the changes in property, plant and equipment under finance and operating leases in the period ended 30 September 2019.

	Property under finance lease	Plant and equipment under finance lease	Rights of use of property	Rights of use of plant and machinery	Total
At 1 January 2019, net of accumulated depreciation and impairment losses	**4,584**	**1,400**	**0**	**0**	**5,984**
Effect of changes in accounting standards	0	0	37,546	8,112	45,658
At 1 January 2019 Restated, net of accumulated depreciation and impairment losses	**4,584**	**1,400**	**37,546**	**8,112**	**51,642**
Additions from business combinations		24			24
Additions from acquisitions		305	1,742	2,039	4,086
Early termination			(103)	(176)	(279)
Depreciation for the period	(127)	(92)	(3,628)	(2,720)	(6,567)

	Property under finance lease	Plant and equipment under finance lease	Rights of use of property	Rights of use of plant and machinery	Total
Others		(1,044)	0		(1,044)
At 30 September 2019	**4,457**	**593**	**35,557**	**7,255**	**47,862**
At 1 January 2019 restated					
Historical cost	4,992	5,163	53,609	24,684	88,449
Accumulated depreciation and impairment losses	(408)	(3,763)	(16,063)	(16,573)	(36,806)
NET BOOK VALUE RESTATED	**4,584**	**1,400**	**37,546**	**8,112**	**51,642**
At 30 September 2019					
Historical cost	4,992	1,400	55,248	26,547	91,235
Accumulated depreciation and impairment losses	(535)	(3,855)	(19,691)	(19,293)	(43,373)
NET BOOK VALUE	**4,457**	**593**	**35,557**	**7,255**	**47,862**

Property, plant and equipment under finance leases reported changes during the first nine months of the year, which were due to depreciation for the period, as well as to the execution of new lease agreements for a total of € 305 thousand on the part of subsidiary Servizi Ospedalieri S.p.A. and for Euro 24 thousand related to business combination of Emmetek S.r.l., for which reference should be made to note 4.

“Property under operating lease” and “Plant and equipment under operating lease” include the book value of right-of-use assets recognised according to the new IFRS16, applicable from 1 January 2019 (for more details, reference should be made to note 3 above).

Additions from acquisitions in the first nine months of the year mainly related to the execution of new property lease agreements for € 1,742 thousand and to new long-term hire of vehicles that make up the corporate fleets and equipment for € 2,039 thousand.

7. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the period ended 30 September 2019.

	Other intangible assets	Goodwill	Total
At 1 January 2019, net of accumulated amortisation and impairment losses	**25,634**	**407,622**	**433,256**

	Other intangible assets	Goodwill	Total
Additions from business combinations		4,976	4,976
Additions from acquisitions	6,110		6,110
Amortisation for the period	(5,770)		(5,770)
Others	573	(1)	572
At 30 September 2019	**26,547**	**412,597**	**439,144**
At 1 January 2019			
Historical cost	117,480	410,015	527,495
Accumulated amortisation and impairment losses	(91,846)	(2,393)	(94,239)
NET BOOK VALUE	**25,634**	**407,622**	**433,256**
At 30 September 2019			
Historical cost	124,163	414,990	539,153
Accumulated amortisation and impairment losses	(97,616)	(2,393)	(100,009)
NET BOOK VALUE	**26,547**	**412,597**	**439,144**

Goodwill is tested annually for impairment. The change for the period mainly related to the acquisition of Emmetek S.r.l. and its subsidiary Soluzioni Antincendio S.r.l. by Sicura S.p.A. (€ 4,960 thousand). For more details please refer to note 8 below.

Other intangible assets, amounting to € 26,547 thousand at 30 September 2019, 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 (€ 6,110 thousand) were mainly attributable to the Parent Company Rekeep S.p.A. (€ 3,861 thousand) and related to the implementation and upgrading of the software platform used by the Group. Furthermore, acquisitions of subsidiary Yougenio S.r.l. for € 655 thousand were recognised, which were aimed at the development and upgrading of the e-commerce portal intended for the B2C market, as were for subsidiary Telepost S.p.A. for € 970 thousand aimed at the implementation of automated solutions intended to improve the business's operational efficiency. Other changes (€ 572 thousand) related to the restatement of the historical cost of some intangible assets of subsidiary Yougenio.

8. 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 in the fields of safety and fire prevention
- Telepost S.p.A., specialist in internal mailing services
- Rekeep Digital S.r.l. (formerly 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 2019, relating to the different CGUs.

	30 September 2019	31 December 2018 restated
Goodwill allocated to Facility Management CGU	398,788	393,813
Goodwill allocated to Laundering & Sterilization CGU	13,809	13,809
CONSOLIDATED GODWILL	**412,597**	**407,622**

The change in the period was mainly related to the acquisition, by Sicura S.p.A. of Emmetek S.r.l. and its subsidiary Soluzioni Antincendio S.r.l. (€ 4,960 thousand).

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 2019 the Directors did not report any risk of impairment on the value of the cash generating units, including after considering the headroom noted in the sensitivity analyses and the stress tests conducted at the reporting date of the

Consolidated Financial Statements at 31 December 2018, which ensure the recoverability of consolidated assets even in the presence of any possible risk of significant amount; accordingly, they did not proceed with any formal updating of the impairment tests at 31 December 2018.

9. 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 2019, equity-accounted investments stood at a net amount of € 11,052 thousand, against a net amount of € 19,120 thousand at the end of the previous year.

	Net assets 30 September 2019	Net assets 31 December 2018 restated
Equity-accounted investments	11,139	19,207
Provision for risks on investments	(87)	(87)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**11,052**	**19,120**

The breakdown of changes during the period is provided in Annex II attached to the Interim Report on Operations, to which reference should be made. The main decrease in the period related to the disposal of the interest held by subsidiary H2H Facility Solution S.p.A. in Palazzo della Fonte S.c.p.a. at its balance sheet value (€ 8 million) on 6 June 2019.

In the first nine months of 2019, investments accounted for under the equity method recorded a positive result equal to € 338 thousand for the share attributable to the Group, as a result of the recognition of income from equity investments of € 613 thousand and write-downs of € 275 thousand. Furthermore, positive effects were recognised directly under consolidated Equity for a total of € 199 thousand.

10. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets at 30 September 2019 and at 31 December 2018 restated:

	30 September 2019	31 December 2018 restated
Other investments	4,908	4,905

	30 September 2019	31 December 2018 restated
Non-current financial assets	4,843	5,662
Other non-current assets	94,693	2,897
OTHER NON-CURRENT ASSETS	**104,444**	**13,464**

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 € 4,843 thousand at 30 September 2019 (€ 5,662 thousand at 31 December 2018), are composed of:

- € 1,578 thousand of non-current financial receivables due from associates, affiliates or joint-ventures (€ 1,632 thousand at 31 December 2018). The face value of these receivables is € 1,617 thousand, while the provision for discount amounts to € 39 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;
- € 3,164 thousand of non-current financial receivables due from third parties, down compared to 31 December 2018 (€ 3,929 thousand). The change related for € 720 thousand to the settlement by subsidiary Telepost of the remaining credit amount restricted as security for the timely payment of a portion of employee termination benefits (TFR) liabilities transferred by Telecom Italia at the date of acquisition of the mailing business unit (2004); specifically, the remaining credit amount fully related to workers subsequently reintegrated into the workforce at Telecom and therefore it was offset against the employee termination benefits (TFR) debt to be transferred to Telecom in consideration of the above-mentioned reintegration into the workforce;
- € 101 thousand of securities held to maturity, unchanged compared to 31 December 2018.

At 30 September 2019 and 31 December 2018 the item also included the long-term portion, equal to € 2,357 thousand, of the deferred price relating to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i EOPF, which took place in December 2018.

Other non-current assets, amounting to € 94,693 thousand at 30 September 2019, showed a significant increase compared to 31 December 2018 (€ 2,897 thousand) concerning the receivable of € 91,613 thousand that Rekeep S.p.A. had reported against an entry of the payable for the payment of the deposit relating to the fine imposed on it by the Competition Authority in relation to the Consip FM4 Tender (referred to in note 17 below), in view of the possibility that these sums could be repaid following the

settlement of the pending dispute, according to time limits that cannot, however, be estimated to date. For more details in this regard, reference should be made to the information provided in note 16 "Contingent liabilities" below.

The item is also mainly composed of security deposits related to long-term manufacturing contracts (€ 1,942 thousand) and long-term deferrals relating to some contracts (€ 808 thousand).

11. 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 2019 and 31 December 2018 restated:

	30 September 2019	of which from related parties	31 December 2018 restated	of which from related parties
Contract assets	25,618		25,215	
Trade receivables, gross	412,564		404,894	
Allowance for doubtful accounts	(32,519)		(33,283)	
Trade receivables from third parties	**405,663**	**0**	**396,826**	**0**
Trade receivables from Manutencoop Società Cooperativa	144	144	88	88
Trade receivables from Rekeep Group companies	8,695	8,695	11,796	11,796
Trade receivables from Affiliates and Joint Ventures	4,656	4,656	4,142	4,142
Trade receivables from the Group	**13,495**	**13,495**	**16,026**	**16,026**
Advances to suppliers	7,050	2	5,078	1
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**426,208**	**13,497**	**417,930**	**16,027**
Other tax assets within 12 months	16,714		12,845	
Other current assets due from third parties	8,660		5,845	
Due from social security institutions, short term	1,064		1,187	
Due from employees, short term	190		146	
Other current operating receivables from third parties	**26,628**	**0**	**20,023**	**0**

	30 September 2019	of which from related parties	31 December 2018 restated	of which from related parties
Other current assets from Manutencoop Società Cooperativa	13	13	10	10
Other current assets from associates	166	166	103	103
Other current assets from associated companies	0		23	23
Other current assets from the Group	**179**	**179**	**136**	**136**
Accrued income	1		0	
Prepaid expenses	3,918		2,161	
Accrued income and prepaid expenses	**3,919**	**0**	**2,161**	**0**
OTHER CURRENT OPERATING RECEIVABLES	**30,726**	**179**	**22,320**	**136**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 426,208 thousand at 30 September 2019, up by € 8,278 thousand compared to 31 December 2018 (€ 417,930 thousand).

The impact on the change under examination was, on one hand, from trade receivables from third parties of € 8,837 and, on the other hand, from a decrease in receivables from other Group companies of € 2,531 thousand; the value of the provision for bad debts and contract assets remained substantially unchanged.

During 2018 and in the first half of 2019 the Group signed contracts for the assignment without recourse of trade receivables from third parties.

On 27 December 2018 the Parent Company Rekeep S.p.A. and Servizi Ospedalieri S.p.A. signed a new 3-year maturity factoring agreement with Bancafarmafactoring S.p.A (which replaces the previous one signed in 2016) concerning the assignment without recourse and on a revolving basis of receivables claimed by the same companies from Entities in the National Health System and Public Authorities, in an amount of up to € 200 million.

On 27 June 2018 the Parent Company also signed an uncommitted factoring contract with Banca IFIS, intended for the assignment without recourse of trade receivables specifically accepted for each transaction carried out.

Finally, on 18 December 2018 the Parent Company obtained an additional credit line for assignments without recourse of up to € 20 million on a revolving basis with Unicredit Factoring S.p.A., which was also aimed at the disinvestment of credit positions specifically agreed with the factor.

Finally, on 22 March 2019, the Parent Company also signed an uncommitted factoring agreement with Carrefour Italia Finance S.r.l. for the assignment without recourse of trade receivables claimed from the Carrefour Group companies.

The assignments made during the year are summarised below:

	Amount of assignments made at 30 September 2019	Balance of trade receivables assigned without recourse and not yet collected by the Factor
Banca Farmafactoring S.p.A.	114,578	39,173
Banca Farmafactoring S.p.A. (spot assignments to Public Authorities)	0	4,178
Banca IFIS S.p.A.	16,279	6,151
Unicredit Factoring S.p.A.	11,050	3,120
Carrefour Italia Finance S.r.l.	1,988	1,025
TOTAL ASSIGNMENTS WITHOUT RECOURSE	**143,895**	**53,646**

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 € 2,576 thousand.

Finally, trade receivables from the Group amounted to € 13,495 thousand (€ 16,026 thousand at 31 December 2018), plus advances of € 2 thousand (€ 1 thousand at 31 December 2018). For more details, reference should be made to Annex III – Related-Party transactions.

A specific allowance for doubtful accounts was recognised in connection with non-performing loans, which are difficult to fully recover, amounting to € 33,444 thousand at 30 September 2019 (€ 32,519 thousand at 31 December 2018). Changes in the provision during the period are detailed as follows:

	31 December 2018 restated	Increases	Uses	Releases	Other changes	31 March 2019
Allowance for doubtful accounts	**33,283**	2,183	(1,754)	(646)	(555)	**32,519**

Other current operating receivables of € 30,726 thousand (€ 22,320 thousand at 31 December 2018) showed a total increase of € 8,406 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 (€ 15,229 thousand, compared to € 11,358 thousand at 31 December 2018), 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.

12. SHARE CAPITAL AND RESERVES

	30 September 2019	31 December 2018 restated
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 2019 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, for the recognition of the effects of the merger of CMF S.p.A. by incorporation into Rekeep S.p.A. during 2018;
- the Parent Company's extraordinary reserve equal to € 52,133 thousand;
- the Parent Company's transition reserve originated following the adoption of the new IFRS 16 – Leases, accounted for according to the "*Modified retrospective approach*", providing for the retrospective application to the agreements previously classified as "operating leases", recognising the cumulative effects of this transition upon first-time adoption as an adjustment to the balance of equity reserves at 1 January 2019, equal to a negative amount of € 1,769 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 2018	**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
Increase in Equity Reserves						49,700	49,700
Business Combinations "Under Common Control"						(198,261)	(198,261)
Economic effects on shareholders' equity			315	(309)	247		253
31 December 2018	**145,018**	**20,124**	**3,469**	**(309)**	**(4,912)**	**(158,361)**	**5,029**
Effects of the change in accounting standards						(1,769)	(1,769)
31 December 2018 restated	**145,018**	**20,124**	**3,469**	**(309)**	**(4,912)**	**(160,130)**	**3,260**
Allocation of profits (losses) of previous years		799		309	(117)	15,173	16,165
Economic effects on shareholders' equity			(199)	(52)	(584)		(835)
30 September 2019	**145,018**	**20,923**	**3,270**	**(52)**	**(5,613)**	**(144,958)**	**18,588**

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

	Retained earnings (losses) of the Parent Company	Consolidation reserve	Total retained earnings (losses)
1 January 2018	**3,809**	**39,946**	**43,755**
Allocation of profits (losses) of previous years		(8,844)	(8,844)
31 December 2018	**3,809**	**31,102**	**34,911**
Effects of the change in accounting standards		(704)	(704)

	Retained earnings (losses) of the Parent Company	Consolidation reserve	Total retained earnings (losses)
31 December 2018 restated	**3,809**	**30,398**	**34,207**
Allocation of profits (losses) of previous years		(429)	(429)
30 September 2019	**3,809**	**29,969**	**33,778**

This item includes the transition reserve of the companies controlled by Rekeep, which was generated following the adoption of the new IFRS 16 – *Leases*, accounted for according to the abovementioned "Modified retrospective approach" that entailed a negative adjustment to the balance of equity reserves of each company at 1 January 2019, for a total of € 704 thousand.

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 2019	31 December 2018 restated
Equity attributable to non-controlling interests	**790**	**660**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	207	267
Other subsidiaries and consortia	584	393

	30 September 2019	31 December 2018 restated
Profit attributable to non-controlling interests	**151**	**109**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	(45)	8
Other subsidiaries and consortia	196	101

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 Rekeep France S.a.s. (formerly 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 amount attributable to the minority quotaholders of Medical Device S.r.l., which is 60% owned by Servizi Ospedalieri S.p.A. (the remaining 40% is held by a partner outside the Group).

13. NET FINANCIAL INDEBTDENESS

Net financial indebtedness at 30 September 2019 amounted to € 367,613 thousand, compared to € 347,886 thousand at 31 December 2018, as restated to take account of the effects of changes in accounting standards. Below is the related breakdown by items:

	30 September 2019	31 December 2018 restated
Long-term financial debt	398,431	409,436
Bank borrowings, including current portion of long-term debt, and other financial liabilities	48,947	38,715
Financial liabilities	**447,378**	**448,151**
Derivatives	0	0
Gross financial debt	**447,378**	**448,151**
Cash and cash equivalents	(75,686)	(94,733)
Current financial assets	(4,079)	(5,532)
Net financial indebtedness	**367,613**	**347,886**

Current and non-current financial liabilities

The tables below set forth the qualitative breakdown of current and non-current financial liabilities at 30 September 2019 and 31 December 2018, as restated to take account of the effects of changes in accounting standard IFRS16.

	30 September 2019	within 1 year	from 1 to 5 years	after 5 years
Senior Secured Notes	339,026		339,026	
C.C.F.S. loan	9,444		9,444	
Artigiancassa loan	1,556	239	1,317	

	30 September 2019	within 1 year	from 1 to 5 years	after 5 years
Other bank loans	2,259	39	45	2,176
Prepaid interest expenses	(796)	(503)	(293)	
Accrued interest expenses	9,457	9,457		
Long-term bank borrowings and current portion of non-current bank borrowings	**360,948**	**9,232**	**349,539**	**2,176**
Current bank overdraft, advance payments and hot money	799	799		
Finance lease obligations	3,553	536	1,649	1,368
Financial liability for operating leases	47,178	6,640	20,984	19,555
Loans from syndicated shareholders	1,261	562	16	683
Loan from Parent Company Manutencoop Società Cooperativa	109	109		
Other financial liabilities	(6)	(6)		
Obligations from assignments of trade receivables with recourse	24,789	24,789		
Collections on behalf of assignees of trade receivables	4,845	4,845		
Options on subsidiaries' non-controlling interests	1,623		1,623	
Debt for the acquisition of investments	2,276	1,438	838	0
Share capital to be paid in subsidiary companies	3	3		
TOTAL FINANCIAL LIABILITIES	**447,378**	**48,947**	**374,649**	**23,782**

	31 December 2018 restated	within 1 year	from 1 to 5 years	after 5 years
Senior Secured Notes	346,475		346,475	
C.C.F.S. loan	10,000		10,000	
Artigiancassa loan	1,676		958	718
Other bank loans	778	704	74	
Prepaid interest expenses	(1,125)	(512)	(613)	
Accrued interest expenses	1,700	1,700		
Long-term bank borrowings and current portion of non-current bank borrowings	**359,504**	**1,891**	**356,894**	**718**
Current bank overdraft, advance payments and hot money	5,247	5,247		

	31 December 2018 restated	within 1 year	from 1 to 5 years	after 5 years
Finance lease obligations	3,577	451	1,604	1,523
Financial liability for operating leases	49,098	1,349	41,269	6,480
Loans from syndicated shareholders	1,217	483	87	647
Loan from Parent Company Manutencoop Società Cooperativa	216	216		
Other financial liabilities	7	7		
Obligations from assignments of trade receivables with recourse	18,379	18,379		
Collections on behalf of assignees of trade receivables	9,934	9,934		
Options on subsidiaries' non-controlling interests	214		214	
Debt for the acquisition of investments/business units	756	756		
TOTAL FINANCIAL LIABILITIES	**448,150**	**38,715**	**400,068**	**9,368**

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

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.

As provided for in the 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 Rekeep S.p.A.'s acquisition of the bond issue, with any related obligation and guarantee described in this paragraph and in note 17 below.

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.

Furthermore, in early 2019 Rekeep S.p.A. formalised the purchase of portions of its bond issue on the open market for a total nominal amount of € 10,300 thousand, which were subsequently cancelled. The weighted average repurchase price was less than 85% against a price for the issue equal to 98% at 6 July 2017. These transactions entailed the recognition of financial capital gains equal to € 1,598 thousand through consolidated profit or loss in the period.

Finally, the upfront fees relating to the issue of Senior Secured Notes were accounted for according to the amortised cost method, which entailed financial amortisation charges of € 2,852 thousand during the first nine months of 2019 in accordance with IFRS 9, of which € 387 thousand relating to the write-off of the portion relating to the repurchased Notes.

Super Senior Revolving Credit Facility (RCF)

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

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

The Super Senior Revolving loan agreement provides for compliance with a financial covenant, which is preliminary to the possible use of the line granted. This financial covenant is in line with the market practice for similar financing transactions and is 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 2019 the Group recognised prepaid interest expenses of € 796 thousand. The item mainly related to arrangement fees initially paid by CMF S.p.A. for entering into the Super Senior Revolving (RCF) facility agreement. In 2017 CMF

S.p.A. charged back all the costs concerning the subscription of this credit line (initially equal to € 1.0 million) to Rekeep S.p.A.. These costs will be amortised on a straight-line basis throughout the term of the credit line and showed a remaining balance of € 528 thousand at 30 September 2019.

Accrued interest expenses

At 30 September 2019 the Group also recognised accrued interest expenses of € 9,457 thousand, of which € 9,267 thousand relating to the amount accrued on the coupon of the Senior Secured Notes due 15 December 2019.

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. Both lines are subject to an interest rate composed of a 6-month Euribor plus a spread. This loan is also backed by a pledge over the shares of subsidiary H2H Facility Solutions S.p.A..

As at 30 September 2019 the loan showed a remaining value of € 9,444 thousand following the payment of the first instalment for the repayment of the second line.

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.

As at 30 September 2019 the loan showed a remaining value of € 1,556 thousand following the payment of the first instalment for the repayment.

Other bank loans

Other loans amounted to € 2,259 thousand at 30 September 2019 and mainly related to two lines of financing that were entered into by subsidiary Elene Project S.r.l. with Cassa Centrale Banca Credito Cooperativo del Nord Est S.p.A. at the end of 2018 for a total amount of € 3,240 thousand, an amount of € 2,294 thousand of which had been drawdown at 30 September 2019 (in addition to an adjustment from amortised cost of € 118 thousand). In particular, the Senior line, at a fixed interest rate of 3.70%, has a term of 10 years and may be repaid in 40 deferred quarterly instalments with effect from 1 January 2020, while the VAT line, at a variable interest rate corresponding to the 3-month EURIBOR plus a spread of 1.70%, may be repaid in a single payment upon expiry, which is expected on 31 December 2020. The loan is backed by a pledge over the company’s shares.

Current bank overdraft, advance payments and hot money

The item showed a balance of € 799 thousand at 30 September 2019, against € 5,247 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 are signed by subsidiaries Servizi Ospedalieri S.p.A., Medical Device S.r.l. and Emmetek, and by the Turkish subsidiary EOS. 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. During 2019 Servizi Ospedalieri signed three new lease agreements for € 289 thousand. An additional amount of € 24 thousand was recognized following the business combination of Emmetek S.r.l..

Financial liability for operating leases

Following the adoption of the new accounting standard IFSR16 – *Leases*, the Group recognised a financial liability of € 48,316 thousand at 30 September 2019. This liability consists of the present value of all the future payments to be made under agreements previously classified as "operating leases". The main cases of operating leases reported within the Group concern: (i) property leases for the Group's offices throughout Italy, (ii) long-term hire for the corporate fleets of the Group companies, (iii) other forms of hiring of equipment used in the performance of some work contracts. Compared to the value restated at 31 December 2018, when it totalled € 49,098 thousand, the liability recorded a net reduction of € 1,919 thousand, generated by the payment of lease and hire rentals and by early termination for € 5,700 thousand, which was only partially offset by the execution of new agreements concerning property leases and the long-term hire of vehicles and equipment, equal to € 3,781 thousand.

The analysis conducted upon first-time adoption in the Consolidated Financial Statements highlighted, first of all, the need for the evaluation of an appropriate marginal discount rate, which was adopted on a provisional basis at a 5% for any and all categories of operating lease in place. The analyses will be completed during the last quarter of the year, which will be aimed at confirming or changing this rate by the date of publication of the Consolidated Financial Statements at 31 December 2019.

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. At 30 September 2019 the overall balance of these loans amounted to € 1,261 thousand, substantially in line with the balance at the end of the previous year.

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, with reference to which the Parent Company Rekeep carried out the collection service. The collections (€ 4,485 thousand at 30 September 2019) were transferred to the factor in the first days of the month following the end of the year.

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 2019 assignments of trade receivables with recourse were made in an overall nominal amount of € 57,626 thousand. The Group had obligations from assignments of receivables with recourse of € 24,789 thousand at 30 September 2019 (€ 18,379 thousand at 31 December 2018).

Options on subsidiaries' non-controlling interests

At 30 September 2019, options on subsidiaries' non-controlling interests were reported in an amount of € 1,623 thousand in relation to estimated liabilities relating to the Put options held by the minorities of some subsidiary companies.

Specifically, an amount of € 1,397 thousand accounted for the provisional estimate of the fair value of the put option held by the minority quotaholder of Emmetek S.r.l. and granted under the agreements signed at the time of the acquisition of the company on the part of Sicura S.p.A. on 3 July 2019. The option may be exercised between 1 January 2022 and 31 December 2022, subject to the prior approval of the acquiree's financial statements at 31 December 2021. As provided for in the applicable accounting standards, the estimated liability will be reviewed upon the preparation of the Consolidated Financial Statements at 31 December 2019 following the collection and analysis of any and all required information and elements.

Finally, an amount of € 226 thousand related to the estimated liability relating to the Put option held by the minorities of Rekeep France S.a.s. (formerly 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

This item amounted to € 2,276 thousand at 30 September 2019, showing an overall increase of € 1,520 thousand compared to 31 December 2018 (€ 756 thousand) following the recognition by Sicura S.p.A. of the deferred consideration for the acquisition of Emmetek S.r.l., totalling € 2,210 thousand (of which an amount of € 838 thousand concerned a medium/long-term portion). The period also saw the full payment of the deferred 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. (initially equal to € 690 thousand).

Receivables and other current financial assets

At 30 September 2019, *Receivables and other current financial assets* amounted to € 4,079 thousand (€ 5,532 thousand at 31 December 2018). At the end of the year under examination the following items were mainly recognised:

- the short-term share, equal to € 2,408 thousand, of the deferred price referring to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i European Operational Projects SCSp, which took place in December 2018. The decrease for the

period (€ 242 thousand) was due to the partial collection of this receivable on 27 June 2019, following the release of a stand-by-equity guarantee paid in favour of Arena Sanità S.p.A.;

- the balance of pledged current accounts dedicated to the operation of the service for managing receipts within the scope of assignments of trade receivables without recourse equal to € 1,399 thousand (€ 1,576 thousand at 31 December 2018);
- an overall amount of € 184 thousand of receivables from short-term loans and financial accounts held with non-consolidated Group companies, down compared to 31 December 2018 (€ 363 thousand) following the expiry of the investment made by the Turkish subsidiary Rekeep United, recognised at the relative fair value at 31 December 2018, equal to € 181 thousand.

14. EMPLOYEE TERMINATION BENEFITS

Changes in employee termination benefits occurred during the first nine months of 2019 are shown below, compared with changes in the same period of the previous year.

	For the 9 months ended	
	30 September 2019	**30 September 2018 restated**
AT 1 JANUARY	**14,730**	**15,519**
Increases for business combinations	1,004	264
Service cost	543	524
Interest costs on benefit obligations	200	183
Benefits paid	(1,651)	(1,427)
Actuarial (gains)/losses on benefit obligations	647	(134)
Other changes	1	(4)
AT 30 SEPTEMBER	**15,473**	**14,925**

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

	For the 9 months ended	
	30 September 2019	**30 September 2018 restated**
Service cost	543	524
Interest costs on benefit obligation	200	183
Net cost of the benefits recognised in the statement of profit or loss	**743**	**707**

	For the 9 months ended	
	30 September 2019	30 September 2018 restated
Actuarial (gains)/losses recognised in the period (on shareholders' equity)	647	(134)
TOTAL NET COST OF THE BENEFITS	**1,390**	**573**

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 2019	30 September 2018 restated
Executives	57	63
Office workers	1,268	1,210
Manual workers	16,160	15,347
AVERAGE STAFF	**17,484**	**16,619**

The average number of employees provided to the Group by Manutencoop Società Cooperativa was equal to 393 at 30 September 2019 (427 at 30 September 2018 restated).

15. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the period ended 30 September 2019:

	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 2019 Restated	**87**	**4,630**	**23,525**	**1,160**	**244**	**394**	**2,098**	**32,137**
Accruals		768	1,212				73	**2,053**
Uses		(407)	(1,341)	(419)		(36)	(980)	**(3,183)**
Releases		(180)	(317)	(90)			(47)	**(634)**
Others		(1)					99	**98**

	Risks on investments	Risks on job orders	Pending legal disputes	Tax litigation	Agents' indemnity leave	Employee termination benefits	Other risks and charges	Total
At 30 September 2019	**87**	**4,811**	**23,078**	**650**	**244**	**358**	**1,243**	**30,471**
At 30 September 2019:								
Short-term	87	4,745	148	447	0	358	177	**5,962**
Medium-/Long-term	0	67	22,930	203	244	0	1,066	**24,509**
At 31 December 2018:								
Short-term	87	4,529	91	914	0	394	933	**6,948**
Medium-/Long-term	0	101	23,434	246	244	0	1,165	**25,189**

Provisions for risks on investments

The item, amounting to € 87 thousand at 30 September 2019, 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 € 4,811 thousand, showing an increase of € 181 thousand against accruals of € 768 thousand and uses and releases of € 587 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 2019, the provision, totalling € 23,078 thousand, reported increases for accruals for € 1,212 thousand and decreases for uses and releases totalling € 1,659 thousand.

Accruals were mainly recognised to cover risks of the Parent Company Rekeep S.p.A. for € 1,098 thousand. Uses and releases in the period, an amount of € 1,464 thousand of which is attributable to the Parent Company, 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 initially equal to € 48,510 thousand against the Parent Company Rekeep S.p.A. (formerly: Manutencoop Facility Management

S.p.A.). 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. 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 Supreme Court on 21 May 2017. On 18 January 2019 the Supreme Court declared the appeal inadmissible. 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.

The Company is regularly paying this fine, for which the payment was obtained in 30 monthly instalments at the legal interest rate (currently 0.8%). Furthermore, the debt was fully paid off on 30 September 2019.

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. The agreements continued further on the reporting date, and no new tender had been launched by Consip S.p.A. to cover cleaning services at schools and it is expected that it will be required to be guaranteed at least until 31 December 2019.

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 next hearing for specifying conclusions has been set at 27 October 2020.

Any adverse outcome of the legal proceedings brought against Consip S.p.A. could also result in the actual partial enforcement of the performance bond issued during the tender (originally € 24.5 million). ANAC 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 Supreme Court against the Council of State's judgement no. 928/2017. As regards the latter appeal, the Supreme Court declared inadmissible on 18 January 2019. The Company has then filed an appeal with the European Court of the Human Rights to seek compensation for damages arising from the events described above.

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. On 2 June 2019, finally, the European Court of Justice ruled on the abovementioned preliminary issue, declaring the breach of competition rules attributable to the case raised by the Piedmont Regional Administrative Court. Accordingly the hearing on the merits before the Council of State has been rescheduled for 16 January 2020.

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.

In the Consolidated Financial Statements at 31 December 2016, after the Regional Administrative Court's judgment of 14 October 2016, which was confirmed by the Council of State's judgment of 1 March 2017, and which substantially reduced the fine that had previously been imposed while not accepting the Company's argument that it was completely extraneous to the accusations, the Directors already decided to maintain the provisions for future charges (equal to € 17.5 million), also taking account of the risk of enforcement of the abovementioned performance bond and bid bonds and despite the fact that Rekeep S.p.A. could submit sound arguments against the enforcement of the bonds in court.

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.

As things stood on the reporting date as regards the abovementioned proceedings, there was no impediment for Rekeep S.p.A. to participate in and be awarded new calls for tenders launched by Consip and, more in general, by the Public Administration, and any other awarding procedure in progress remained 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 2019 and were not included in the Group's backlog at 30 September 2019.

16. CONTINGENT LIABILITIES

At the date of approval of the Interim Report on Operations at 30 September 2019, 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.

Antitrust Authority's order for sanctions on FM4Tender

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

considering the existence of the agreement restricting competition between some of the abovementioned companies and imposing a sanction of € 91.6 million on the Company.

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified; furthermore, since it is also sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender, on 3 July 2019 it challenged the Authority's Order before the Lazio Regional Administrative Court (TAR), while submitting a preliminary request for suspending the payment of the fine.

Finally, on 18 July 2019 the Lazio Regional Administrative Court granted the request submitted by the Company and ordered for the payment of the fine imposed by the Competition Authority to be suspended until the date it rules on the merits, subject to prior provision of a deposit, including through a surety policy, in favour of the Authority itself for an amount equal to the fine imposed on the Company, within 60 days from the date of the order. The hearing for discussing the merits has been set for 6 May 2020. The Company filed an appeal against the Regional Administrative Court's order with the Council of State on 1 August 2019, while on 12 September 2019 the Council of State rejected the appeal, confirming the Regional Administrative Court's order of 17 July. On 17 September 2019 the Company informed the market that it had not provided any deposit in favour of the Competition Authority; on 29 October the latter formally asked the Company to provide the deposit within 15 days, in the enforcement of the Regional Administrative Court's order of September, while informing that, if the Company fails to do so, the sums due will be entered in the taxpayers' list. The Company has not provided any deposit within the expiry of said time limits.

Furthermore, on 28 June 2019 Consip S.p.A. formally served on Rekeep S.p.A. the order providing for its exclusion from the FM4 Tender due to the breach of Article 38, paragraph 1.f, of Legislative Decree 163/2006, as well as of Article 68 of Royal Decree 827/1924 and of Article 38, paragraph 2, of Legislative Decree 163/2006, while also notifying the enforcement of the provisional guarantees provided by Rekeep S.p.A. in tendering (equal to € 3.9 million). With regard to this exclusion, ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority) initiated a procedure under Article 38 paragraph 1-ter of Legislative Decree no. 163/2006. On 3 July 2019 Rekeep S.p.A. filed an appeal with the Lazio Regional Administrative Court in order to seek the annulment of the acts of Consip S.p.A.; on 10 July 2019 the administrative court ordered for them to be suspended pending its own ruling on the appeal against the Competition Authority's order, while also setting the hearing in chambers for the decision on the preliminary request for 11 September 2019. On that occasion, the Lazio Regional Administrative Court partially granted the request, while providing for the suspension of the enforcement of the sureties and setting the hearing to discuss the merits for 15 July 2020. On 4 November 2019 Rekeep S.p.A. submitted an appeal to the Lazio Regional Administrative Court against the proceedings initiated by ANAC and a precautionary appeal before the Council of State against the Lazio Regional Administrative Court's order of 11 September 2019.

To date, since the tender has not yet been awarded on a final basis, potential revenues relating to the FM4 Tender have never been included in the Group's portfolio of new and renewed contracts (backlog).

In relation to the FM4 affair, the Directors are confident that the defence arguments are well founded and believe that there is significant uncertainty in the pending litigation; furthermore, as things stand in the analyses in progress with party-appointed lawyers, they believe that there are 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. Furthermore, the Company has not yet provided the deposit requested by the Lazio Regional Administrative Court on 18 July 2019; subsequently, on 29 October 2019 the Competition Authority formally asked the Company to provide the deposit, while also believing that should the Authority enter the related sums in the taxpayer's list, their payment will take place within the time limits and according to the methods prescribed by law, also pursuant to Article 19 of Presidential Decree 602/1973 and Ministerial Decree of 6 November 2013, as supplemented by the Directives issued by the Revenue Agency – Collection.

However, as at 30 September 2019 the Competition Authority held a potential enforceable right to claim its credit in order to obtain the deposit in question, even while pending the judgment on the merits, the hearing of which is set for 6 May 2020. Therefore, the Company took steps to recognise this liability among "Other current liabilities" in the Statement of Financial Position for the corresponding amount (€ 91,613 thousand). This liability will be paid off upon the payment of the instalments set in the statutory plan of instalment payment of tax bills, since the Company meets any and all requirements to be entitled to make use of this method of payment. Furthermore, the deposit was stated among the balance sheet assets, since it constitutes a receivable against sums that are potentially subject to return following the settlement of the existing dispute (however, the time required for the judgment to become final cannot be estimated at present) and that cannot however be claimed automatically, even following the repayment of the entire debt. For this reason, this receivable was recognised among "Other non-current assets."

Furthermore, the Company continues to hold that it considers the Competition Authority's order unjustified and disproportionate and will continue to take any necessary action against it to protect its rights and interests. The recognition of this payable is in fact a direct consequence of a decision made by the Lazio Regional Administrative Court, which did not grant the suspension of the payment until the discussion of the merits and this decision in no way anticipates the Regional Administrative Court's future rulings on the subject matter of the appeal (the fine) but only a method of collection assessed by the Court itself which is consistent with the need to protect the financial interests of the Competition Authority, instead of those of the plaintiff companies.

Counting fully on the arguments discussed with its lawyers and subject to the prior verification of the consolidated financial planning, as well as whether the conditions actually exist in order to be able to meet said non-recurring cash requirements, the Directors did not find uncertainties for the purposes of assessing the going concern basis.

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

On 19 March 2013 a violent fire broke out in the former Olivetti area in Scarmagno (Turin), which was the property of Prelios SGR and at which Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) performed maintenance work under contract, also through the use of subcontractors. The overall claim for damages by the insurance companies of the injured parties was equal to more than € 50 million, including claims for damages submitted by the owners of the properties concerned. A settlement agreement was entered into between Rekeep S.p.A. and Generali Assicurazioni during 2018 under which Rekeep S.p.A. (using funds provided to it by UnipolSai Assicurazioni S.p.A.) paid an overall amount of € 3,366 thousand, equal to 10% of the total sum paid by the insurance company to its insured parties, on account of full payment, write-off and settlement. 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. Finally, on 20 June 2019 Rekeep S.p.A. and UnipolSai entered into an agreement for the final settlement of the claim, following which on 2 July 2019 the insurance company paid the insured an amount of € 1,436 thousand (equal to the remaining limit of liability set out in the policy). Rekeep S.p.A., on the other hand, has undertaken to provide reports on the use of these amounts while UnipolSai has waived the right to take any recourse action, under Article 1916 of the Italian Civil Code, against persons or entities subject to civil liability (if any) for the fire, including Prelios SGR. The residual balance of these funds was equal to € 1,356 thousand at 30 September 2019.

In relation to the accident, which also involved, as potential indirectly liable persons, three former employees of Rekeep S.p.A. itself, the proceedings before the Court of Milan are still pending, but the hearing scheduled on 24 September 2019 was not held for the second time.

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

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

The Company, also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that this judgment, as well as the ANAC's order, are based on erroneous and non-existent factual and legal

assumptions and that the said order is not proportional to the alleged infringement. The Council of State's ruling was therefore challenged by the Company on 9 January 2019 before the Supreme Court in order to obtain its full annulment due to excessive jurisdictional powers, since the Council of State applied a non-existent rule (thus actually creating a new one), given that Article 38, paragraph 1-*ter* of Legislative Decree no. 163/2006, to which reference is made, regulates only the case of "submission of false declarations or false documentation in tender procedures", while disregarding the different case of failure to submit the required declarations in tender procedures. It should also be noted that according to the subsequent and current regulations on tendering, the failure to submit similar administrative documentation would not even constitute a possible infringement but would be remedied merely through the "preliminary relief", or merely through a request by the Public Administration for additions to the incomplete documentation.

On 9 January 2019 a request for precautionary measure from a single-member court was submitted to the Council of State for it to suspend the judgment of 27 December 2018 pursuant to Article 111 of the Italian Code of Administrative Procedure. The President of the competent division accepted the request made by the Company by a specific Decree, whereby it suspended the effects of the judgment and of the ANAC's Order until the hearing of the Council of State that was held on 24 January 2019, in which it confirmed the decision made by the President until the ruling of the Supreme Court. To date, the hearing before the Supreme Court has not yet been set.

The judgment was also challenged by the Company before the Council of State on 6 February 2019 by means of an appeal for revocation, complaining about a "factual error entailing the revocation" and claiming that: (i) the Company did not submit any false declaration, but merely failed to submit a declaration (Article 38, paragraph 1.c) on the part of one of its proxies who, moreover, met the legal requirements in full, as she had no criminal record; (ii) the Company was never accused of failing to meet the requirement.

Finally, the Company is considering with its lawyers to bring further defence actions before the competent European jurisdictional Authorities (the European Court of Human Rights and the European Court of Justice).

It should be noted that the measure for exclusion would have no effect on Rekeep S.p.A.'s ability to participate in tenders launched by private parties, nor on the performance of the contracts in its portfolio.

Italian Finance Police's Report of Findings served on Rekeep S.p.A.

On 10 April 2019, the Italian Tax Police (*Guardia di Finanza*) - Bologna Economic and Financial Police Unit – started a tax audit involving Rekeep S.p.A.. The audit was completed on 25 July 2019 with the service of the report of findings (*Processo Verbale di Constatazione*, PVC), which reported some remarks regarding VAT deductions on some specific supply contracts, as well as remarks regarding VAT, IRES and IRAP tax for the 2017 financial year, for a higher tax due totalling € 1.7 million. The Company is considering, together with its consultants, the arguments and the materiality of the findings reported by the inspectors. At the date of approval of the Interim Report on Operation, the management is assessing the risk of losing the case and, after having heard its consultants, believes that this risk is possible.

17. TRADE PAYABLES, CONTRACT LIABILITIES AND OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item as at 30 September 2019 and 31 December 2018:

	30 September 2019	of which to related parties	31 December 2018 restated	of which to related parties
Trade payables	346,953		360,959	
Trade payables to third parties	**346,953**		**360,959**	
Trade payables to Manutencoop Cooperativa	7,255	7,255	9,026	9,026
Trade payables to Group companies within 12 months	12,006	12,006	11,603	11,603
Trade payables to Manutencoop Group	**19,261**	**19,261**	**20,629**	**20,629**
Advances from customers including contract liabilities	20,370	1	18,014	98
Trade payables and contract liabilities	**386,584**	**19,262**	**399,602**	**20,727**
Fees due to directors and statutory auditors	418		306	
Payables to the Tax Authorities	6,383		9,925	
Payables to social security institutions within 12 months	8,432		9,895	
Other payables to TBG	9,569		10,019	
Payables to employees within 12 months	56,418		47,820	
Other payables within 12 months	97,824		9,054	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**181,220**	**0**	**89,195**	**0**
Other current payables to Manutencoop Società Cooperativa	61	61	28	28
Other payables to Group companies	2	2	2	2
Other current operating payables to Manutencoop Group	**63**	**63**	**30**	**30**
Accrued expenses	9		9	
Deferred income	1,122		1,126	
Accrued expenses and deferred income	**1,131**	**0**	**1,135**	**0**
Other current operating payables	**182,414**	**63**	**90,360**	**30**

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 contract liabilities at 30 September 2019 amounted to € 386,584 thousand against a balance of € 399,602 thousand at 31 December 2018.

Other current operating payables showed a balance of € 182,414 thousand at 30 September 2019 (€ 90,360 thousand at 31 December 2018) and are mainly made up of the following items:

- payables to employees of € 56,418 thousand (€ 47,820 thousand at 31 December 2018) 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 € 8,432 thousand (€ 9,895 thousand at 31 December 2018);
- payables due to Tax Authorities for € 6,383 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 (€ 9,925 thousand at 31 December 2018);
- collections on behalf of Temporary Business Groupings (TBGs) for € 9,569 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under the "CONSIP" agreement (€ 10,019 thousand at 31 December 2018).

The item "Other payables within 12 months" of € 97,824 thousand at 30 September 2019 included the payable of € 91,613 thousand recognised against the Competition Authority's potential enforceable right to claim its credit for the deposit required of Rekeep S.p.A. in lieu of the payment of the fine on the Consip FM4 Tender, according to the Lazio Regional Administrative Court's order of 18 July 2019. This liability will be paid off upon the payment of the instalments set in the statutory plan of instalment payment of tax bills, since the Company meets any and all requirements to be entitled to make use of this method of payment. Furthermore, the deposit was stated among Other non-current receivables (referred to in note 10 above), in view of the reasonable expectation that these amounts will be returned following the settlement of the pending dispute, according to time limits that cannot, however, be estimated to date. For more details, reference should be made to the information provided in note 16 "Contingent liabilities" above.

Furthermore, the payable related to the Competition Authority's fine for the "Consip Scuole Tender", recognised in the item under consideration following the dismissal by the Lazio Regional Administrative Court of the request for suspension of the payment made by Rekeep S.p.A. (for more details, reference should be made to note 15 above) and subsequently payable in instalments, was paid in full on 30 September 2019.

18. COMMITMENTS AND GUARANTEES

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

Specifically, the Group signed finance lease agreements primarily for plant and machinery used in the production processes of the *Laundering&Sterilisation* SBU and for motor vehicles. Moreover, during 2017 a property lease agreement was signed by subsidiary Servizi Ospedalieri S.p.A. to acquire the factory in Lucca, while the acquisitions of EOS and Medical Device S.r.l., during 2018 and the acquisition of Emmetek in 2019 contributed additional leases for capital goods and for the use of a property.

The tables below report the breakdown of the amount of future payments under finance lease agreements and their present value at 30 September 2019 and 31 December 2018:

	30 September 2019		31 December 2018 restated	
	Fees	**Current value of lease fees**	**Fees**	**Current value of lease fees**
Within 1 year	536	536	497	387
From 1 to 5 years	1,771	1,649	1,735	1,668
After 5 years	1,939	1,368	2,132	1,523
TOTAL LEASE FEES	**4,246**	**3,553**	**4,364**	**3,577**
Financial charges	(693)		(786)	
CURRENT VALUE OF LEASE FEES	**3,553**	**3,553**	**3,577**	**3,577**

Moreover, at 30 September 2019, the Group granted sureties to third parties for:

- guarantees for financial obligations of € 10,309 thousand (€ 18,909 thousand compared to 31 December 2018), of which € 3,122 thousand issued in the interest of associates for bank overdrafts and other financial obligations (€ 3,504 thousand at 31 December 2018);
- sureties issued to third parties to ensure the correct fulfilment of contract obligations in place with customers amounting to € 299,277 thousand (€ 281,594 thousand at 31 December 2018), of which € 251 thousand issued in the interest of associates;
- other guarantees issued by third parties in favour of associates, joint ventures and other interests amounting to € 13,116 thousand (€ 12,305 thousand at 31 December 2018);
- 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 € 32,399 thousand (€ 25,551 thousand at 31 December 2018).

Guarantees arising from the Senior Secured Notes-bond issue launched by controlling company CMF S.p.A. in 2017 and from the Super Senior Revolving loan agreement with Unicredit Bank A.G.

CMF S.p.A., which was established by Parent Company Manutencoop Società Cooperativa in 2017, launched a Senior Secured Notes-bond issue in 2017, due 2022. On 29 June 2017 CMF also signed, as the Parent Company, a Super Senior Revolving loan agreement for € 50 million, governed by English law, to which Rekeep S.p.A. became a party as Borrower.

CMF S.p.A. was merged by incorporation into Rekeep S.p.A. with statutory, accounting and tax effects running from 1 July 2018, thus executing the provisions of the Indenture signed on 13 October 2017. After the merger, the 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) are backed, following the above-mentioned merger, by the following collateral provided:

- a first-degree pledge over the total shares of Rekeep S.p.A., granted by the controlling company Manutencoop Società Cooperativa;
- a pledge over the total shares of 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 2019, no events of default had occurred.

19. 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.

Furthermore, 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. 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.

After having attained the set objectives, 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). 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. At the same time, the Proceeds Loan granted by CMF S.p.A. to Rekeep S.p.A. was terminated.

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 2019 and 31 December 2018 restated.

		Hierarchy Levels				Hierarchy Levels		
	30 September 2019	**Level 1**	**Level 2**	**Level 3**	**31 December 2018 restated**	**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	**0**	0			**179**	179		
- of which securities					**179**	179		
- of which hedging derivatives					**0**	0		
- of which non-hedging derivatives					**0**	0		
TOTAL FINANCIAL ASSETS	**101**	**101**			**280**	**280**		

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 2019 and 31 December 2018. 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 2019	31 December 2018 restated
Provision for employee termination benefits	15,473	14,730
Interest-bearing loans	394,029	394,971
Trade payables and contract liabilities	386,584	399,602
Other current payables	182,414	90,360
Other current financial liabilities	53,349	53,180
Cash and cash equivalents	(75,686)	(94,733)
Other current financial assets	(4,079)	(5,532)
Total Net debt	**952,084**	**852,578**
Equity attributable to the Group	167,228	162,352
Undistributed net profit (loss)	(5,712)	(15,241)
Total Capital	**161,516**	**147,111**
CAPITAL AND NET DEBT	**1,113,600**	**999,689**
Debt ratio	85.5%	85.3%

A slight decrease was recognised in the debt ratio compared to the value restated at 31 December 2018, as adjusted to take account of the adoption of IFRS16, following a simultaneous increase in net debt referred to in the paragraphs above and in the capital, following the Group's positive result posted in the first nine months of 2019.

20. 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.

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.

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

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.

Finally, the establishment of e-Digital Services S.r.l. at the end of 2015 and of Yougenio S.r.l. in 2016 led to embarking on a path to growth in “business to business” (B2B) and “business to consumer” (B2C). The B2B business sector in particular is based on the utilisation of expertise which has been built up and developed in the spheres of applications, management and sourcing. On the other hand, the objective of the B2C business sector is 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

Laundering/sterilization 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 2019 and 30 September 2018, as restated to take account of the effects of the change in the accounting standard:

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Revenues by segment	621,323	100,685	(1,892)	720,116
Segment costs	(587,812)	(89,114)	1,892	(675,033)
Operating income (loss) by segment	**33,512**	**11,571**	**0**	**45,083**
Equity-accounted profit (loss) of associates	157	180	0	338
Net financial income (charges)				(30,418)
Profit (loss) before taxes				15,002
Income taxes				(9,139)
NET PROFIT FOR THE PERIOD ENDED 30 SEPTEMBER 2019				**5,863**

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated Restated
Revenues by segment	**594,092**	**94,590**	**(1,938)**	**686,744**
Segment costs	(562,346)	(84,827)	1,938	(645,235)
Operating income (loss) by segment	**31,747**	**9,763**	**0**	**41,509**
Equity-accounted profit (loss) of associates	920	280		1,201
Net financial income (charges)				(23,511)
Profit (loss) before taxes				**19,199**
Income taxes				(9,171)
NET PROFIT FOR THE PERIOD ENDED 30 SEPTEMBER 2018 RESTATED				**10,028**

Below are the data related to assets and liabilities by operating segments of the Group at 30 September 2019 and 31 December 2018, as restated to take account of the effects of the change in the accounting standard:

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Assets allocated to the segment	493,949	122,779	(2,020)	614,707
Goodwill	398,788	13,810		412,597
Investments	10,427	5,621		16,047
Other assets not allocated and related taxes				206,146
SEGMENT ASSETS AT 30 SEPTEMBER 2019	**903,163**	**142,209**	**(2,020)**	**1,249,498**
Liabilities allocated to the segment	557,587	59,377	(2,020)	614,943
Other liabilities not allocated and related taxes				466,537
SEGMENT LIABILITIES AT 30 SEPTEMBER 2019	**557,587**	**59,377**	**(2,020)**	**1,081,480**

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated Restated
Assets allocated to the segment	479,102	115,220	(1,385)	592,938
Goodwill	393,812	13,810	0	407,622
Investments	18,465	5,647	0	24,112
Other assets not allocated and related taxes				139,462
SEGMENT ASSETS AT 30 SEPTEMBER 2018 RESTATED	**891,380**	**134,676**	**(1,385)**	**1,164,133**
Liabilities allocated to the segment	480,478	57,737	(1,385)	536,830
Other liabilities not allocated and related taxes				464,289
SEGMENT LIABILITIES AT 30 SEPTEMBER 2018 RESTATED	**480,478**	**57,737**	**(1,385)**	**1,001,121**

21. 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:

- 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 363, 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.

The breakdown of the balances relating to the transactions carried out by the Group Companies with related parties is provided in Annex III 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 2019

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
CO.GE.F. Soc. Cons. a r.l	Via Ubaldo Poli n. 4	Zola Predosa (BO)	80%	Euro
Consorzio Igiene Ospedaliera Soc. Cons. a r.l	Via Ubaldo Poli n. 4	Zola Predosa (BO)	66.66%	Euro
Consorzio Servizi Toscana Soc. Cons. a r.l	Via Ubaldo Poli n. 4	Zola Predosa (BO))	60%	Euro
Consorzio Stabile CMF	Via Ubaldo Poli n. 4	Zola Predosa (BO)	99%	Euro
Emmetek S.r.l.	Via Asiago n. 77/9	Cassola (VI)	100%	Euro
Evimed S.r.l.	Via Zamenhof n. 363	Vicenza	100%	Euro
Elene Project S.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO))	62%	Euro
Energy Saving Valsamoggia S.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	63%	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 (BO)	69%	Euro
Global Oltremare Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	60%	Euro
H2H Facility Solutions S.p.A.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	100%	Euro
H2H Cleaning S.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	100%	Euro
ISOM Lavori Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	62.71%	Euro
ISOM Gestione Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	52.97%	Euro
KANARIND Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	62.43%	Euro
Logistica Sud Est Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	60%	Euro
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

Name	Registered office	City	% Held	Currency
MCF servizi Integrati Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	60%	Euro
Medical Device S.r.l.	Via della Tecnica .52	Montevarchi (Arezzo)	60%	Euro
MSE Soc. Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	100%	Euro
Palmanova Servizi Energetici Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	60%	Euro
Protec S.r.l.	Via Zamenhof 363	Vicenza	100%	Euro
Rekeep Digital S.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	100%	Euro
Rekeep Facility S.a.s.	52, Boulevard de Sebastopol	Paris	100%	Euro
Rekeep France S.a.s.	52, Boulevard de Sebastopol	Paris	70%	Euro
Rekeep Rail S.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	100%	Euro
Rekeep Saudi Co. Ltd	P.O Box 230888, K.S.A., 28th floor, Kingdom Tower	Riyadh (Saudi Arabia)	100%	SAR
Rekeep 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 (BO)	100%	Euro
S.AN.CO S.c.a.r.l.	Via Aurelio Saffi, 51	Bologna	100%	Euro
S.AN.GE S.c.a.r.l.	Viale Sarca 336 – Strada Privata Breda – Edificio 12	Milan	89%	Euro
San Gerardo Servizi Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	60%	Euro
Servizi Brindisi Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	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 (BO)	60.08%	Euro
Sicura S.p.A.	Via Zamenhof 363	Vicenza	100%	Euro
Soluzioni Antincendio S.r.l.	Via Romolo Gessi n.5	Ferrara (FE)	100%	Euro
Telepost S.p.A.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	100%	Euro
Yougenio S.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	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
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 (BO)	49%	Euro
Legnago 2001 Soc.cons.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	50%	Euro

Name	Registered office	City	% Held	Currency
Servizi Sportivi Brindisi Soc.cons.r.l. in liquidation	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)	59.65%	Euro
Bologna Multiservizi Soc.Cons. r.l. in liquidation	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	Rome	21.38%	Euro
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	Via Poiano n. 22	Imola (Bologna)	60%	Euro
Como Energia Soc.Cons. r.l. in liquidation	Via Pietro Strazzi n. 2	Como	30%	Euro
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati n. 84	Padua	60%	Euro
Consorzio Sermagest Soc.Cons. a r.l. in liquidation	Via Filippo Corridoni n. 23	Rome	60%	Euro
F.lli Bernard S.r.l.	Stradella Aquedotto n. 21	Bari	20%	Euro
Gestione Strade Soc.Cons.a r.l.	Strada Manara n. 64/B	Parma	25%	Euro
Gico System S.r.l.	Via Finelli n. 8	Calderara di Reno (Bologna)	20%	Euro
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Ubaldo Poli n. 4	Zola Predosa (BO)	42.40%	Euro
Global Riviera Soc.Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	30.66%	Euro
Global Vicenza Soc.Cons. a r.l.	Via Grandi 39	Concordia Sulla Secchia (Modena)	41.25%	Euro
Gymnasium Soc.Cons. r.l. in liquidation	Via Ubaldo Poli n. 4	Zola Predosa (BO)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa 76	Bologna	29.926%	Euro
Imola Verde e Sostenibile Soc. Cons. a r.l.	Via S. Allende n. 39	Bologna	30%	Euro
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi 18	Turin	24.75%	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

Name	Registered office	City	% Held	Currency
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 (BO)	50%	Euro
Serena S.r.l. in liquidation	Via Ubaldo Poli n. 4	Zola Predosa (BO)	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 (BO)	45%	Euro
Simagest 2 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli n. 4	Zola Predosa (BO)	90%	Euro
Simagest 3 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli n. 4	Zola Predosa (BO)	89.99%	Euro
Synchron Nuovo San Gerardo S.p.A.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	35.82%	Euro
Steril Piemonte Soc.Cons. r.l.	Corso Einaudi 18	Torino	25%	Euro
T&M Protection Resources Holdings Italy S.r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	40%	Euro
Tower Soc.Cons. a r.l. in liquidation	Via Zanardi 372	Bologna	20.17%	Euro

ANNEX II

VALUATION OF INVESTMENTS USING THE EQUITY METHOD

	%	Net assets 31 December 2018	Changes for the financial year					Net assets 30 June 2019	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Alisei S.r.l. in liquidation	100%	(87)				0		(87)	0	(87)
A.M.G. S.r.l.	50%	2,428		(148)	50			2,330	2,330	
BGP2 Soc.Cons. r.l.	41.47%	24			69			94	94	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidation	27.58%	0			0			0	0	
Bologna Global Strade Soc. Cons. a. r.l.	60%	56	4		0			60	60	
Bologna Multiservizi Soc. Cons. a r.l.	39%	4						4	4	
Bologna Più Soc. Cons. a r.l.	25.68%	5						5	5	
Cardarelli Soc. Cons. a r.l. in liquidation	60%	5	(6)		1			0	0	
Centro Europa Ricerche S.r.l.	21.38%	61			5			67	67	
Co. & Ma. Soc. Cons. a r.l.	50%	5						5	5	
Como Energia Soc. Cons. a r.l. in liquidation	30%	11						11	11	
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	60%	6						6	6	
Consorzio Polo sterilizzazione Integrata	60%	1						1	1	
Consorzio Sermagest in liquidation	60%	0						0	0	

	%	Net assets 31 December 2018	Changes for the financial year					Net assets 30 June 2019	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
DUC Gestioni Soc.Cons. a r.l.	49%	10						10	10	
F.lli Bernard S.r.l.	20%	1,483		(50)	205			1,638	1,638	
Gestione Strade Soc.Cons. a r.l.	25%	13						13	13	
GICO Systems S.r.l.	20%	163		0	51			214	214	
Global Provincia di Rimini Soc.Cons. a r.l.	42.40%	4						4	4	
Global Riviera Soc.Cons. a r.l.	30.66%	9						9	9	
Global Vicenza Soc.Cons. a r.l.	41.25%	4						4	4	
GR.A.AL. SOC.CONS a r.l.	29.93%	3						3	3	
Gymnasium soc. Cons. A r.l. in liquidation	68%	7						7	7	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	30%	0	6					6	6	
IPP S.r.l.	24.75%	465			(61)			405	405	
Legnago 2001 Soc. Cons. a r.l.	50%	5						5	5	
LIVIA Soc. Cons. a r.l	34.10%	3	(3)					0	0	
Logistica Ospedaliera Soc. Cons. a r.l	45.00%	5						5	5	
Newco DUC Bologna S.p.A.	24.90%	1,275			181		(171)	1,286	1,286	
Palazzo della Fonte S.c.p.a.	33.3%	8,000	(8,000)					0	0	
ROMA Multiservizi S.p.A.	45.47%	3,396		0	50		(29)	3,417	3,417	
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
Savia soc.cons.a.r.l.	49.11%	0	0					0	0	
S.E.I. Energia Soc. Cons. a r.l.	49.00%	5						5	5	
Società -Consortile Adanti Manutencoop a r.l. in liquidation	50%	10						10	10	
Serena S.r.l.	50%	9						9	9	

	%	Net assets 31 December 2018	Changes for the financial year					Net assets 30 June 2019	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Servizi Napoli 5 Soc. Cons. a r.l.	45%	5						5	5	
Servizi Sanitari Treviso (SE.SA.TRE) in liquidation	40%	8	(8)					0	0	
Servizi Sportivi Brindisi Soc. Cons. a r.l. in liquidation	50%	5						5	5	
Simagest 2 Soc.Cons.a r.l. in liquidation	90%	45						45	45	
Simagest 3 Soc.Cons.a r.l. in liquidation	89.99%	45						45	45	
Steril Piemonte Soc. Cons. a r.l.	25%	1,000			(14)			986	986	
T&M Protection Resources Holdings Italy S.p.A.	40%	600			(201)			399	399	
Tower Soc.Cons. a r.l.	20.17%	20						20	20	
NET BOOK VALUE		**19,120**	**(8,007)**	**(198)**	**337**	**0**	**(199)**	**11,052**	**11,139**	**(87)**

ANNEX III

RELATED PARTY TRANSACTIONS

PARENT COMPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
CMF S.p.A.	30-Sep-18				8,679	31-Dec-18				
	30-Sep-19					30-Sep-19				
Manutencoop Società Cooperativa	30-Sep-18	142	21,571		954	31-Dec-18	88	15,285	9,042	20,509
	30-Sep-19	102	23,645		849	30-Sep-19	149	15,189	7,272	23,694

ASSOCIATES AND JOINT-VENTURES

		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-18					31-Dec-18	3			1
	30-Sep-19					30-Sep-19	3			1
AMG S.r.l.	30-Sep-18		199			31-Dec-18			242	
	30-Sep-19		205			30-Sep-19			217	
BGP2 Soc.Cons. r.l.	30-Sep-18					31-Dec-18			89	
	30-Sep-19					30-Sep-19				
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	30-Sep-18	45	259			31-Dec-18	525		623	
	30-Sep-19	45	666			30-Sep-19	349		979	
Bologna Multiservizi Soc.Cons. a r.l.	30-Sep-18					31-Dec-18				
	30-Sep-19					30-Sep-19				
Bologna Più Soc.Cons.a r.l. in liquidation	30-Sep-18					31-Dec-18		3	3	2
	30-Sep-19					30-Sep-19		3	3	2
Bologna Global Strade Soc. Cons. a r.l	30-Sep-18	2,399	4,224			31-Dec-18	2,597	336	3,796	
	30-Sep-19	1,997	3,989			30-Sep-19	1,828	336	2,904	8
Cardarelli Soc. Cons. a r.l.	30-Sep-18		39			31-Dec-18			40	
	30-Sep-19		7			30-Sep-19			7	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Centro Europa Ricerche S.r.l.	30-Sep-18					31-Dec-18				
	30-Sep-19					30-Sep-19				
Como Energia Soc.Cons.a r.l.	30-Sep-18		46			31-Dec-18			102	
	30-Sep-19					30-Sep-19			102	
Consorzio Imolese Pulizie soc.Cons. in liquidation	30-Sep-18					31-Dec-18		36	12	
	30-Sep-19					30-Sep-19		36	12	
Consorzio Polo Sterilizzazione	30-Sep-18					31-Dec-18				
Integrata a r.l.	30-Sep-19					30-Sep-19				
Consorzio Sermagest Soc.Cons.a r.l in liquidation	30-Sep-18					31-Dec-18				
	30-Sep-19					30-Sep-19				
CO.& MA. Soc. Cons. a r.l	30-Sep-18	270	813			31-Dec-18	300	20	929	
	30-Sep-19	270	680			30-Sep-19	150	20	573	
DUC Gestione Sede Unica Soc. Cons. a r.l.	30-Sep-18	5,314	2,371			31-Dec-18	3,666		773	
	30-Sep-19	5,296	2,639			30-Sep-19	4,294		1,478	
Fr.lli Bernard s.r.l.	30-Sep-18	(8)	57			31-Dec-18	29	50	46	
	30-Sep-19	9	60			30-Sep-19	38	50	83	
Gestione Strade soc.cons.r.l.	30-Sep-18					31-Dec-18			95	
	30-Sep-19		842			30-Sep-19		63	598	
Gico Systems S.r.l.	30-Sep-18	8	944			31-Dec-18	9		986	
	30-Sep-19	7	985			30-Sep-19	8		787	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	30-Sep-18					31-Dec-18		70	13	
	30-Sep-19					30-Sep-19		70	13	
Global Riviera Soc.Cons.a r.l.	30-Sep-18		8			31-Dec-18			(31)	
	30-Sep-19		7			30-Sep-19			(24)	
Global Vicenza Soc.Cons. a r.l.	30-Sep-18		7			31-Dec-18		10	17	
	30-Sep-19		(6)			30-Sep-19		10	12	
GR.A.AL. Soc. Cons. a. r.l.	30-Sep-18					31-Dec-18				
	30-Sep-19					30-Sep-19				
Grid Modena S.r.l.	30-Sep-18					31-Dec-18				
	30-Sep-19					30-Sep-19				
Gymnasium Soc. cons. a r.l in liquidation	30-Sep-18					31-Dec-18	1	8	33	
	30-Sep-19					30-Sep-19	1	8	33	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	30-Sep-18					31-Dec-18				
	30-Sep-19					30-Sep-19				
IPP S.r.l.	30-Sep-18	103				31-Dec-18	126	60		
	30-Sep-19	16				30-Sep-19	31	59		

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Legnago 2001 Soc. Cons. r.l.	30-Sep-18		3			31-Dec-18	158		50	
	30-Sep-19		3			30-Sep-19	158		53	
Livia Soc. cons. a r.l.	30-Sep-18					31-Dec-18				
	30-Sep-19					30-Sep-19				
Logistica Ospedaliera Soc. Cons. a r.l.	30-Sep-18					31-Dec-18			15	
	30-Sep-19					30-Sep-19			15	
Newco DUC Bologna S.p.A	30-Sep-18					31-Dec-18			37	
	30-Sep-19					30-Sep-19			37	
Palazzo della Fonte S.c.p.a.	30-Sep-18	2,853				31-Dec-18	2,154			
	30-Sep-19	2,402				30-Sep-19	485			
Progetto ISOM S.p.A.	30-Sep-18	491	125	66		31-Dec-18				
	30-Sep-19					30-Sep-19				
Roma Multiservizi S.p.A.	30-Sep-18	1,404	948			31-Dec-18	3,261		615	
	30-Sep-19	606	1,066			30-Sep-19	3,364		868	
San Martino 2000 Soc.Cons. r.l.	30-Sep-18	1,763	2,000			31-Dec-18	236		880	
	30-Sep-19	1,218	1,871			30-Sep-19	183		1,400	
Savia Soc. Cons. a r.l	30-Sep-18		(4)			31-Dec-18			36	
	30-Sep-19					30-Sep-19				
Serena S.r.l. - in liquidation	30-Sep-18					31-Dec-18		3		
	30-Sep-19					30-Sep-19		3		
Servizi Napoli 5 Soc.Cons. a r.l.	30-Sep-18	1,010	968			31-Dec-18	2,710		1,820	
	30-Sep-19	993	951			30-Sep-19	2,219		1,361	
Se.Sa.Mo. S.p.A.	30-Sep-18	3,804		20		31-Dec-18				
	30-Sep-19					30-Sep-19				
S.E.I. Energia Soc. Cons. a r.l.	30-Sep-18	41				31-Dec-18	63	735		
	30-Sep-19	55		17		30-Sep-19	126	752		
SESATRE S.cons. a r.l.	30-Sep-18	8	189			31-Dec-18			18	
	30-Sep-19					30-Sep-19				
Se.Ste.Ro S.r.l.	30-Sep-18					31-Dec-18				
	30-Sep-19					30-Sep-19				
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	30-Sep-18					31-Dec-18		75	13	2
	30-Sep-19					30-Sep-19		75	13	2
S.I.MA.GEST3 Soc. Cons. in liquidation	30-Sep-18					31-Dec-18		3	3	
	30-Sep-19					30-Sep-19		3	3	
Società Consortile	30-Sep-18					31-Dec-18			53	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Adanti Manutencoop in liquidation	30-Sep-19					30-Sep-19			53	
Steril Piemonte Soc. cons. a.r.l	30-Sep-18		537			31-Dec-18	7	75	346	
	30-Sep-19		527			30-Sep-19	7		408	
Synchron Nuovo San Gerardo S.p.A.	30-Sep-18	4,626	135	151		31-Dec-18				
	30-Sep-19					30-Sep-19				
T&M **Protection Resources Holdings Italy S.p.A.**	30-Sep-18	4				31-Dec-18	7			
	30-Sep-19	47				30-Sep-19				
Tower Soc.Cons. a r.l. in liquidation	30-Sep-18					31-Dec-18	33	29		
	30-Sep-19					30-Sep-19	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-18					31-Dec-18	1			
	30-Sep-19					30-Sep-19	1			
Manutencoop Immobiliare S.p.A.	30-Sep-18	8	764			31-Dec-18	3	173		
	30-Sep-19					30-Sep-19	3	80		
Nugareto Società Agricola Vinicola S.r.l.	30-Sep-18	14	5			31-Dec-18	1		5	
	30-Sep-19	1				30-Sep-19	4			
Sacoa S.r.l.	30-Sep-18	43	38			31-Dec-18	25	23	22	
	30-Sep-19	31	1			30-Sep-19	44			
Sacoa Servizi Telematici S.r.l.	30-Sep-18					31-Dec-18				
	30-Sep-19					30-Sep-19				
Segesta servizi per l'Ambiente S.r.l.	30-Sep-18	4				31-Dec-18	2			
	30-Sep-19	4				30-Sep-19	1			

ASSOCIATES OF MANUTENCOOP COOPERATIVA OR OTHER GROUP COMPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Società Cooperativa	30-Sep-18	41				31-Dec-18	21			
	30-Sep-19	41				30-Sep-19	16			
Consorzio Karabak 2 Società Cooperativa	30-Sep-18	2				31-Dec-18	1		1	
	30-Sep-19	3				30-Sep-19	2		1	
Consorzio Karabak 4 Società Cooperativa	30-Sep-18					31-Dec-18			2	
	30-Sep-19					30-Sep-19				
Consorzio Karabak 5 Società Cooperativa	30-Sep-18					31-Dec-18			1	
	30-Sep-19					30-Sep-19			1	
Consorzio Karabak 6 Società Cooperativa	30-Sep-18					31-Dec-18				
	30-Sep-19					30-Sep-19				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
GENERAL TOTAL	30-Sep-18	24,396	36,247	237	9,633	31-Dec-18	16,027	16,994	20,727	16,027
	30-Sep-19	13,154	38,140	17	849	30-Sep-19	13,497	16,786	19,262	13,497

ANNEX IV

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

	For the 9 months ended 30 September			
	2019		2018 restated	
Cash and cash equivalents at the beginning of the period		**94,733**		**59,870**
Cash flow from current operations:		**42,868**		**46,998**
Profit before taxes	15,002		19,199	
Amortisations, depreciations, write-downs (write-backs) of assets	28,144		29,545	
Accruals(reversals) of provisions	1,418		632	
Employee termination benefits provision	743		707	
Income (loss) from equity investments, net of dividends collected	(140)		1,440	
Financial charges (income) for the period	31,201		24,001	
Net interests received (paid) in the period	(19,122)		(10,231)	
Taxes paid in the period	(2,323)		(3,722)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*(12,056)*		*(14,573)*	
Uses of provisions for risks and charges and employee terminations benefits:		**(4,834)**		**(5,861)**
Uses of employee terminations benefits	(1,651)		(1,427)	
Uses of provisions for risks and charges	(3,183)		(4,434)	
CHANGE IN NWOC:		**(24,162)**		**3,219**
Decrease (increase) in inventories	(2,037)		(83)	

	For the 9 months ended 30 September			
	2019		2018 restated	
Decrease (increase) in trade receivables	(8,763)		23,938	
Changes in trade payables	(13,361)		(27,074)	
INDUSTRIAL AND FINANCIAL CAPEX:		**(22,575)**		**(17,456)**
(Purchase of intangible assets, net)	(6,110)		(4,382)	
(Purchase of property, plant and equipment)	(19,140)		(16,523)	
Sale of property, plant and equipment	231		361	
Disposal (acquisition) of investments	7,985		3,393	
(Decrease) increase in of financial assets	1,276		1,488	
Financial effects of business combinations	(1,978)		(1,529)	
Net cash from assets held for sale	45		175	
Reclassifications:				
Net change in current financial assets, to be included in net financial liabilities	*(1,276)*		*439*	
Payables for acquisition of equity investments and business combinations	*(3,606)*			
CHANGE IN NET FINANCIAL LIABILITIES:		**680**		**194,156**
Change in finance lease debt	(49)		45	
New (repayment of) operating lease debt	(5,700)		(5,461)	
Acquisition of non-current borrowings	2,294		6,676	
(Repayment) of non-current borrowings	(11,671)		0	
Proceeds from/(repayment of) short term bank debt	(4,449)		1,341	
Other net changes in financial debt	(465)		(11,986)	
Adjustments:				
Financial effects of business combinations	*0*		*181,258*	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*12,056*		*14,573*	
Net change in current financial assets, to be included in net financial liabilities	*1,276*		*439*	
Financial effects of business combinations	*0*		*(272)*	
Non-cash elements on net acquisitions of fixed assets	*3,781*		*7,543*	

	For the 9 months ended 30 September			
	2019		2018 restated	
Payables for acquisition of equity investments and business combinations	*3,606*			
OTHER CHANGES:		**(11,024)**		**(189,733)**
Decrease (increase) in other current assets	(6,734)		4,018	
Change in other current liabilities	(441)		(3,060)	
Dividends paid	0		(70)	
Acquisition/assignment of minority interests of subsidiaries	(0)		(1,322)	
Difference of financial statements translations in foreign currency	(67)		(770)	
Adjustments:				
Financial effects of business combinations			*(181,258)*	
Reclassifications:				
Financial effects of business combinations			*272*	
Non-cash elements on net acquisitions of fixed assets	*(3,781)*		*(7,543)*	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**75,686**		**84,754**

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