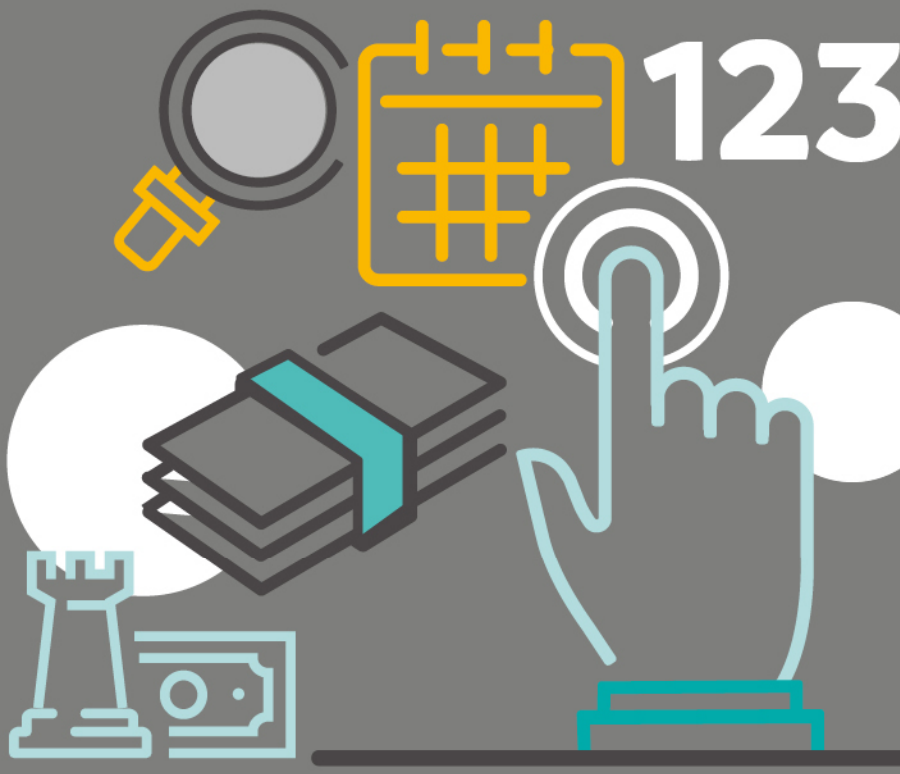
INTERIM REPORT ON OPERATION

AT 31 MARCH 2020



rekeep

minds that work

GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

BOARD OF DIRECTORS

Appointed by the Shareholders' Meeting
of 24 April 2020

CHAIRMAN AND CEO
Giuliano Di Bernardo

VICE-CHAIRMAN
Giuseppe Pinna

MEMBERS OF THE BOARD OF DIRECTORS
Laura Duò
Rossella Fornasari
Paolo Leonardelli
Gabriele Stanzani
Matteo Tamburini

BOARD OF STATUTORY AUDITORS

Appointed by the Shareholders' Meeting
of 24 April 2020

CHAIRMAN
Germano Camellini

STANDING AUDITORS
Marco Benni
Giacomo Ramenghi

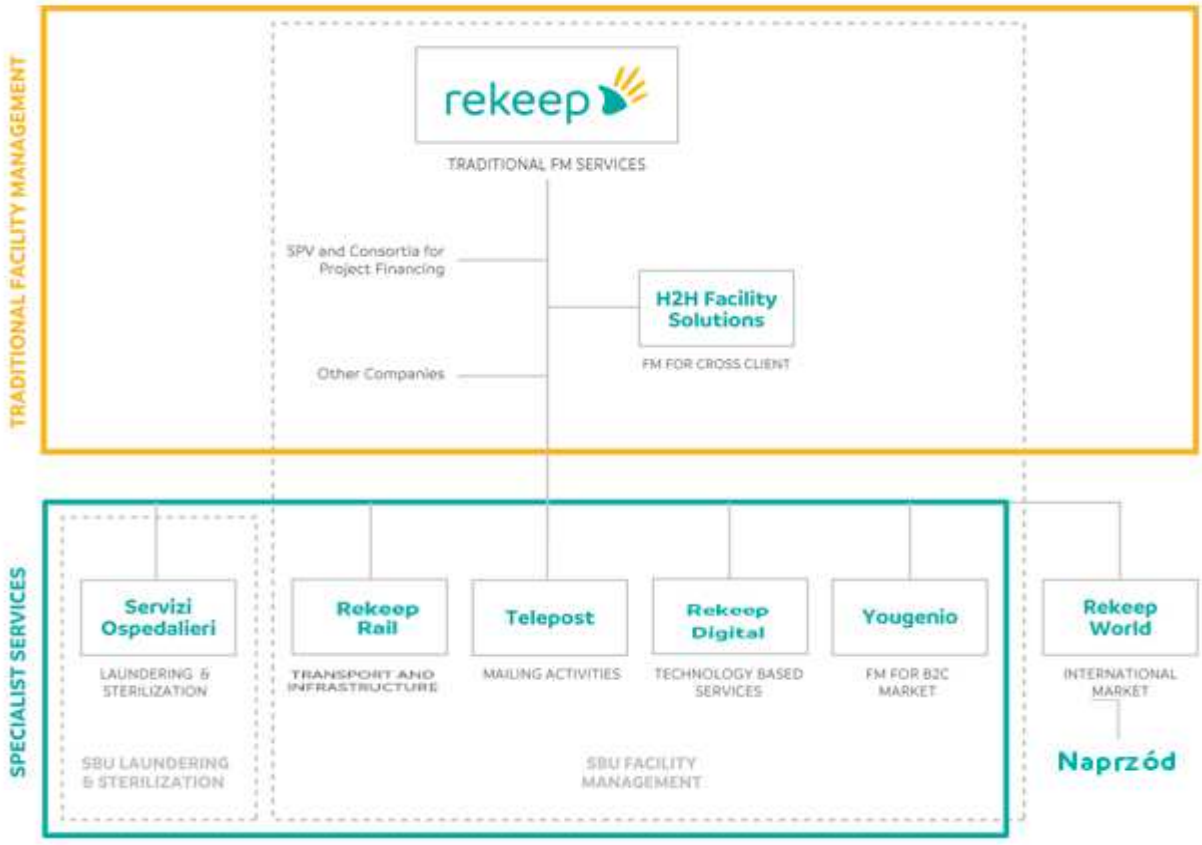
ALTERNATE AUDITORS
Michele Colliva
Antonella Musiani

INDEPENDENT AUDITORS

EY S.p.A.

PREAMBLE

At 31 March 2020 the Group controlled by Rekeep S.p.A. was composed as follows:



The Rekeep Group is active in the management and provision of integrated services to public and private customers, targeted at properties, the area and to support so-called “Integrated Facility Management” health care activities. At present the Rekeep brand stems from a single operating holding company which combines so-called “traditional” facility management production resources with those related to supporting the whole Group’s business. As early as from the previous financial years a strategy has been pursued by the central holding functions to diversify operations, also through a series of corporate acquisitions, with some “specialist” facility management services beside the historical core business (hygiene services, green spaces and technical and maintenance services), in addition to linen rental and industrial laundering services and surgical instrument sterilization at healthcare facilities and high technology B2B services. Furthermore, the Group started a major process of business development in international markets from the 2015 financial year, by establishing the sub-holding company Rekeep World S.r.l.. The internationalization process led to the start-up of facility operations in France (through the sub-group controlled by Rekeep France S.a.S.), Turkey (through EOS and Rekeep United Yönetim Hizmetleri A.Ş..) and Saudi Arabia (through Rekeep Saudi Arabia Ltd and Rekeep Arabia for Operations and Maintenance Ltd). Finally, the acquisition of the Polish company Naprzód S.A., the parent

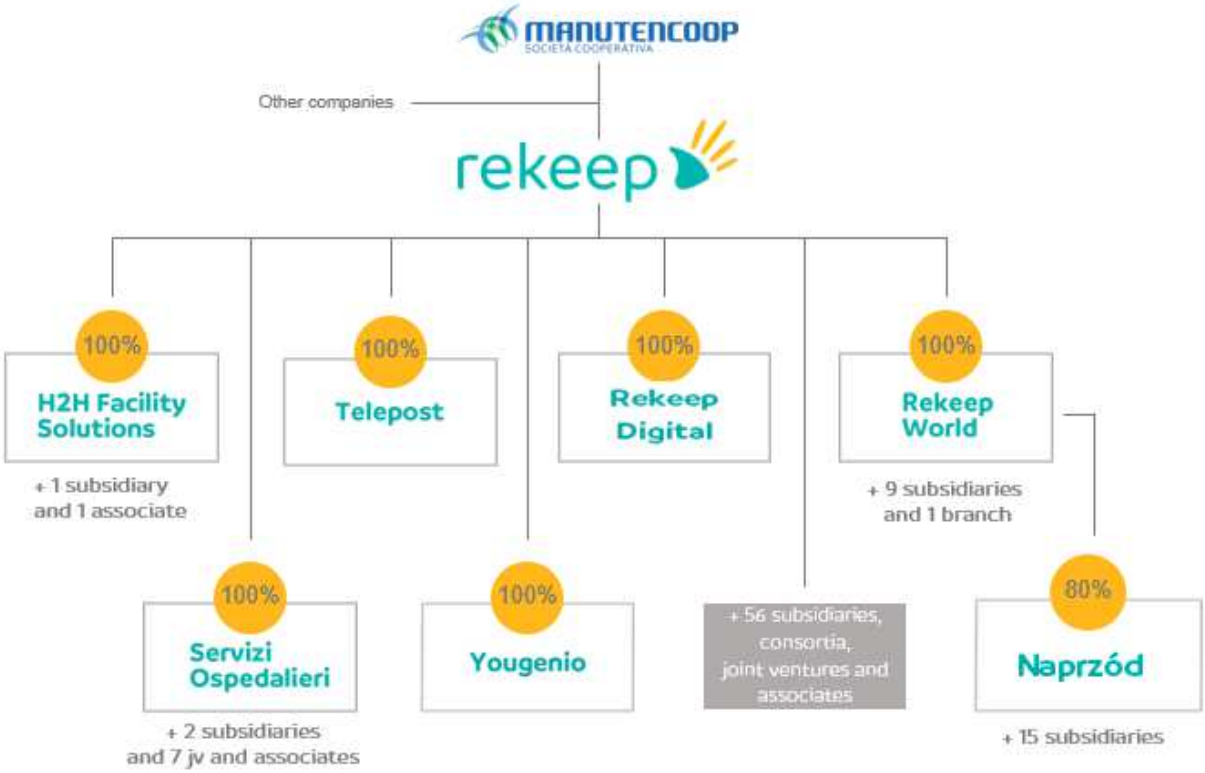
company controlling the group with the same name, served to expand and strengthen the market position in the field of facility management in the healthcare sector.

Shareholding structure

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

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

The structure of the new Group controlled by Manutencoop Società Cooperativa, at the date of approval of the Interim Report on Operations, was the following:



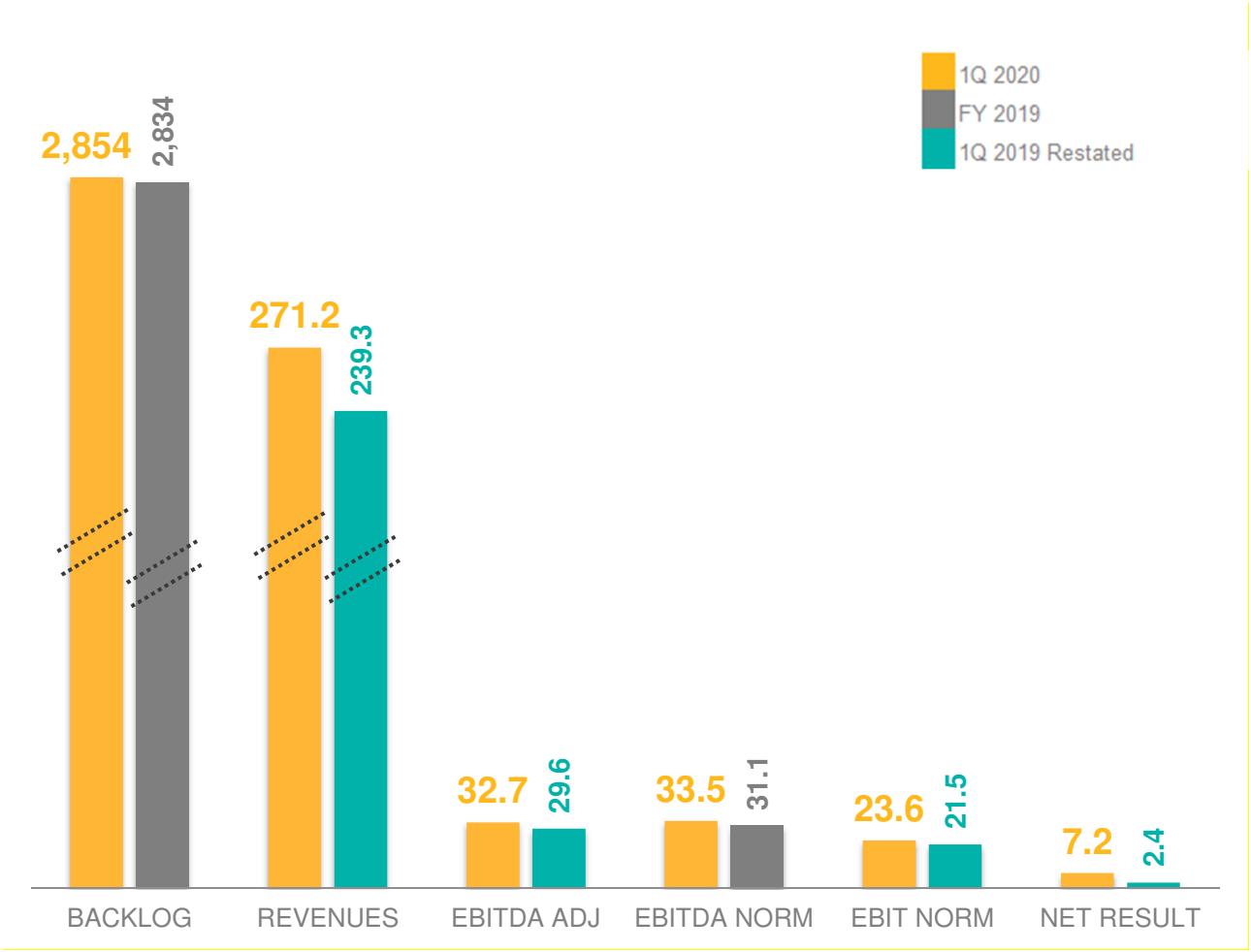
NON-GAAP FINANCIAL MEASURES

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

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

	Definition
EBIT	EBIT represents the Profit (Loss) before taxes gross of: i) Financial charges; ii) Financial income; iii) Dividend and income (loss) from sale of investments; iv) Share of net profit of associates; v) Profit (loss) on exchange rate. The Statement of Profit or Loss shows EBIT as "Operating Income".
EBITDA	EBITDA represents the Operating Income before allocations to the accrual of provisions for risks and amortization/depreciation, write-downs and write-backs of assets. EBITDA is a measure used by the Company's management to monitor and assess its operating performance and it is not identified as an accounting measure under IFRS. Therefore, it must not be considered an alternative measurement for evaluating the trend in the Group's profit/loss. Given that the breakdown of EBITDA is not regulated by the accounting standards, the calculation criteria applied by the Group may not be comparable.
Adjusted EBIT or EBITDA	Adjusted EBITDA and Adjusted EBIT do not include non-recurring elements recorded in the consolidated Statement of Profit/Loss for the year, as described in paragraph "Non-recurring events and transactions".
Revenues, Normalized EBITDA or EBIT	Normalized values represent Adjusted measures that also exclude the contribution to the consolidated profit/loss of the start-up activities relating to the subsidiary Yougenio S.r.l. and to the sub-group controlled by Rekeep World S.r.l..
Gross Debt	Gross Debt is defined as the sum of debts for principal referring to: i) Senior Secured Notes; ii) Bank debts; iii) Current bank overdraft, advance payments and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Financial lease obligations.
LTM (Last Twelve Months)	LTM values relate to the economic values or financial flows identified in the last 12 months, or in the last 4 financial reporting years.
Net Cash	Net Cash is defined as the balance of "Cash and cash equivalents" net of: i) Bank overdrafts, advance payments and hot money; ii) Obligations arising from assignments of trade receivables with recourse.
Net Debt	Net Debt is defined as Gross Debt net of the balance of Cash and cash equivalents and Current financial assets.
NFP	Consolidated Net Financial Position represents the balance of Long-term debt, Derivatives, Bank borrowings (including current portion of long-term debt) and other financial liabilities, net of the amount of receivables and other current financial assets and Cash and Cash equivalents. When it is negative, it is equivalent to the "Net Financial Indebtedness".

	Definition
Adjusted NFP and NWOC	Adjusted NWOC and Adjusted NFP include the balance of the trade receivables assigned in the framework of the previous years' assignment without recourse programmes and not yet collected by the factoring companies.
Restated	On 13 February 2020 a binding agreement was signed for the sale of the total share capital of subsidiary Sicura S.p.A.. According to IFRS5, at the reporting date of the Consolidated Financial Statements at 31 December 2019, the value of assets relating to the sub-group controlled by Sicura S.p.A. and the associated liabilities was reclassified under "Assets held for sale" and "Liabilities associated with assets held for sale". Again in accordance with the same accounting standard, the transaction was reported as "Discontinued operation" in the Interim Condensed Consolidated Financial Statements at 31 March 2020 and results of operations for the period until the date of sale were stated among "Profit (loss) from discontinued operations". Likewise, the respective comparative results of operations were restated and reclassified to the same item of the income statement.



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

REVENUES
+13.3 %
vs 31/03/2019 Restated

EBITDA/ REVENUES
11.9%
vs 12,1% 31/03/2019 Restated

EBITDA NORM/ REVENUES
12.4%
vs 13.2% 31/03/2019 Restated

EBIT NORM/ REVENUES
8.7%
vs 9.1% 31/03/2019 Restated



NFP ANTE IFRS16 / EBITDA NORM LTM ANTE IFRS16
3.0x

CASH
187.5 mln
vs 97.1 mln 31/12/2019

NET CASH
108.5 mln
vs 66.51 mln 31/12/2019

NWOC / REVENUES LTM
3.1%
vs 15% 31/12/2019

INTERIM REPORT ON OPERATIONS

SIGNIFICANT EVENTS OF THE FIRST QUARTER OF 2020

COVID-19 Health Emergency

Work continued during the first half of the first quarter of 2020 on the operations within the SBUs in which the Group operates. As from the second half of February, the international scenario was strongly characterized by the health emergency deriving from the spread of the Coronavirus (COVID-19) epidemic, which had first appeared in China in January and subsequently spread to Europe and Italy, the country of the Company's head office and one of those most affected by COVID-19 impact. This health emergency, and the consequent need to contain the spread of the virus as much as possible, led the Italian Government, as well as many other governments around the world, to adopt urgent legislative measures that entailed a substantial lockdown of the entire economy of the country from the second period of ten days of March, except for essential activities and services, which include the operations carried out by the Group.

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

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

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

These measures have entailed the additional cost of purchasing medical devices and specialist products.

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

The results of operations for the quarter, compared to the first quarter of 2019, do not seem to have been significantly affected by the effects of the March lockdown, and on the contrary, all the main financial KPIs show an increase compared to the first quarter of 2019.

The growth in Revenues (+€ 31.9 million) and EBITDA (+ € 3.3 million) in the quarter, compared to the first quarter of the previous year, was mainly due, during the first quarter of 2020, to the consolidation of the results achieved by the Naprzód sub-group, a leading operator in the healthcare market for soft facility management services in Poland, which had been acquired for 80% of the capital by subsidiary Rekeep World on 30 October 2019 and which contributed for € 29.7 million to the Revenues for the quarter and for € 1.4 million to EBITDA for the quarter (non-consolidated in the first quarter of 2019).

Even if this effect is removed, however, volumes and profit margins for the quarter remained substantially stable, since:

- the previous 7 quarters had been characterised by a slight but steady growth in Revenues and Adjusted EBITDA with reference to the same periods of the previous year and, if the health emergency had not occurred, we would have seen another quarter consistent with this trend;
- the effects of lower business volumes due to the lockdown were partially offset by the demand for greater activities in the healthcare sector, precisely because of the emergency, as described above, thus limiting the net effects of the health emergency on Revenues and EBITDA for the quarter within values that do not impair the good performance of the quarter.

Disposal of company investments for the period

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

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

According to IFRS5, as at the reporting date of the Consolidated Financial Statements at 31 December 2019, the value of the assets of the sub-group controlled by Sicura S.p.A. (€ 70.5 million) and the associated liabilities (€ 26.9 million) was reclassified to "Assets held for sale" and "Liabilities directly associated to assets held for sale". The sale gave rise to a capital gain of € 5.2 million (net of additional transaction costs) in the Consolidated Financial Statements. According to IFRS5, this capital gain is stated as "Profit (loss) from discontinued operations". Furthermore, the results of these operations were excluded from the scope of "Continuing operations" and classified under the same item of the Statement of Profit/Loss for the year in the Interim Condensed Consolidated Financial Statements at 31 March 2020, as well as at 31 March 2019.

Business development

In the first quarter of 2020 the Group gained orders for an overall long-term amount of € 224 million, of which € 101 million relating to extensions and renewals of contracts already included in its sales portfolio and € 123 million relating to the development of a new portfolio. The value of contracts acquired in International Markets was equal to about 50% of the total orders gained during the period (€ 67 million in Poland, € 40 million in France and € 4 million in Turkey).

New contracts in the Healthcare sector amounted to € 150 million in the first quarter of the year (equal to 72% of total orders gained) against orders gained for € 52 million in the Public sector (23% of the total) and € 22 million in the Private sector (10% of the total). In terms of Strategic Business Unit ("SBU"), Facility Management obtained contracts of €183 million (which also include International Markets) while Laundering&Sterilization obtained contracts of € 41 million.

In the Healthcare market the Group gained orders for energy services through Intercenter lots at Health Care Units (ASL) in Emilia Romagna. Among other significant acquisitions for the year note new orders and renewals of existing contracts in the portfolio in Poland for cleaning, catering and medical transportation services at local hospital facilities (totalling € 58 million), which are the key target market of the newly-acquired Naprzód group.

The subsidiary Servizi Ospedalieri S.p.A., moreover, gained laundering service contracts at hospital facilities for € 26 million, in addition to contracts for Sterilization services and supply of surgical kits for € 15 million.

Furthermore, in the public Market, note new orders for cleaning services on board trains of SNCF (the main customer of subsidiary Rekeep Transport S.a.S.) in France, in the Normandie – Paris St Lazare area, for a term of six years.

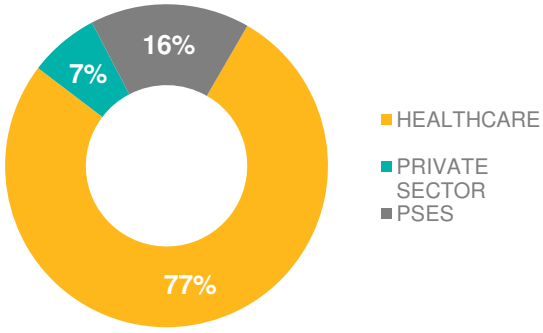
Finally, note, in the Private sector, the renewal of maintenance contracts at Amazon hubs in Italy.

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

	31 March 2020	2019	2018
Backlog	2,854	2,834	2,599

At 31 December 2019 the **Backlog** came to € 2,854 million, unchanged compared to the value posted at the end of 2019 (€ 2,834 million). Likewise, the Backlog/Revenues ratio (equal to 2.9x) remained unchanged.

BACKLOG BY MARKET



1. SUMMARY OF RESULTS OF THE FIRST QUARTER OF 2020

	For the Quarter ended 31 March		
	2020	2019 restated	%
Revenues	271,166	239,287	+13.3%
Adjusted EBITDA (*)	32,688	29,560	+10.6%
Adjusted EBITDA % of Revenues	12.1%	12.4%	
Normalized EBITDA (*)	33,476	31,100	+7.6%
Normalized EBITDA % of Normalized Revenues	12.4 %	13.2%	
Adjusted EBIT (*)	22,510	19,676	+14.4%
Adjusted EBIT % of Revenues	8.3%	8.2%	
Profit (loss) from continuing operations	2,985	2,043	
Consolidated net profit (loss)	7,202	2,445	

	31 March 2020	31 December 2019
Net Operating Working Capital (NWOC)	31,449	14,352
Net Financial Position (PFN)	(334,836)	(366,627)

The 2020 financial year started with the sale of Sicura S.p.A. and related subsidiaries, which gave rise to a capital gain of € 5.2 million (net of additional transaction costs) in the Consolidated Financial Statements. According to IFRS5, this capital gain is stated as “Profit (loss) from discontinued operations”. Furthermore, the results of these operations were excluded from the scope of “Continuing operations” and classified under the same item of the Statement of Profit/Loss for the year in the Interim Condensed Consolidated Financial Statements at 31 March 2020, as well as at 31 March 2019.

As early as from 2016, the Group also embarked on a path to internationalization through the sub-holding Rekeep World S.r.l. as a vehicle dedicated to business development in international markets. These new projects were regarded as still being in the start-up phase and gave a negative contribution to the consolidated results for the period until the 2019 financial year.

However, the acquisition of the Polish group Naprzód on 30 October 2019 was a turning point in international development, with an increase in both consolidated revenue volumes and profit margins in terms of EBITDA and EBIT. As from 2020, therefore, the International Markets are regarded as forming an integral part of the scope of core business operations and the respective results of operations are no longer normalized for the purposes of management's analysis of consolidated results.

Again in 2016 diversification was further boosted by establishing Yougenio S.r.l., which is wholly owned by Rekeep S.p.A. and provides services to private consumers through an e-commerce platform. This event led the Group to enter the B2C services

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

market within the scope of a plan that saw a period of start-up of operations until the 2019 financial year, at the end of which the management assessed the investment as non-strategic in this market segment, which did not show the expected synergies with the more traditional facility management activities carried out by the Group. Despite the interesting potential of the target market, particularly in the fast-growing sector of small accommodation facilities, the rise in volumes needed to reach breakeven would have required a further step to increase fixed costs and investments in order to maintain a high level of service delivery as volumes grew. In addition, the Covid-19 health emergency and the consequent lockdown have substantially reduced the tourism market to zero and consequently have minimized the demand from the segment of small accommodation facilities, as well as any orders from B2C, leading to a concurrent dramatic reduction in Yougenio's business volumes. Therefore, during May 2020, the Company's online services were suspended and work commenced to discontinue operations, for which any and all possible options for the Group's exit from the B2C and small accommodation facilities market are being considered. It is believed that this process may be completed during 2020.

The "nomalized" figures for the 2020 financial year are therefore still excluding the results for the period of Yougenio S.r.l..

2. GROUP'S PERFORMANCE OF OPERATIONS AND CONSOLIDATED FINANCIAL POSITION FOR THE QUARTER ENDED 31 MARCH 2020

3.1 Consolidated performance of operations in the first quarter of 2020

Below are reported the main income figures relating to the first quarter of 2020 compared to the figures in the same period of 2019.

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

(in thousands of Euro)	For the quarter ended 31 March		Change	%
	2020	2019 restated		
Revenues	271,166	239,287	31,879	+13.3%
Costs of production	(238,942)	(210,378)	(28,564)	+13.6%
EBITDA	**32,224**	**28,909**	**3,315**	**+11.5%**
EBITDA %	**11.9%**	**12.1%**		
Amortization, depreciation, write-downs and write-backs of assets	(9,626)	(9,532)	(94)	
Accrual and reversal of provisions for risks and charges	(1,512)	(352)	(1,160)	
Operating Income (EBIT)	**21,086**	**19,025**	**2,061**	**+10.8%**
EBIT %	**7.8%**	**8.0%**		
Share of net profit of associates	93	85	8	
Net financial charges	(11,756)	(9,233)	(2,523)	
Profit before taxes (EBT)	**9,423**	**9,877**	**(454)**	**-4.6%**
EBT %	**3.5%**	**4.1%**		
Income taxes	(6,438)	(7,834)	1,369	
Profit (loss) from continuing operations	**2,985**	**2,043**	**942**	**+46.1%**
Profit (loss) from discontinued operations	4,217	402	3,815	
CONSOLIDATED NET PROFIT (LOSS)	**7,202**	**2,445**	**4,757**	**+195%**
CONSOLIDATED NET PROFIT (LOSS) %	**2.7%**	**1.0%**		
Minority interests	(142)	(13)	(129)	

(in thousands of Euro)	For the quarter ended 31 March		Change	%
	2020	2019 restated		
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**7,060**	**2,432**	**4,628**	
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**2.6%**	**1.0%**		

NON-RECURRING EVENTS AND TRANSACTIONS

During the first quarter of 2020 the Rekeep Group recognized, in the Statement of Profit/Loss for the period, some "non-recurring" financial items which impacted on the normal dynamics of the 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 or those transactions or events that are not repeated frequently as part of normal operations and have a significant impact on the financial position, results of operations and cash flows of Group companies.

The following non-recurring elements are recorded in the Consolidated Statement of Profit/Loss for the period:

(in thousands of Euro)	For the quarter ended 31 March	
	2020	2019 restated
Legal advice on pending administrative disputes	102	164
Structural reorganisation consulting fees	166	473
M&As and extraordinary transactions by Group companies	96	14
Other non-recurring expenses	100	0
NON-RECURRING EXPENSES (INCOME) IMPACTING ON EBITDA	**464**	**651**
Provision for non-recurring charges	960	0
NON-RECURRING EXPENSES (INCOME) IMPACTING ON EBITDA AND EBIT	**1,424**	**651**

In 2020 the disputes pending with the Competition Authority (AGCM) and Consip S.p.A. continued (reference should be made to the paragraph on "Update on Legal Proceedings" below). Furthermore, additional costs were still incurred in 2020 for the acquisition of the Polish group controlled by Naprzód S.A., which took place on 30 October 2019. Finally, costs were recognised in relation to notices of payment which related to companies that had been acquired in past years and which had not been reported previously since they were still unknown.

Finally, it was deemed appropriate to set aside in the quarter the amount estimated for the risk associated with the probable incurrence of additional costs for the cogeneration business conducted at two private industrial sites, mainly relating to previous years.

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

(in thousands of Euro)	For the quarter ended 31 March	
	2020	2019 restated
EBITDA	**32,224**	**28,909**
Non-recurring charges (income) impacting on EBITDA	464	651
Adjusted EBITDA	**32,688**	**29,560**
Adjusted EBITDA % on Revenues	**12.1%**	**12.4%**
EBIT	**21,806**	**19,025**
Non-recurring charges (income) impacting on EBITDA and on EBIT	1,424	651
Adjusted EBIT	**22,510**	**19,676**
Adjusted EBIT % on Revenues	**8.3%**	**8.2%**

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

Again in 2016 diversification was further boosted by establishing Yougenio S.r.l., which provides services to private consumers through an e-commerce platform. This business, which was also considered in a start-up phase until 2019, did not, however, guarantee an increase in volumes and profit margins sufficient to reach breakeven and therefore, as from 1 May 2020, the company's online services were suspended and work commenced on a winding-up process, which is expected to be completed during the current year. The "normalized" figures for the 2020 financial year are therefore still excluding the results for the period of Yougenio S.r.l..

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

(in thousands of Euro)	For the quarter ended 31 March	
	2020	2019 restated
ADJUSTED EBITDA	**32,688**	**29,560**
Adjusted EBITDA related to start-up activities	788	1,541
NORMALIZED EBITDA	**33,476**	**31,100**
NORMALIZED EBITDA % on Normalized Revenues	**12.4%**	**14.2%**
ADJUSTED EBIT	**22,510**	**19,676**
EBIT related to start-up activities	1,094	1,832
NORMALIZED EBIT	**23,604**	**21,508**
NORMALIZED EBIT % on Normalized Revenues	**8.7%**	**9.1%**

REVENUES

During the quarter ended 31 March 2020 the Group recorded ***Revenues*** of € 271.2 million, against € 239.3 million for the same period of the previous year, with a positive change of € 31.9 million (+13,3%) compared the first quarter of 2019.

First of all, this growth was contributed by the volumes achieved in international markets and specifically those arising from consolidating the Polish Naprzód sub-group that was acquired during the fourth quarter of 2019, which contributed revenues of € 29.7 million for the quarter, net of which volumes would still remain largely and substantially stable, despite the effects of the shutdown of some operations in March as a result of the lockdown due to the Covid-19 emergency.

The breakdown of the consolidated Revenues in the first quarter of 2020 is provided below by target Market, compared to the value posted in the same period of the previous year, as restated in the application of IFRS5.

REVENUES BY MARKET

(in thousands of Euro)	For the quarter ended 31 March			
	2020	% of total Revenues	2019 restated	% of total Revenues
PSEs	61,718	22.8%	67,319	28.1%
Healthcare	158,234	58.4%	122,953	51.4%
Private sector	51,214	18.9%	49,015	20.5%
CONSOLIDATED REVENUES	**271,166**		**239,287**	

The acquisition of the Polish Naprzód sub-group, which took place in the fourth quarter of 2019, further confirmed the central role of the Healthcare market in the development strategies for the services provided by the Group.

Revenues in the Healthcare sector increased by € 35.3 million compared to the first quarter of 2019, from € 123.0 million to € 158.3 million, thus accounting for 58.4% of total consolidated Revenues, thanks particularly, but not only, to the contribution given by Naprzód (€ 29.7 million of Revenues in the first quarter of 2020).

In addition to Naprzód, Rekeep and Servizi Ospedalieri gave their contribution to the volume growth of the Healthcare sector, also due to the non-routine work of cleaning, sanitization, fitting out triage areas and new Covid wards for Rekeep, while for Servizi Ospedalieri note the supply of bulk materials (gowns) and mattresses for Covid wards, as well as the sale of PPE requested by hospital trusts as a result of the health emergency.

These additional activities requested by customers in the healthcare market helped in fact to more than offset, at least in March, the postponement of scheduled non-routine maintenance work and a sharp reduction in the sterilization operations of surgical instruments.

The Private market also showed a slight volume growth in absolute value (+€ 2.2 million from € 49.0 million in the first quarter of 2019 to € 51.2 million), mainly reported in the facility management sector, relating to increased non-routine work with the customer Telecom (before the health emergency) and increased picking operations in the large-scale retail trade channel, specifically the customer Carrefour. This made it possible, in the first quarter, to offset the effects of lower volumes of both non-routine and routine work, and the postponement of engineering works for private retail customers (local stores and branches) that constitute the target market for H2H, which occurred in March following the lockdown.

Finally, the public market, which posted Revenues of € 61.2 million in the quarter, € 5.6 million less than in the same quarter of 2019, was the market most “affected” by the Covid-19 emergency in terms of reduction in revenue volumes. In this sector, in fact, a portion of the revenues from cleaning and heat management services at schools, public offices and museums was no longer recorded, and there was a postponement of some of scheduled non-routine operations, due to the lockdown as from the second 10-day period of March.

Analysis of revenues by Segment

A comparison of Group Revenues by business segment is provided below. The business segments were identified on the basis of IFRS 8 and correspond to the following business areas: “*Facility Management*” and “*Laundering & Sterilization*”.

REVENUES BY SEGMENT

(in thousands of Euro)	For the quarter ended 31 March			
	2020	% of total Revenues	2019 restated	% of total Revenues
Facility Management	237,140	87.5%	206,698	86.4%
of which International markets	*33,958*	*12.5%*	*2,191*	*0.9%*
Laundering & Sterilization	34,929	12.9%	33,164	13.9%
Eliminations	(904)		(575)	
CONSOLIDATED REVENUES	**271,166**		**239,287**	

The abovementioned acquisition of the Naprzód sub-group also showed its effects compared to the sales volumes reported by the Group's SBUs, falling within the scope of the Facility Management SBU's operations and contributing € 29.7 million to the overall increase of € 30.4 million posted by the SBU. In relative terms, the entry of the Polish subsidiary into the Group did not affect in a significant manner the relative weight of the Facility Management SBU (+1.1%), which was already predominant (87.5% of total Revenues in the first quarter of 2020 compared to 86.4% in the first quarter of 2019).

On the other hand, the revenues of the Laundering&Sterilization SBU increased from € 33.2 million for the quarter ended 31 March 2019 to € 34.9 million for the quarter ended 31 March 2020, with an increase of € 1.8 million (+ 5.3%), which was mainly attributable to higher sales of PPE and the supply of bulk materials (gowns) and mattresses requested by the hospital trusts as a result of the health emergency.

EBITDA

The Group's EBITDA amounted to € 32.2 million in the quarter ended 31 March 2020, up by € 3.3 million compared to € 28.9 million for the first quarter of 2019. However, EBITDA during the two comparative periods expensed non-recurring costs of € 0.5 million at 31 March 2020 and € 0.7 million at 31 March 2019. Therefore, Adjusted EBITDA excluding these non-recurring items amounted to € 32.7 million at 31 March 2020 against Adjusted EBITDA of € 29.7 million at 31 March 2019 (+ € 3.0 million).

Below is provided a comparison of EBITDA by segment for the period ended 31 March 2020 and the period ended 31 March 2019, as restated for the effects of IFRS5:

EBITDA BY SEGMENT

(in thousands of Euro)	For the quarter ended 31 March			
	2020	% of Revenues of the segment	2019 Restated	% of Revenues of the segment
Facility Management	23,916	10.1%	20,681	10.0%
of which International markets	*349*		*(569)*	
Laundering&Sterilization	8,308	23.8%	8,229	24.8%
CONSOLIDATED EBITDA	**32,224**	**11.9%**	**28,909**	**12.1%**

The Facility Management sector showed EBITDA of € 23.9 million at 31 March 2020, up by € 3.2 million against € 20.7 million in the same period of 2018. Non-recurring items which affected the consolidated results recorded during the two comparative periods had an impact of € 0.5 million and € 0.7 million (at 31 March 2020 and 31 March 2019, respectively) on this segment; therefore, Adjusted EBITDA by segment showed an increase of € 3.0 million compared to the first quarter of the previous year. Of these an amount of € 1.4 million was contributed by the consolidation of the Polish subsidiary Naprzód. The SBU's performance remains then positive even if we consider the net effects of the lockdown on revenues (and consequently on profit margins) from certain customers in particular, as mentioned above, and that additional costs were incurred for the purchase of personal protective equipment (PPE) for employees working at hospitals and other customers at which premises work continued.

EBITDA in the Laundering & Sterilization sector came to € 8.3 million in the first quarter of 2020, substantially in line (+ € 0.1 million) with the same period of 2019. The adverse impact of the health emergency was also substantially offset by additional operations performed precisely to meet customers' demand in the health sector as regards EBITDA in the segment, as well as revenues.

Costs of production

Costs of production, which amounted to € 238.9 million at 31 March 2020, showed an increase of € 28.6 million in absolute value compared to € 210.4 million at 31 March 2019, mainly as a result of the consolidation of the Polish subsidiary Naprzód and of its subsidiaries, which contributed € 28.3 million to the consolidated *Costs of production* for the quarter.

(in thousands of Euro)	For the quarter ended 31 March			
	2020	% of total	2019 restated	% of total
Costs of raw materials and consumables	50,451	21.1%	46,636	22.2%
Change in inventories of finished and semi-finished products	191	0.1%	(398)	-0.2%

(in thousands of Euro)	For the quarter ended 31 March			
	2020	**% of total**	**2019 restated**	**% of total**
Costs for services and use of third-party assets	74,156	31.0%	65,216	31.0%
Personnel costs	111,303	46.6%	98,433	46.8%
Other operating costs	2,911	1.2%	1,139	0.5%
Lower costs for internal work capitalized	(70)	-0.1%	(648)	-0.3%
TOTAL COSTS OF PRODUCTION	**238,942**		**210,378**	

Costs of raw materials and consumables during the first quarter of 2020 amounted to € 50.5 million, up by € 3.8 million (+8.2%) compared to the value posted in the same period of 2019, which led to a slight decline in the impact on total Costs of Production (21.1% at 31 March 2020 compared to 22.2% at 31 March 2019). The increase mainly related to the consumption of raw materials of the Naprzód sub-group, which had not been consolidated in the first quarter of 2019, which instead contributed for € 5.7 million to the consumption of raw materials in the first quarter of 2020. Net of this change in the perimeter, there was actually a reduction in absolute value (which entailed a lower relative incidence of the cost item), which mainly concerned the cost for fuel consumption that showed a decrease of € 4.0 million (-15.7%), mainly due to a reduction in the average price of methane between the first quarter of 2019 and the first quarter of 2020 (about -12%) and, to a less extent, to lower consumption linked both to higher average temperatures in the first quarter of 2020 and to the efficiency improvement actions put into practice.

Costs for services and use of third-party assets came to € 74.2 million at 31 March 2020, up by € 8.9 million compared to the value posted at 31 March 2019 (€ 65.2 million), although with an unchanged impact on total Costs of Production (31.0%). The unchanged relative incidence of *Costs for services and use of third party assets* on the total is actually the result of a reduction in the relative incidence due to the consolidation of Naprzód (costs of € 3.2 million for services and use of third party assets in the first quarter of 2020, equal to 11.2% of the total) combined with an increase in the relative incidence of costs for services on the total, the perimeter remaining unchanged (from 31% in the first quarter of 2019 to 33.7% in the first quarter of 2020), typically linked to the mix of services being delivered and to any possible resulting make-or-buy choices.

Personnel costs showed an increase of € 12.9 million in absolute terms (+ 13.1% in line with an increase of 13.3% in Revenues) from € 98.4 million at 31 March 2019 to € 111.3 million at 31 March 2020, with a substantially stable incidence in terms of impact on total Costs of Production (46.6% at 31 March 2020 against 46.8% at 31 March 2019). Likewise, as reported for Costs for services and use of third party assets, the relative invariance arose from a higher incidence of *Personnel costs* for the consolidation of Naprzòd (€ 17.9 million in the first quarter of 2020, equal to 63.2% of the relative Total production costs), which was offset by a lower relative incidence of the rest of the perimeter, which went from 46.8% in the first quarter of 2019 to 44.4% in the first quarter of 2020).

The average number of employees in service during the first quarter of 2020 was equal to 27,367 units while it was 17,444 during the same period in the previous year (of which: 25,546 against 16,141 manual workers). This significant increase was due to the entry into the Group of the Polish subsidiary Naprzód and its subsidiaries, which provide services in the most labor-intensive facility management segment (cleaning and catering) and contributed an average number of 10,033 employees in the first quarter of 2020. Net of this change in the perimeter, the average number of employees would have remained substantially stable (17,335 units, including 15,956 manual workers). As it was said for costs for services, the trend in the number of Group employees, and in particular manual workers, was closely related to the mix of services being delivered, as well as to the impact of related costs on total operating costs.

Other operating costs at 31 March 2020 amounted to € 2.9 million (€ 1.1 million at 31 March 2019). The increase of € 1.8 million was mostly attributable to the contribution of Other operating costs on the part of Naprzód: € 1.5 million in the first quarter of 2020, relating to duties, penalties and sundry operating charges.

Finally, *Lower costs for internal work capitalized* of € 0.1 million were recognized at 31 March 2020, against € 0.6 million at 31 March 2019, related, in particular, to the service concession with the Municipality of Casalecchio di Reno (Province of Bologna), which was started in 2018, for the integrated management of thermal energy and public lighting in the municipal district, providing for the initial execution of long-term works.

Operating income (EBIT)

In the first quarter of 2020 consolidated Operating Income (**EBIT**) stood at € 21.1 million (7.8% of Revenues) against € 19.0 million (8.0% of Revenues) for the same period in 2019.

EBIT for the period was affected by the above-mentioned consolidated performance in terms of EBITDA (+ € 3.3 million compared to the first quarter of the previous year), from which must be deducted *amortization and depreciation* of € 9.2 million (€ 8.8 million at 31 March 2019), of which an amount of € 1.9 million relating to the amortization of Rights of Use (unchanged compared to the same period of 2019), as well as *write-downs of receivables and reversals* of € 0.4 million (€ 0.7 million at 31 March 2019). *Accruals to provisions for risks and charges (net of reversals)* of € 1.5 million (€ 0.4 million at 31 March 2019) were also recorded in 2020, which included a non-recurring accrual of € 1.0 million that the parent company Rekeep S.p.A. had accounted for against the risk associated with the probable incurrence of additional costs for co-generation operations performed at two private industrial sites, mainly relating to previous years.

Adjusted EBIT (which recognized the same non-recurring items impacting on Adjusted EBITDA, in addition to the aforesaid non-recurring accrual in the 2020 financial year) came to € 22.5 million and € 19.7 million at 31 March 2020 and 31 March 2019, respectively, with relative profit margins (Adjusted EBIT/Revenues) equal to 8.3% and 8.2%, respectively. The positive contribution given by the Polish Naprzód group to consolidated EBIT amounted to € 0.6 million in 2020.

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

EBIT BY SEGMENT

(in thousands of Euro)	For the quarter ended 31 March			
	2020	**% of Revenues by segment**	**2019 Restated**	**% of Revenues by segment**
Facility Management	17, 170	7.2%	15,527	7.5%
of which International markets	*(606)*		*(653)*	
Laundering&Sterilization	3,916	11.2%	3,498	10.5%
CONSOLIDATED EBIT	**21,086**	**7.8%**	**19,025**	**8.0%**

The EBIT in the *Facility Management* segment came to € 17.2 million (7.2% of related segment Revenues) at 31 March 2020, against EBIT by segment of € 15.5 million (7.5% of related segment Revenues) at 31 March 2019, thus showing a net improvement compared to the same period in the previous year (+€ 1.6 million). Furthermore, the adjusted values showed a more evident increase with adjusted EBIT by segment going from € 16.2 million at 31 March 2019 to € 18.6 million at 31 March 2020 and operating profit margins that remained stable at 7.8% in both comparative periods.

First of all, the sector recorded a positive differential in terms of adjusted EBIT of the companies operating in International Markets (+ € 0.3 million) which, although showing operating profit margins still negative as a whole, were positively affected by the contribution given by the Polish Naprzód group (acquired during the last quarter of 2019), which contributed to consolidated EBIT for € 0.6 million.

In addition to changes in the perimeter, EBIT by segment reflects the abovementioned performance in terms of Adjusted EBITDA (+ € 3.0 million) to which must be added higher amortization and depreciation for € 0.9 million (due to amortization and depreciation posted by the Naprzód group for € 0.8 million, not reported at 31 March 2019), lower write-downs of trade receivables for € 0.3 million. On the other hand, higher net accruals to provisions for future risks and charges were recognized for € 1.0 million, which were fully attributable to the non-recurring accrual to provisions for risks mentioned above.

To the substantially stable value of EBITDA in the *Laundering & Sterilization* segment for the first quarter of 2020 compared to the previous year, must be added, at segment EBIT level, amortization and depreciation for € 4.3 million (€ 4.7 million in 2019, mainly relating to the linen used in the linen rental and industrial laundering segment), as well as non-significant write-downs of trade receivables of less than € 0.1 million (unchanged compared to 31 March 2019) and accruals to provisions for future risks

and charges for € 0.1 million (against a net release of € 0.1 million at 31 March 2019). Profit margins by segment then showed an improvement, coming to 11.2% in terms of EBIT on related Revenues by segment (10.5% at 31 March 2019). No non-recurring items were reported in the two comparative quarters.

Profit before taxes from continuing operations

To the consolidated EBIT must be added the net proceeds of companies valued at equity, equal to € 0.1 million (against an equal amount at 31 March 2019) and net financial charges of € 11.8 million (€ 9.2 million at 31 March 2019), thus obtaining a Profit before taxes from continuing operations equal to € 9.4 million (€ 9.9 million at 31 March 2019).

Below is provided the breakdown by nature of net financial charges for the first quarter of 2020 and for the same period of the previous year:

(in thousands of Euro)	For the quarter ended 31 March	
	2020	2019 restated
Dividends, income (charges) from sale of equity investments	12	49
Financial income	176	2,198
Financial charges	(12,245)	(11,482)
Profit (loss) on exchange rate	301	2
NET FINANCIAL CHARGES	**(11,756)**	**(9,233)**

During the first quarter of 2020 dividends were collected from non-consolidated companies for € 12 thousand (€ 49 thousand at 31 March 2019).

Financial income amounted to € 0.2 million in the first quarter of 2020, compared to € 2.2 million in the same period of 2019. During 2019 the Parent Company Rekeep S.p.A. recognized in fact a capital gain of € 1.6 million on the purchase of portions of its bond issue on the open market for a nominal total of € 10.3 million. Higher default interest from customers were also recognized for € 0.4 million against the settlement of some past items.

In the period the impact of *financial charges* on the consolidated results of operations was equal to € 12.2 million compared to € 11.5 million for the same period of 2019.

The financial charges accrued on the coupons of the Senior Secured Notes came to € 7.9 million during the first quarter of 2020 (unchanged compared to the same period of 2019). The upfront fees relating to the issue of Senior Secured Notes were accounted for according to the amortized cost method, which entailed financial amortization charges of € 0.9 million in the first quarter of 2020 (€ 1.2 million at 31 March 2019, of which an amount of € 0.4 million relating to the write-off of the portion relating to the repurchased Notes in the first quarter of 2019).

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. In 2017 CMF S.p.A. then charged all financing costs (initially equal to € 1.0 million) back to Rekeep S.p.A., which will also be amortized on a straight-line basis throughout the term of the credit facility (no drawdown had been requested on the reporting date). The cost relating to this line of credit amounted to € 0.2 million (including commitment fees charged by banks) in both comparative periods.

Interest discount costs were also recognized for € 1.6 million during the first quarter of 2020 in relation to the assignments of trade and VAT receivables without recourse carried out with Banca Farmafactoring, Banca UCF and Banca IFIS, compared to € 0.8 million at 31 March 2019. The increase for the period was mainly due to the assignment of VAT receivables without recourse, arising from the 2020 VAT return that some Group companies considered it appropriate to submit in advance of the scheduled statutory deadlines.

Finally, foreign exchange gains of € 0.3 million were recorded at 31 March 2020, mainly linked to the fluctuations in Euro/ Turkish Lira and Polish Zloty exchange rates during the period.

Consolidated net result

From the Profit before taxes from continuing operations for the period (€ 9.4 million) must be deducted taxes of € 6.4 million, thus obtaining a Net result from continuing operations of € 3.0 million (€ 2.0 million at 31 March 2019).

Consolidated net profit (loss) also included a positive Profit (loss) from discontinued operations of € 4.2 million (€ 0.4 million at 31 March 2019). On 28 February 2020 the sale of the total share capital of Sicura S.p.A. to Argos Wityu, a pan-European Private Equity fund was completed. The transfer of the investment was made for a consideration of € 55 million. The sale showed a capital gain of € 5.2 million in the Consolidated Financial Statements, net of additional transaction costs and the effects of consolidation (against a net capital gain of € 13.3 million in the separate financial statements of the Parent Company Rekeep S.p.A.. According to IFRS5, this capital gain is stated as "Profit (loss) from discontinued operations", net of any related tax effect (€ 0.6 million). Furthermore, the results of operations achieved by the sub-group controlled by Sicura S.p.A. have been excluded from the scope of "Continuing operations" and classified under the same item of the Statement of Profit/loss for the year in the interim condensed consolidated financial statements at 31 March 2020, as well as at 31 March 2019.

The table below reports a breakdown of the consolidated tax rate:

(in thousands of Euro)	For the quarter ended 31 March	
	2020	2019 restated
Profit before taxes from continuing operations	**9,423**	**9,877**
Current, prepaid and deferred IRES tax	(4,874)	(6,428)
Current, prepaid and deferred IRAP tax	(1,564)	(1,407)

(in thousands of Euro)	For the quarter ended 31 March	
	2020	2019 restated
Net profit (loss) from continuing operations	**2,985**	**2,042**
Tax rate from continuing operations	**68.3%**	**79.3%**
Profit/(loss) before taxes from discontinued operations	4,823	541
Taxes on profit/(loss) from discontinued operations	(606)	(138)
Consolidated net result	**7,202**	**2,445**
Overall tax rate	**49.4%**	**76.5%**

Compared to the same period of the previous year the Group recognized lower current, prepaid and deferred taxes for € 1.4 million against a Profit/(loss) before taxes from continuing operations substantially unchanged (-€ 0.4 million). The tax rate for continuing operations thus came to € 68.3% against 79.3% in the same period of 2019.

Finally, in the first quarter of 2020, the Group recognized a Profit before taxes from discontinued operations equal to € 4.8 million, including the aforementioned capital gain from sale of consolidated investments, which gave rise to a tax effect of € 0.6 million. The capital gain is in fact taxed, for IRES (Corporate Income) tax purposes, under a participation exemption scheme and therefore at 5% of taxable base.

The elements described above entail an overall tax rate (i.e. consisting of the overall tax burden on the Net consolidated profit or loss) that then came to 49.4% for the first quarter of 2020 against 76.5% for the first quarter of 2019.

Finally, the Group reported a Net result for the period equal to € 7.2 million, against a Net result of € 2.4 million at 31 March 2019.

3.2 Analysis of the Statement of financial position as at 31 March 2020

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

(in thousands of Euro)	31 March 2020	31 December 2019
USES		
Trade receivables and advances to suppliers	435,605	412,572
Inventories	8,289	7,910
Trade payables and contract liabilities	(412,445)	(405,950)
Net working operating capital	**31,449**	**14,532**
Other elements of working capital	(156,512)	(115,344)
Net working capital	**(125,063)**	**(100,812)**

(in thousands of Euro)	31 March 2020	31 December 2019
Property, plant and equipment and assets under finance leases	86,430	87,811
Rights of use for operating leases	38,158	38,680
Goodwill and other intangible assets	414,254	414,601
Investments accounted for under the equity method	10,405	10,376
Other elements of non-current assets	124,899	123,603
Fixed Assets	**674,146**	**675,071**
Non-current liabilities	(53,737)	(54,826)
NET INVESTED CAPITAL	**495,346**	**519,433**
SOURCES		
Equity attributable to non-controlling interests	863	836
Equity attributable to equity holders of the parent	159,647	151,970
Shareholders' equity	**160,510**	**152,806**
Net financial indebtedness	334,836	366,627
of which accounting effects of the adoption of IFRS 16	*41,841*	*42,920*
FINANCING SOURCES	**495,346**	**519,433**

The net book value of "Rights of use for operating leases" was stated among the balance sheet assets for € 38.2 million at 31 March 2020 (€ 38.7 million at 31 December 2019), specifically referred to the agreements concerning property leases, the long-term hire for the motor vehicles of the corporate fleet and specific equipment on the part of the Group companies. Increases for new hiring contracts and rental adjustments were recorded for € 1.3 million in the first quarter of 2020, of which an amount of € 0.4 million for property leases, in addition to decreases for early withdrawal for € 0.2 million and amortization allowances for € 1.7 million.

At 31 March 2020, the fine imposed by the Competition Authority in relation to the Consip FM4 Tender, was recognized among non-current assets. The deposit 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. Even while pending the proceedings on the merits, the hearing of which is scheduled for 10 June 2020, in fact, the Parent Company took steps to recognize the liability arising from the notice of payment issued by the Revenue Agency – Collection among "Other current liabilities" in the consolidated Statement of Financial Position for the corresponding amount (€ 94.6 million). This liability will be paid off upon the payment of the 72 installments set out in the plan of installment payment of the amount stated in the abovementioned notice, according to the methods set out and until the Parent Company's appeal is possibly granted during the pending proceedings. Three installments were duly paid during the first quarter of 2020.

Net working capital

At 31 March 2020 Consolidated Net Working Capital (**NWC**) posted a negative value of € 125.1 million against a negative value of NWC of € 100.8 million at 31 December 2019.

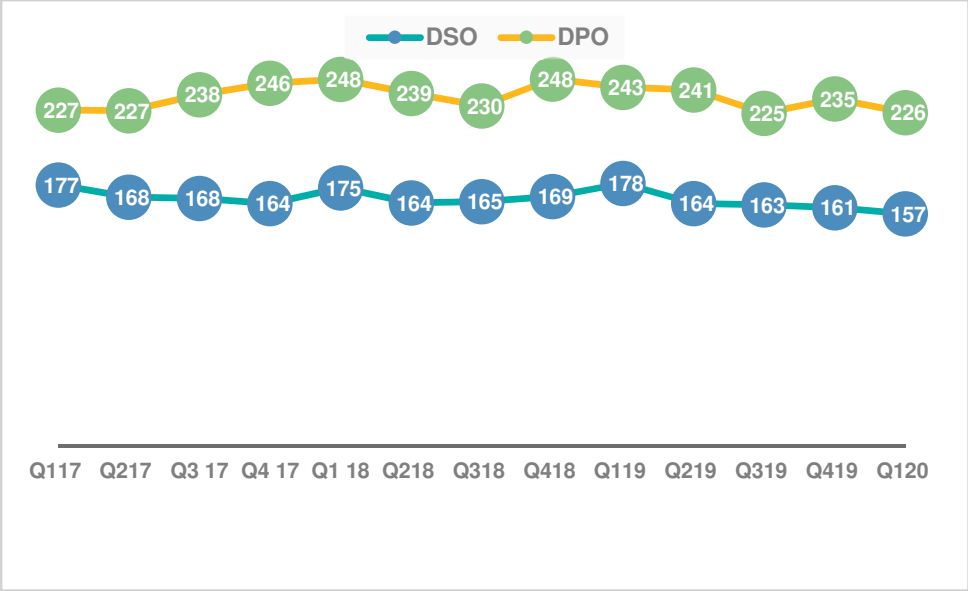
At 31 March 2020, the consolidated Net Working Operating Capital (**NWOC**), composed of trade receivables and advances to suppliers and inventories, net of trade payables and contract liabilities, was equal to € 31.4 million against € 14.5 million at 31 December 2019. Considering the balance of receivables assigned without recourse by the Group and not yet collected by the factoring agencies (equal to € 75.7 million at 31 March 2020 and € 75.1 million at 31 December 2019) the **Adjusted NWOC** stood at € 107.1 million and € 89.7 million, respectively.

The change in the latter indicator (+ € 17.4 million) was mainly due to the balance of trade payables (+ € 6.5 million) against a more significant increase in trade receivables (+ € 23.6 million, while considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies).

Furthermore, average DPO stood at 235 days with a more marked reduction compared to DSO (- 14 days compared to 31 December 2019), with a lower use of leverage on payments to suppliers with respect to the benefits of financial flows obtained from receipts and a lower level compared to the data reported on average at the end of the year.

At 31 March 2020 average DSO was 157 days against 161 days at 31 December 2019 and 178 days at 31 March 2019. Furthermore at 31 March 2020 DPO was 226 days, with a sharp decrease compared to the value posted at 31 December 2019 (235 days) and 31 March 2019 (243 days).

The value of receipts confirms the trend reported in previous periods and is at a minimum in the historical series on the indicator, mainly thanks to the review and improvement of the billing processes of the companies operating on the domestic market which, after speeding up average lead time in the last part of 2019, allowed ongoing and significant cash inflows in early 2020. On the other hand, DPO showed a more marked reduction, also compared to the average data for the period, with a lower use of leverage on payments to suppliers with respect to the benefits of financial flows obtained from receipts. Furthermore, note the positive contribution given to these indicators compared to the consolidated average by the companies acquired in Poland, whose average times of collection are lower than average times recorded with the Italian public customers, with a further limited use of leverage on suppliers.



The balance of the other elements in working capital at 31 March 2020 was a net liability of € 156.5 million, up by € 41.2 million compared to a net liability of € 115.3 million at 31 December 2019:

(in thousands of Euro)	31 March 2020	31 December 2019	Change
Current tax receivables	6,025	10,090	(4,065)
Other current assets	37,751	31,054	6,697
Assets held for sale	0	70,500	(70,500)
Provisions for risks and charges, current	(7,906)	(6,392)	(1,514)
Current tax payables	(1,534)	(1,280)	(254)
Other current liabilities	(190,848)	(192,465)	1,617
Liabilities associated with assets held for sale	0	(26,851)	26,851
OTHER ELEMENTS IN WORKING CAPITAL	**(156,512)**	**(115,344)**	**(41,168)**

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

› the increase in the net VAT credit balances of the Group companies that are predominantly subject to a VAT invoicing system based on “Split payment” and “Reverse charge” (+ € 4.4 million). These credit balances allowed, during 2020, the

performance of assignments without recourse of the balances on account of refund required from the Tax Authorities, for a total amount of € 7.6 million;

- the decrease in the already mentioned payable related to the fine imposed by the Competition Authority in relation to the Consip FM4 Tender, stated for a residual value of € 91.6 million (€ 94.6 million at 31 December 2019), given the payment of three installments as per the application for installment payments;
- the decrease in the balance of net current tax receivables, equal to € 4.5 million at 31 March 2020, against a net receivable of € 8.8 million at 31 December 2019.

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

Other long-term liabilities

"Other long-term liabilities" include liabilities relating to:

- defined-contribution plans for employee benefits, mainly including Employee Termination Benefits (TFR), equal to € 12.1 million and € 12.4 million at 31 March 2020 and 31 December 2019, respectively;
- long-term portion of Provisions for risks and charges (€ 24.4 million at 31 March 2020 against € 25.4 million at 31 December 2019);
- deferred tax liabilities of € 16.8 6 million (€ 16.4 million at 31 December 2019).

Consolidated net financial indebtedness

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

(in thousands of Euro)	31 March 2020	31 December 2019
A. Cash	186	197
B. c/a, bank deposits and consortia, non-proprietary accounts	187,308	96,946
C. Securities held for trading		
D. Cash and cash equivalents (A) + (B) + (C)	**187,494**	**97,143**
E. Current financial assets	**5,484**	**4,819**

F. Current bank overdraft	53,736	2,446
G. Current portion of non-current debt	12,174	4,395
H. Other current financial liabilities	65,504	64,989
I. Current financial indebtedness (F)+(G)+(H)	**131,413**	**71,830**
J. Net current financial indebtedness (I) - (D) - (E)	**(61,565)**	**(30,132)**
K. Long-term bank debt and Senior Secured Notes	354,475	353,335
L. Other non-current financial liabilities	41,926	43,424
M. Derivatives		
N. Non-current financial indebtedness (K) + (L) + (M)	**396,400**	**396,759**
O. NET FINANCIAL INDEBTEDNESS (J) + (N)	**334,836**	**366,627**

The first quarter of 2020 saw a positive change in Consolidated net financial debt, which decreased from € 366.6 million at 31 December 2019 to € 334.8 million at 31 March 2020. The accounting adjustment relating to the residual discounted value of future operating lease payments (according to IFRS16) was equal to € 41.8 million and € 42.9 million at 31 March 2020 and 31 December 2019, respectively. Net of this accounting item, the net financial debt would come to € 293.0 million at 31 March 2020 against € 323.7 million at 31 December 2019.

The assignments of trade receivables without recourse continued in 2020. The Parent Company Rekeep S.p.A. and Servizi Ospedalieri S.p.A. entered into a three-year maturity factoring agreement without recourse with Banca Farmafactoring S.p.A., concerning the assignment of receivables, without recourse and on a revolving basis, they claimed from entities in the Italian National Health System and Public Authorities, for an amount of up to € 200 million. During the first quarter of 2020 assignments of receivables without recourse were made under this contract for € 51.9 million. The Parent Company also signed an additional uncommitted factoring agreement with Banca IFIS, concerning the assignment without recourse of trade receivables specifically accepted for the individual transactions carried out. Receivables from private entities and Public Authorities were assigned for € 11.3 million in the first quarter of 2020, in consideration of this contract. Furthermore, an additional line for assignments without recourse up to € 20 million on a revolving basis is in place with Unicredit Factoring S.p.A, which is also aimed at converting credit positions into cash specifically agreed with the factor. This line was used for the assignment of receivables from private individuals for a total amount € 7.3 million during the period. Finally, spot assignments of trade receivables from private companies and companies in the large-scale retail trade were made for € 7.9 million.

Furthermore, there were assignments of VAT credits involved in requests for refund for a total of € 7.6 million during the year. All assignments without recourse 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 (totaling € 75.7 million at 31 March 2020 against € 75.1 million at 31

December 2019) came to € 410.5 million (€ 368.7 million excluding the effects of the adoption of IFRS16) against € 441.8 million at 31 December 2019 (€398.9 million eliminating the effects of the adoption of IFRS16).

At 31 March 2020 the balance of Cash and cash equivalents, net of short-term credit lines (known as "Net Cash") amounted to € 108.5 million (€ 66.5 1 million at 31 December 2019):

(in thousands of Euro)	**31 March 2020**	**31 December 2019**
Cash and cash equivalents	187,494	97,143
Current bank overdraft, advance payments and hot money	(3,736)	(2,446)
Obligations arising from assignments of trade receivables with recourse	(25,250)	(28,174)
Revolving Credit Facility ("RCF")	(50,000)	0
NET CASH	**108,507**	**66,523**

Below is a breakdown of the net financial exposure by bank credit lines and financial leases (Net Debt) compared to 31 December 2019:

(in thousands of Euro)	**31 March 2020**	**31 December 2019**
Senior Secured Notes 2022 (nominal value)	349,700	349,700
Revolving Credit Facility ("RCF")	50,000	0
Bank debts (nominal value)	15,090	14,843
Financial lease obligations	5,334	5,853
Current bank overdraft, advance payments and hot money	3,736	2,446
Obligations arising from assignments of receivables with recourse	25,250	28,174
GROSS DEBT	**449,111**	**401,016**
Current financial assets	(5,484)	(4,819)
Cash and cash equivalents	(187,494)	(97,143)
NET DEBT	**256,133**	**299,054**

The "Net Debt" decreased compared to 31 December 2019 (€ 256.1 million against € 299.1 million).

On 18 March 2020, the Parent Company Rekeep S.p.A. formalized the request for use of the Super Senior Revolving loan ("RCF"), subscribed upon the bond issue by the issuer CMF S.p.A., to which Rekeep S.p.A. is a party as Borrower. The loan was

disbursed on 23 March 2020. 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..

Furthermore, lower uses of credit lines for the assignment with recourse of trade receivables (€ 25.3 million al 31 March 2020 against € 28.2 million at 31 December 2019) and a slight increase in the uses in Current bank overdraft, advance payments and hot money (€ 3.7 million at 31 March 2020 and € 2.4 million at 31 December 2019) were recognized.

The change in Cash and cash equivalents is analyzed in the table below, showing the cash flows for the first quarter of 2020, compared with the figures for the same period of the previous year. A reconciliation between the items in the table below and those in the statutory schedule of the Interim Report on Operations reported in the condensed Explanatory notes pursuant to IAS 7 is reported in the Annexes, to which reference should be made.

(in thousands of Euro)	2020	2019
At 1 January	**97,143**	**94,733**
Cash flow from current operations	19,743	20,889
Uses of provisions for risks and charges and for employee termination indemnity	(2,318)	(2,209)
Change in NWOC	(17,169)	(31,725)
Industrial Capex net of disposals	(7,597)	(10,537)
Financial Capex net of disposals	51,528	22
Change in net financial liabilities	58,560	(6,887)
Other changes	(12,396)	(9,381)
AT 31 DECEMBER	**187,494**	**54,904**

The overall cash flows mainly reflect:

- a cash inflow from current operations for € 19.7 million (€ 20.9 million at 31 March 2019);
- outflows from the use of provisions for future risks and charges and for employee termination benefits for € 2.3 million (€ 2.2 million at 31 March 2019);
- a cash flow of € 17.2 million (€ 31.7 million at 31 March 2019) used for changes in NWOC resulting from an outflow correlated to an increase in trade receivables for € 29.4 million (€ 31.7 million for the first quarter of 2019) against inflows of € 6.5 million relating to a change in the balance of trade payables (+ € 0.8 million at 31 March 2019);
- a cash flow of € 7.7 million used in investing activities (€ 10.7 million at 31 March 2019), net of disposals for € 0.1 million (against an equal amount at 31 March 2019);
- a cash inflow from financial investments and disinvestments of € 51.5 million at 31 March 2020 (arising from the sale of Sicura S.p.A. for a consideration of € 53.5 million, net of additional transaction costs, which was followed by the acquisition of minority interests of the corporate vehicle controlling the company for € 2.0 million) against a non-significant cash flow from financial investments and disinvestments for the first quarter of 2019;

- an increase in net financial liabilities for € 58.6 million, which was mainly due to (i) activating the Revolving Credit Facility for € 50.0 million; (ii) other changes in the liability related to the use of short-term credit lines for hot money and advances on invoices (+ € 1.3 million) and for assignments of trade receivables with recourse (- € 2.9 million); (iii) a higher liability recognized against factoring firms for amounts received on receivables that had been previously assigned without recourse and returned to them in the subsequent quarter (+ € 15.6 million); (iv) a reduction in the financial liability recognized on operating and finance leases (- € 1.6 million); (v) the change in the balance of accrued interest (+ € 8.0 million); (vi) the payment, during the first quarter, involving a portion of the debt for the dividend that the Parent Company resolved to distribute in December 2019 (€11 million). During the first quarter of 2019, there was the recognition of a decrease in net financial liabilities for € 6.9 million, mainly linked to a reduction in the Senior Secured Notes debt for the repurchase of € 10.3 million of Notes on the open market, against new long-term credit lines for € 1.5 million entered into by subsidiary Elene Project S.r.l. (sold in December 2019) in addition to 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 to the liabilities recognized against factoring firms for amounts received on receivables that had been previously assigned without recourse and returned to them in the subsequent quarter (- € 3.2 million). Finally, there was the recognition of a higher rate relating to the coupons of the Notes due 15 June 2019 for € 7.9 million;
- cash outflows arising from other changes recorded in the period for € 12.4 million, mainly due to the net effect of: (i) the changes in the net VAT credit balance of the Group companies, which increased by € 4.4 million during the year, albeit against assignments without recourse amounting to € 7.6 million; (ii) a decrease, among "Other operating current liabilities", in the payable related to the fine imposed by the Competition Authority in relation to the FM4 Tender (- € 3.0 million and its consequent payment); (iii) financial flows arising from the deconsolidation of assets and liabilities relating to the Sicura sub-group, classified under "other elements of working capital" as "assets and liabilities held for sale" at 31 December 2019. Other changes in the first quarter of 2019 absorbed total flows of € 9.4 million, which included, among others, the flows used by the changes in other operating assets and liabilities (- € 8.6 million), mainly due to the net effect of: (i) an increase in the balance of payables to/receivables from employees and the related withholding tax payables to/receivables from social security institutions and Tax Authorities (+ € 8.7 million); (ii) the changes in the net VAT credit balance of the Group companies (+ € 12.0 million); (iii) a decrease in the debit balances for payments due to the members of the Temporary Business Grouping for € 1.5 million; (iv) a decrease in *Other current liabilities* of the payable relating to the fine imposed by the Competition Authority during 2016 in relation to the Consip Scuole Tender (- € 1.5 million following the payment of three monthly installments).

Industrial and financial Capex

In the first quarter of 2020 the Group made gross capital expenditures which totaled € 7.7 million (€ 10.7 million at 31 March 2019), from which disinvestments of € 0.1 million (against an equal amount at 31 March 2019) must be deducted:

(in thousands of Euro)	For the quarter ended 31 March	
	2020	2019
Acquisitions of fixed assets under finance lease	132	289
Purchases of properties	946	0
Purchase of plant and equipment	5,199	9,331
Other capital expenditures in intangible assets	1,392	1,060
of which relating to Discontinued operations	*0*	*52*
INDUSTRIAL CAPEX	**7,669**	**10,679**

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 € 4.0 million at 31 March 2020 against € 7.0 million at 31 March 2019, when they included significant new stocks for the start-up of some major contracts. Furthermore, in the first quarter of 2019, there was the recognition of increases of € 0.6 million relating to plants operated under service concession agreements for the Municipal Government of Casalecchio di Reno (BO) (through subsidiary Elene Project S.r.l, the majority quota of which was sold on 12 December 2019) and at Valsamoggia (BO) (through subsidiary Energy Saving Valsamoggia S.r.l.). These increases showed a non-significant amount in the first quarter of 2020 (€ 0.1 million).

Investments in intangible assets amounted to € 1.4 million in the period (€ 1.1 million at 31 March 2019) and mainly related to ICT investments by the Parent Company for the upgrading and enhancement of its SAP infrastructure. Of these, an amount of € 1.1 million consisted of residual investments in the technological platform of subsidiary Yougenio S.r.l. (€ 0.4 million at 31 March 2019).

Finally, investments in new finance leases for the quarter, related the facility management activities of the Polish subsidiary Naprzód (€ 0.1 million), while they were related to linen rental and industrial laundering operations of Servizi Ospedalieri S.p.A. at 31 March 2019 (€ 0.3 million).

Below is reported the breakdown of capital expenditures in terms of SBUs:

(in thousands of Euro)	For the quarter ended 31 March	
	2020	2019
Facility Management	3,030	1,860
of which relating to International Markets	*1,449*	*20*
of which relating to Discontinued operations	*0*	*52*
Laundering & Sterilization	4,639	8,819
INDUSTRIAL CAPEX	**7,669**	**10,679**

Finally, the cash flow for financial investments posted a positive value of € 51.5 million at 31 March, due to the net financial effects arising from the sale of Sicura S.p.A., which entailed the collection of an amount of € 55.0 million on the closing date, net of additional costs of € 1.6 million. On the same date, Rekeep S.p.A. paid a consideration of € 2.0 million for the acquisition of 5.96% of EULIQ VII S.A., a newco with registered office in Luxembourg, which directly controls AED S.r.l., with the aim to maintain and industrial partnership with the group controlled by Sicura S.p.A..

Finally, cash flows from financial investments posted a non-significant amount at 31 March 2019.

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 2019	New loans	Refunds/ repayments	Buy-back/ Early termination	Other changes	31 March 2020
Senior Secured Notes	339,905				890	340,796
Revolving Credit Facility	0	50,000				50,000
Bank loans	14,755	2,324	(2,078)		11	15,012
Current bank overdrafts, advance payments and hot money	2,446	3,736	(2,446)			3,736
Accrued and deferred expenses on loans	699				8,060	8,759
BANK DEBTS	**357,806**	**56,060**	**(4,524)**	**0**	**8,961**	**418,302**
Finance lease obligations	5,853	132	(536)		(115)	5,334
Operating lease liabilities	42,920	1,314	(2,235)	(157)		41,841
Payables for assignments of trade receivables with recourse	28,174	12,750	(15,673)			25,250
Due to factoring agencies for assignments with recourse	7,558	23,121	(7,558)			23,121
Other financial liabilities	26,279		(12,164)		(150)	13,965
FINANCIAL LIABILITIES	**468,589**	**93,376**	**(42,691)**	**(157)**	**8,696**	**527,814**
Current financial assets	(4,819)				(665)	(5,484)
NET FINANCIAL LIABILITIES	**463,770**	**93,376**	**(42,691)**	**(157)**	**8,031**	**522,330**

The residual debt for principal of the Senior Secured Notes was equal to € 349.7 million at 31 March 2020, to which must be added the accounting adjustment on the issue discount and additional costs, accounted for according to the amortized cost method. The financial amortization of this adjustments generated financial costs for € 0.9 million in the first quarter of 2020.

On 18 March 2020 the Parent Company Rekeep S.p.A. formalized the request for use of the Super Senior Revolving loan ("RCF"), subscribed upon the bond issue by the issuer CMF S.p.A., to which Rekeep S.p.A. is a party as Borrower, for a credit line at sight,

in a maximum nominal amount of € 50 million until 15 December 2021. The facility was activated on 23 March 2020 in order to meet temporary cash requirements (if any), including in relation to the difficult economic situation that is accompanying the Covid-19 emergency in Italy and ensures further financial flexibility.

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

Payments of installments on bank loans were made for € 2.1 million during the year, of which an amount of € 0.1 million relating to the loans of the Parent Company Rekeep S.p.A., and new bank loans were raised for € 2.3 million on the part of the Polish group Naprzód.

Furthermore, at 31 March 2020 there was the recognition of accrued expenses on loans in a total amount of € 9.4 million (of which € 9.3 million related to the amount accrued on the bond coupon due 15 June 2020) and prepaid financial expenses of € 0.7 million, of which an amount of € 0.4 million relating to the remaining amount of costs to be amortized for obtaining the Revolving Credit Facility. The costs of this financing (equal to € 1.0 million upon issue) will be amortized on a straight-line basis throughout the term of the credit facility and this amortization had an impact of € 0.1 million on the first quarter of 2020.

As at the closing date of the period short-term uncommitted credit lines had been used for hot money and advances on invoices for € 3.7 million (aimed at meeting peaks in temporary cash requirements linked to the natural performance of operations), against a balance of € 2.4 million at 31 December 2019. 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 the first quarter of 2020 assignments were made in an overall nominal amount of € 12.7 million, while the outstanding balance amounted to € 20.0 million at 31 March 2020 (€ 23.7 million at 31 December 2019). The Polish subsidiary also reported payables for assignments of receivables with recourse equal to € 5.2 million (€ 4.4 million at 31 December 2019).

Furthermore, the Group companies collected amounts of € 23.1 million at 31 March 2020 concerning receivables included in assignments without recourse for which the respective debtors have not made any payment to the bank accounts specified by the factor. These amounts constitute a financial liability for the Group, which gave rise to the payment of said amounts in the first days of the subsequent quarter.

Furthermore, as at 31 December 2019 “Other financial liabilities” included the debt for the dividend resolved by the Parent Company in favor of its controlling company Manutencoop Società Cooperativa on 17 December 2019, equal to € 13 million, of which an amount of € 2 million not yet paid at 31 March 2020.

Furthermore, payables were recognized for the acquisition of investments for a total amount of € 8.9 million, mainly relating to the deferred price for the acquisition of Naprzód S.A. (€ 6.8 million), to which must be added the debt for the acquisitions carried out by the latter prior to joining the Rekeep Group (€ 2.0 million).

The financial liability relating to the discounted value of future lease payments to be made on property and operating leases amounted to € 41.8 million at 31 March 2020 against € 42.8 million at 31 December 2019. In consideration of these agreements, payments were made as a reduction in the liability for € 2.2 million during the first quarter of the year, while new agreements were

entered into and rentals were revalued for a present value of € 1.3 million upon recognition. Finally, differences arose for early termination for € 0.1 million. On the other hand, a residual debt of € 5.3 million (€ 5.9 million at 31 December 2019), of which an amount of € 3.3 million for fixed assets and equipment of the Laundering&Sterilization SBU, was recognized against finance leases at the reporting date.

Finally, the balance of short-term financial assets increased by € 0.5 million during 2020, mainly due to a change in the balance of pledged current accounts used within the scope of the abovementioned agreements for the assignment of trade receivables without recourse, for which the parent company Rekeep S.p.A. operates the collection service (+ € 0.4 million).

3. 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 of the Consolidated Financial Statements, to which reference should be made for more details.

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

During 2019 administrative proceedings continued in relation to the fine levied by the Competition Authority ("AGCM") to Parent Company Rekeep S.p.A. (formerly Manutencoop Facility Management S.p.A.) on 20 January 2016 due to the breach of competition rules on the part of some companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012. 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 order, recalculating the fine at € 14,700 thousand. Furthermore, in relation to the Council of State's judgment 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. The new order issued by the Competition Authority for redetermining the fine was also challenged before the Lazio Regional Administrative Court and the Company is waiting for the hearing to be scheduled. The Company duly proceeded with the payment of this fine as from May 2017, for which the payment in 30 monthly installments has been obtained at the legal interest rate. This debt was repaid in full during 2019.

Subsequently, on 16 June 2017 Consip officially informed Rekeep S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks ("Consip Caserme") and to cleaning services with health service providers ("Consip Sanità"), with the intention also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as "bid bond"). However, on 13 July 2017 and on 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 of 21 February 2018. In this venue the Company had its appeal rejected and, on 10 March 2018, an appeal with the Council of State was served, while submitting a request for precautionary measure from a single-member court and for suspension of the enforcement of the challenged order.

Following the judgment handed down by the Council of State on 16 January 2020, Consip S.p.A. asked the guarantors to enforce the guarantees (bid bonds) provided in the interest of Rekeep for the Consip Sanità tender (equal to € 10.4 million) and Consip Caserme (equal to € 3.4 million). Rekeep S.p.A., with independent appeals and additional grounds, challenged these measures before the Lazio Regional Administrative Court and obtained a single-member board's Presidential decree suspending them until the hearing of 4 March 2020 before the Regional Administrative Court, which confirmed the suspension until the decision on the merits scheduled for 1 July 2020. In relation to the above-mentioned exclusions, ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority) decided to open two proceedings concerning its entry in the electronic criminal records of ANAC, as "Useful information". These proceedings, which were initially suspended by ANAC until the outcome of the proceedings on the merits and proceedings for the application of disqualification measures, have been resumed and must be completed within 180 days from 15 May 2020.

Finally, on 6 March 2020 Consip S.p.A. informed the Company of the exclusion from the tender for the cleaning of museum premises ("Consip Musei"), with the intention of sending the document to ANAC, which may proceed with the entry in the electronic criminal records of "Useful information". On 13 March 2020 a request was also sent for the enforcement of the bid bond relating to this tender (equal to € 2.8 million). The Company challenged this exclusion before the Lazio Regional Administrative Court, asking for its effects to be suspended. On 22 April 2020 the Lazio Regional Administrative Court approved the suspension and set the hearing on the merits for 21 October 2020.

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

The dispute concerning the fine imposed in relation to the FM4 Tender still continued in 2020.

On 23 March 2017 the Competition Authority notified Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) of the start of 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 Scarl to ascertain whether those companies put in place a possible anti-competitive agreement whose subject matter consisted of the coordination of the procedures for taking part in the tender called by Consip in 2014 for awarding the facility management services intended for properties mainly for office use of the Public Administration (known as "FM4 Tender"). On 9 May 2019, after the completion of the abovementioned proceedings, the Authority served the final order, considering the existence of the agreement restricting competition between some of the abovementioned companies and imposing a sanction of € 91.6 million on the Company.

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

the market rules applicable to the Consip FM4 Tender. The hearing for discussing the merits, initially set for 6 May 2020, has been postponed at the Company's request to 10 June 2020 due to the ongoing Covid-19 emergency.

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.

Rekeep S.p.A. appealed against the precautionary measure before the Council of State for the part which does not grant the request for suspending the exclusion from the Consip FM4 tender, while the Council of State rejected the appeal on 28 November 2019. On 4 November 2019 the Company submitted an appeal to the Lazio Regional Administrative Court against the procedure initiated by ANAC, which, at present, has been removed from the docket in consideration of the fact that on 24 January 2020 ANAC ordered the suspension of the procedure pending the settlement of the first-instance proceedings scheduled before the Regional Administrative Court for the Competition Authority's orders concerning the Consip FM4 tender and the exclusion therefrom. 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 Consolidated Financial Statements at 31 March 2020 are included in the explanatory notes (notes 14 and 15), to which reference is made.

4. SUBSEQUENT EVENTS

Buy-back transactions of the Notes issued in 2017

In April and May 2020 Rekeep S.p.A. formalized the purchase of portions of its bond issue on the open market for a nominal total of € 15.8 million. The book value of the remaining debt for principal of the Senior Secured Notes was then equal to € 333.9 million at the date of approval of the Interim Report on Operations.

5. BUSINESS OUTLOOK

The first quarter of the 2020 financial year saw the management of the Group marked by three events:

- the consolidation of the Polish subsidiary Naprzód, which brings the incidence of Revenues achieved on international markets to 12.5% of the Group's total consolidated Revenues;
- the continuation of a slow but steady trend of growth in volumes and efficiency improvement of the results of Facility Management and Laundering&Sterilization operations on the domestic market;
- the effects of the health emergency resulting from the spread of the Covid-19 virus, and the consequent lockdown that occurred since the second 10-day period of March 2020.

In particular, the time needed to exit from the state of health emergency, and consequently the time needed for the full recovery in economy in all business sectors of the country, as well as on the international scenario, raise the main issues about the near future and make it more difficult to estimate the expected performance of operations in the remainder of the 2020 financial year.

At the beginning of May, in Italy (but to a different extent and in different ways in many other European countries and all over the world) the Government started the so-called "phase 2" which involves the gradual resumption of economic activities in the country, without, however, providing a complete and reliable picture of what should be expected in the coming months, while clarifying, on the other hand, that a resurgence of the virus with the arrival of a second wave of infections could led to a return to lockdown restrictions.

Even disregarding this, and imagining that the economic activities will be gradually resumed all over the country within a few weeks, except for those activities that are already expected to be restarted only in the long term period, such as those at schools, the adverse impact partially recorded in March certainly reverberated for the entire month of April and will also have repercussions in May and, in some areas, even in the summer months, particularly affecting the second quarter.

Obviously, if on the one hand the reduction in work volumes on the part of customers operating in the sectors most affected by the lockdown is expected to continue, on the other hand, considering the specific services it offers, the Group expects that it will continue to perform additional non-routine operations, determined by the new customer requirements arising from the need to make workplaces and places open to the public suitable for the new rules of living together that the health emergency has

imposed. In fact, the Group is working on a package of services for the sanitization of premises with safe and innovative tools and products to offer customers to make phased reopening safer.

As mentioned above, this context of uncertainty makes it particularly complex to estimate the performance of operations in the remaining quarters of 2020; however, the trend that characterized the Group's results over the last 2 years, together with potential opportunities arising from the business conducted (in particular environmental hygiene and maintenance work), as well as the management's constant drive to reduce costs, including by using the social shock absorber measures that the Government has made available to companies to cope with the crisis, are factors that could mitigate the probable reduction in Revenues and EBITDA, with effects mainly on the second quarter of the year, resulting from the contingent situation and realize, to date, the expectation to contain it in an area of modest significance.

In financial terms, in the first quarter of 2020 we witnessed the financial effects of the sale of Sicura, which took place in February and which marked, together with the acquisition of Naprzód in the fourth quarter of 2019, an important step forward in deleverage, also on a prospective basis.

In addition to the information provided above, as at 31 March 2020 we also witnessed a limited but physiological increase in net operating working capital compared to 31 December 2019, which in any case marks an important milestone in terms of collection times (since this was the first quarter), showing that the Group continues to be committed to the continuous improvement of collection times and the reduction of working capital and that, at least as at 31 March 2020, it did not seem to have been particularly affected by the state of health emergency that is currently continuing all over the country. In this case too, looking to the near future, it is not easy to predict the trend of a possible reduction in customers' financial resources, which can be assumed in particular for private customers, or the need of third-party providers to see the payment times of their invoices shortened to avoid experiencing excessive financial tensions. After excluding these effects, which at present cannot be estimated reliably, and which, even if they should arise, we hope will be reabsorbed by the end of the 2020 financial year, the Group's objective remains to continue on the path to deleverage, as it has been stated on more than one occasion.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	31 March 2020	31 December 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipments	4	78,396	79,345
Property, plant and equipments under lease	5	46,192	47,146
Goodwill	6-7	388,060	387,778
Other intangible assets	6	26,194	26,823
Investments accounted for under the equity method	8	10,405	10,376
Other investments	9	6,958	4,957
Non-current financial assets	9	4,413	4,819
Other non-current assets	9	97,537	97,801
Deferred tax assets		15,991	16,026
TOTAL NON-CURRENT ASSETS		**674,146**	**675,071**
CURRENT ASSETS			
Inventories		8,289	7,910
Trade receivables and advances to suppliers	10	435,605	412,572
Current tax receivables		6,025	10,090
Other current assets	10	37,751	31,054
Current financial assets	12	5,484	4,819
Cash and cash equivalents	12	187,494	97,143
TOTAL CURRENT ASSETS		**680,648**	**563,588**
Assets held for sale	17	0	70,500
TOTAL NON-CURRENT ASSETS HELD FOR SALE		**0**	**70,500**
TOTAL ASSETS		**1,354,794**	**1,309,159**

(in thousands of Euro)	NOTES	31 March 2020	31 December 2019
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		7,188	5,710
Retained earnings		36,249	33,825
Profit/(loss) for the year attributable to equity holders of the Parent		7,060	3,285
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**159,647**	**151,970**
Capital and reserves attributable to non-controlling interests		721	771
Profit/(loss) for the year attributable to non-controlling interests		142	65
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**863**	**836**
TOTAL SHAREHOLDERS' EQUITY	**11**	**160,510**	**152,806**
NON-CURRENT LIABILITIES			
Employee termination indemnity	13	12,055	12,443
Provisions for risks and charges, non-current	14	24,351	25,439
Long-term financial debt	12	396,400	396,759
Deferred tax liabilities		16,802	16,393
Other non-current liabilities		529	551
TOTAL NON-CURRENT LIABILITIES		450,137	451,585
CURRENT LIABILITIES			
Provisions for risks and charges, current	14	7,906	6,392
Trade payables and contract liabilities	16	412,445	405,950
Current tax payables		1,534	1,280
Other current liabilities	16	190,848	192,465
Bank borrowings, including current portion of long-term debt, and other financial liabilities	12	131,414	71,830
TOTAL CURRENT LIABILITIES		**744,147**	**677,917**
Liabilities directly associated with non-current assets held for sale	17	0	26,851
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**0**	**26,851**
TOTAL LIABILITIES		**1,354,794**	**1,309,159**

CONSOLIDATED STATEMENT OF PROFIT (LOSS) FOR THE PERIOD

(in thousands of Euro)	NOTES	For the quarter ended	
		31 March 2020	31 March 2019 Restated
REVENUE			
Revenue from contracts with customers		269,236	238,559
Other revenue		1,930	728
TOTAL REVENUE		**271,166**	**239,287**
OPERATING COSTS			
Costs of raw materials and consumables		(50,451)	(46,636)
Change in inventories of finished and semi-finished products		(191)	397
Costs for services and use of third-party assets		(74,156)	(65,215)
Personnel costs		(111,303)	(98,432)
Other operating costs		(2,911)	(1,139)
Lower costs for internal work capitalized		70	647
Amortization, depreciation, write-downs and write- backs of assets	4-5-6	(9,626)	(9,532)
Accrual (reversal) to provisions for risks and charges	14	(1,512)	(352)
TOTAL OPERATING COSTS		**(250,080)**	**(220,262)**
OPERATING INCOME		**21,086**	**19,025**
FINANCIAL INCOME AND EXPENSES			
Share of net profit of associates	8	93	85
Dividend and net income/(loss) from sale of investments		12	49
Financial income		176	2,198
Financial expenses		(12,245)	(11,482)
Gains / (losses) on exchange rate		301	2
Profit/(loss) before taxes		**9,423**	**9,877**
Income taxes		(6,438)	(7,834)
Profit/(loss) from continuing operations		**2,985**	**2,043**
Profit/(loss) from discontinued operations	17	4,217	402
Net profit (loss) for the period		**7,202**	**2,445**
Net profit (loss) attributable to non- controlling interests		(142)	(13)
NET PROFIT (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**7,060**	**2,432**

	For the quarter ended	
	31 March 2020	31 March 2019 restated
Basic earnings/(losses) per share	0.065	0.022
Diluted earnings/(losses) per share	0.065	0.022
Basic earnings/(losses) per share from continuing operations	0.026	0.019
Diluted earnings/(losses) per share from continuing operations	0.026	0.019

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the quarter ended	
		31 March 2020	31 March 2019 restated
NET PROFIT/LOSS FOR THE PERIOD		**7,202**	**2,445**
Other components of the comprehensive income, which will be subsequently reclassified under profit/(loss) for the period:			
Differences arising from translation of financial statements in foreign currency		623	(5)
Share of other comprehensive income for the period of entities accounted for using the equity method, which will be subsequently reclassified under profit/(loss) for the period	8	(69)	(91)
Other components of the comprehensive income for the period, which will be subsequently reclassified under profit/(loss) for the period		**554**	**(96)**
TOTAL PROFIT/(LOSS) IN THE STATEMENT OF COMPREHENSIVE INCOME, NET OF TAXES		**554**	**(96)**
TOTAL COMPREHENSIVE INCOME/(LOSS), NET OF TAXES		**7,757**	**2,349**
Equity holders of the Parent		7,678	2,348
Non-controlling interests		79	1

CONSOLIDATED STATEMENT OF CASH FLOW

(in thousands of Euro)	NOTES	For the quarter ended	
		31 March 2020	31 March 2019 restated
Net profit (loss) from continuing operations		**2,985**	**2,043**
Income taxes for the period		6,438	7,834
Profit before taxes for the period		**9,423**	**9,877**
Profit/(loss) from discontinued operations for the period		4,217	402
Capital gains (losses) from disposal on equity investments		(14,899)	0
Other unrealised write-downs on discontinued operations		409	0
Amortization, depreciation, write-downs and (write-backs) of assets		10,227	9,866
Accrual (reversal) of provisions for risks and charges		1,520	350
Employee termination indemnity provision		230	371
Payments of employee termination indemnity		(697)	(728)
Utilization of provisions for risks and charges		(1,622)	(1,481)
Share of net profit of associates, net of dividends collected		(93)	(85)
Financial charges (income) for the period		12,143	9,356
Operating cash flows before movements in working capital		**20,858**	**27,928**
Of which relating to discontinued operations		*(8,050)*	*434*
Of which relating to continuing operations		*28,908*	*27,494*
Decrease (increase) of inventories		(379)	(837)
Decrease (increase) of trade receivables		(23,431)	(31,657)
Decrease (increase) of other current assets		(6,842)	(14,119)
Increase (decrease) of trade payables		6,641	769
Increase (decrease) of other current liabilities		462	5,749
Change in Working Capital		(23,550)	(40,095)
Net interest received (paid) in the period		(2,503)	(1,372)
Income taxes paid in the period		(1,666)	122
Net cash flow from operating activities		**(6,861)**	**(13,417)**
(Purchase of intangible assets, net of sales)	6	(1,392)	(1,060)
(Purchase of property, plant and equipment)	4-5	(6,277)	(9,619)
Proceeds from sales of property, plant and equipment	4-5	72	142
(Net acquisition of investments)		(2,000)	(9)
Decrease (increase) of financial assets		380	852

(in thousands of Euro)	NOTES	For the quarter ended	
		31 March 2020	31 March 2019 restated
Financial effects of business combinations		0	0
Discontinued operations	17	55,041	40
Net cash flow from (used in) investing activities		**45,824**	**(9,654)**
Change in finance lease debt	12	(519)	155
New (repayment of) operating leases	12	(2,393)	(2,027)
Proceeds from non-current borrowings	12	52,324	1,544
Repayment of non-current borrowings	12	(2,078)	(10,300)
Proceeds from/(repayment of) current borrowings	12	1,286	(4,673)
Other change in financial debt	12	2,093	(1,452)
(Acquisition)/sale of minority interests in subsidiaries		52	0
Differences from financial statements translation in foreign currency		804	8
Net cash flow from / (used in) financing activities		**51,568**	**(16,745)**
Changes in cash and cash equivalents		**90,532**	**(39,816)**
Cash and cash equivalents at the beginning of the period		97,143	94,733
Changes in cash and cash equivalents		90,532	(39,816)
Translation differences on cash and cash equivalents		(180)	(13)
Cash and cash equivalents at the end of the period		**187,494**	**54,904**
Details of cash and cash equivalents:			
Cash and bank current accounts		187,494	54,904
TOTAL CASH AND CASH EQUIVALENTS		**187,494**	**54,904**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the quarter ended	
	31 March 2020	31 March 2019 restated
Interest paid	(2,677)	(3,571)
Interest received	174	2,199
Dividends received	12	50

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Reserves	Retained earnings	Result for the period	Total Shareholders' equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total Shareholders' equity
1 January 2020	**109,150**	**5,710**	**33,824**	**3,285**	**151,970**	**836**	**152,806**
Allocation of previous year result		860	2,425	(3,285)	**0**		**0**
Acquisition/sale of minority interests in subsidiaries					**0**	(52)	**(52)**
Comprehensive income (loss) for the period		618		7,060	**7,678**	79	**7,757**
31 March 2020	**109,150**	**7,188**	**36,249**	**7,060**	**159,647**	**863**	**160,510**

	Share Capital	Reserves	Retained earnings	Result for 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 change in accounting standards		(1,617)	(657)		**(2,273)**	(8)	**(2,281)**
1 January 2019 adjusted +	**109,150**	**3,412**	**34,254**	**15,734**	**162,551**	**660**	**163,211**
Allocation of previous year result		16,163	(429)	(15,734)	**0**		**0**
Dividend distribution		(13,000)			**(13,000)**		**(13,000)**
Acquisition/sale of minority interests in subsidiaries					**0**	230	**230**
Comprehensive income (loss)		(866)		3,285	**2,419**	(54)	**2,365**
31 December 2019	**109,150**	**5,710**	**33,824**	**3,285**	**151,970**	**836**	**152,806**

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 quarter ended 31 March 2020 is made up of the Interim Report on Operations and of the interim condensed Consolidated Financial Statement at 31 March 2020, prepared in accordance with IAS 34 – Interim Financial Reporting. The publication of the Rekeep Group's Interim Report on Operations was authorized by a resolution passed by the Board of Directors on 14 May 2020.

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

2. ACCOUNTING STANDARD AND BASIS OF PRESENTATION

The interim condensed Consolidated Financial Statements at 31 March 2020 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss for the period, the Consolidated Statement of other comprehensive income, the Consolidated Statement of Cash flows, the Consolidated Statement of changes in Shareholders' Equity and the related condensed Explanatory Notes. The Consolidated Financial Statements have been prepared on a going concern basis as the Directors did not find significant uncertainties.

The balance sheet values recognized in the Statements and Explanatory Notes are compared to those relating to 31 December 2019, while the income statement values, included in the Statement of other comprehensive income and those reported in the Statement of Cash Flows, are compared to those relating to the first quarter of 2019.

On 13 February 2020 a binding agreement was signed for the sale of the total share capital of the subsidiary Sicura S.p.A.. According to IFRS5, at the reporting date of the Consolidated Financial Statements at 31 December 2019, the value of assets relating to the sub-group controlled by Sicura S.p.A. and the associated liabilities was reclassified under "Assets held for sale" and "Liabilities associated with assets held for sale". Again according to the same accounting standard, the transaction was described as "Discontinued operation" in the interim condensed Consolidated Financial Statements at 31 March 2020 and the results of operations for the period until the date of disposal were recognized as "Profit (loss) from discontinued operations". Likewise, the respective comparative results of operations were restated and reclassified to the same item of the income statement. For more details on the effects of this restatement, reference should be made to note 3.

The interim condensed Consolidated Financial Statements at 31 March 2020 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. The Consolidated Statement of profit or loss for the period is classified by nature, while the Consolidated Statement of other

comprehensive income sets forth the result for the period added with income and expenses that, in accordance with IFRS, are directly recognized in the Shareholders' Equity. The Statement of Cash flows has been prepared on the basis of the indirect method and presented in accordance with IAS 7, distinguishing between cash flow from operating, investing and financing activities.

The interim condensed Consolidated Financial Statements at 31 March 2020 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 accounting standard (IFRS)

The interim condensed Consolidated Financial Statements at 31 March 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed Consolidated Financial Statements do not include all information required for complete annual accounts prepared according to IAS 1: therefore, they must be read together with the Consolidated Financial Statements at 31 December 2019.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the interim condensed Consolidated Financial Statements at 31 March 2020 are consistent with those used to prepare the consolidated Financial Statements at 31 December 2019, 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 2020.

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 1 January 2020 or subsequent financial periods

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 impacts were reported 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 Group companies do not conduct any insurance business.

2.3 Discretionary assessments and significant accounting assumptions

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

Discretionary assessments

The main decisions taken by the directors, on the basis of discretionary assessments (excluding those relating to accounting estimates), in the application of the accounting standards of the Group, with a significant effect on the values recognized in the accounts relate to the adoption, starting from 2007, of the continuity of values principle for the recognition of business combinations under common control. Application of this principle gives rise to the recognition in the statement of financial position of values equal to those that would be recorded if the companies involved in the business combination had always been combined. The net assets of the acquiree and of the acquiring entity are therefore recorded on the basis of the carrying amounts included in their respective accounts before the transaction.

Uncertainty of estimates

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

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 31 March 2020the carrying amount of the goodwill was equal to € 388,060 thousand (€ 387,788 thousand at 31 December 2019). See note 7 for more details.

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

The Group 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 from 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 statement 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 the TFR (employee termination indemnity), such as the future turnover rate and discount financial rates;
- assumptions applied to the measurement of obligations arising from Rights of use;
- contractual activities, particularly in relation to the total amount of costs to complete, used to determine the percentage of completion.

Consolidation principles

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

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

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

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

Minority interests represent the portion of profits or losses and net assets not held by the Group and are disclosed under a separate item in the consolidated Statement of profit or loss for the period and in the Consolidated Statement of Financial Position under Equity items, separately from the Group's Equity.

Conversion of financial statements of foreign companies

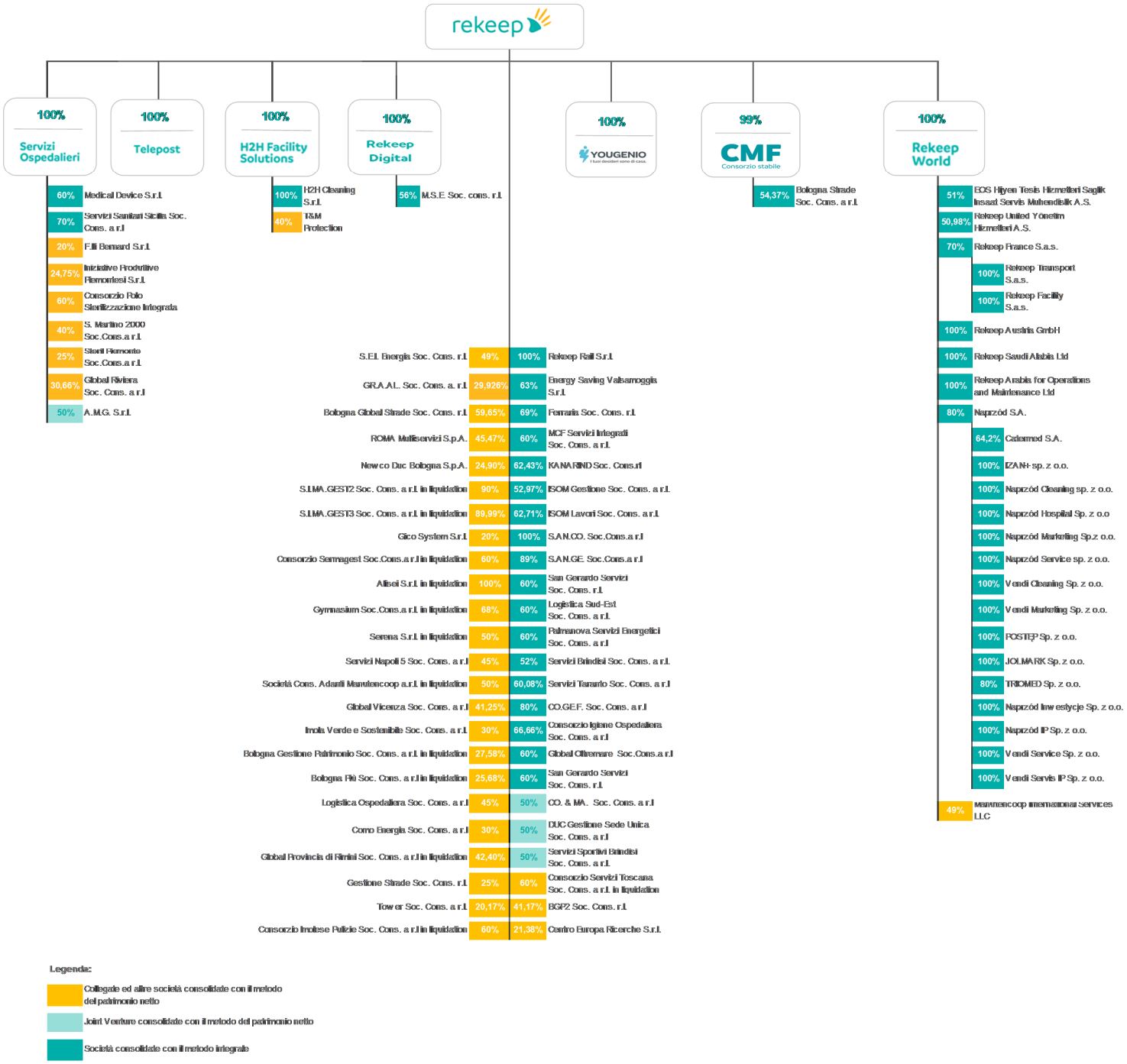
The financial statements are presented in Euro, the Group's functional and reporting currency. Statements of financial position and income statements stated in foreign currency are converted into Euro using the year-end exchange rates for the items of the Statement of Financial Position and average exchange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

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

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

Currency		Exchange rate at 31 March 2020	Average exchange rate for the quarter ended 31 March 2020
PLN	Zloty - Poland	4.5506	4.4025
QAR	Qatar Riyal - Qatar	3.9880	4.0312
SAR	Saudi Arabian Riyal – Saudi Arabia	4.1085	4.1530
TRY	Turkish Lira - Turkey	7.2063	6.9381

The scope of consolidation at 31 March 2020 is shown below.


rekeep
100% Servizi Ospedalieri
60% Medical Device S.r.l.
70% Servizi Sanitari Sicilia Soc. Cons. a r.l.
20% F.lli Bernard S.r.l.
24,75% Iniziative Produttive Piemontesi S.r.l.
60% Consorzio Polo Sterilizzazione Integrata
40% S. Martino 2000 Soc.Cons.a r.l.
25% Steril Piemonte Soc.Cons.a r.l.
30,66% Global Riviera Soc. Cons. a r.l.
50% A.M.G. S.r.l.
100% Telepost
100% H2H Facility Solutions
100% H2H Cleaning S.r.l.
40% I&M Protection
100% Rekeep Digital
56% M.S.E. Soc. cons. r.l.
100% YOUGENIO
99% CMF Consorzio stabile
54,37% Bologna Strade Soc. Cons. a r.l.
100% Rekeep World
51% EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.
50,98% Rekeep United Yönetim Hizmetleri A.S.
70% Rekeep France S.a.s.
100% Rekeep Transport S.a.s.
100% Rekeep Facility S.a.s.
100% Rekeep Austria GmbH
100% Rekeep Saudi Alabia Ltd
100% Rekeep Arabia for Operations and Maintenance Ltd
80% Napazód S.A.
64,2% Cadarmed S.A.
100% IZAN+ sp. z o.o.
100% Napazód Cleaning sp. z o.o.
100% Napazód Hospital Sp. z o.o
100% Napazód Marketing Sp.z o.o.
100% Napazód Service sp. z o.o.
100% Vendi Cleaning Sp. z o.o.
100% Vendi Marketing Sp. z o.o.
100% POSTEP Sp. z o.o.
100% JOLIMARK Sp. z o.o.
80% TRIOMED Sp. z o.o.
100% Napazód Inwestycje Sp. z o.o.
100% Napazód IP Sp. z o.o.
100% Vendi Service Sp. z o.o.
100% Vendi Servis IP Sp. z o.o.
49% Manutencoop international services LLC
S.E.I. Energia Soc. Cons. r.l. 49% 100% Rekeep Rail S.r.l.
GRA.A.L. Soc. Cons. a. r.l. 29,926% 63% Energy Saving Valsamoggia S.r.l.
Bologna Global Strade Soc. Cons. r.l. 59,65% 69% Ferraria Soc. Cons. r.l.
ROMA Multiservizi S.p.A. 45,47% 60% MCF Servizi Integrati Soc. Cons. a r.l.
Newco Duc Bologna S.p.A. 24,90% 62,43% KANARIND Soc. Cons.rl
S.I.M.A. GEST2 Soc. Cons. a r.l. in liquidation 90% 52,97% ISOM Gestione Soc. Cons. a r.l.
S.I.M.A. GEST3 Soc. Cons. a r.l. in liquidation 89,99% 62,71% ISOM Lavori Soc. Cons. a r.l.
Gico System S.r.l. 20% 100% S.A.N.CO. Soc.Cons.a r.l.
Consorzio Sanmagest Soc.Cons.a r.l.in liquidation 60% 89% S.A.N.GE. Soc.Cons.a r.l.
Alisei S.r.l. in liquidation 100% 60% San Gerardo Servizi Soc. Cons. r.l.
Gymnasium Soc.Cons.a r.l. in liquidation 68% 60% Logistica Sud-Est Soc. Cons. a r.l.
Serena S.r.l. in liquidation 50% 60% Palmanova Servizi Energetici Soc. Cons. a r.l.
Servizi Napoli 5 Soc. Cons. a r.l. 45% 52% Servizi Brindisi Soc. Cons. a r.l.
Società Cons. Adanti Manutencoop a.r.l. in liquidation 50% 60,08% Servizi Taranto Soc. Cons. a r.l.
Global Vicenza Soc. Cons. a r.l. 41,25% 80% CO.GE.F. Soc. Cons. a r.l.
Imola Verde e Sostenibile Soc. Cons. a r.l. 30% 66,66% Consorzio Igiene Ospedaliera Soc. Cons. a r.l.
Bologna Gestione Patrimonio Soc. Cons. a r.l. in liquidation 27,58% 60% Global Oltremare Soc.Cons.a r.l.
Bologna Più Soc. Cons. a r.l.in liquidation 25,68% 60% San Gerardo Servizi Soc. Cons. r.l.
Logistica Ospedaliera Soc. Cons. a r.l. 45% 50% CO. & MA. Soc. Cons. a r.l.
Como Energia Soc. Cons. a r.l. 30% 50% DUC Gestione Sede Unica Soc. Cons. a r.l.
Global Provincia di Rimini Soc. Cons. a r.l.in liquidation 42,40% 50% Servizi Sportivi Brindisi Soc. Cons. a r.l.
Gestione Strade Soc. Cons. r.l. 25% 60% Consorzio Servizi Toscana Soc. Cons. a r.l. in liquidation
Tower Soc. Cons. a r.l. 20,17% 41,17% BGF2 Soc. Cons. r.l.
Consorzio Imolese Pulizie Soc. Cons. a r.l.in liquidation 60% 21,38% Centro Europa Ricerche S.r.l.
Legenda:
Collegate ed altre società consolidate con il metodo del patrimonio netto
Joint Venture consolidate con il metodo del patrimonio netto
Società consolidate con il metodo integrale

During the first quarter of 2020 note the following events:

- on 31 January the company Rekeep Austria GmbH, based in Wiener Neudorf (Austria), fully owned by Rekeep World S.r.l. was established;
- on 28 February 2020 the sale of the total share capital of Sicura S.p.A. to Argos Wityu, a pan-European Private Equity fund. The company sold is, in turn, the parent company of a sub-group including three other companies.

Furthermore, it should be noted that Manutencoop Transport S.a.s. changed its name to Rekeep Transport S.a.s. with effect from 26 April 2020.

3. EFFECTS OF FIRST-TIME ADOPTION OF IFRS5

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

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

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

The table below reports a reconciliation between the income statement balances recognized in the Interim Condensed Consolidated Financial Statements at 31 March 2019 and the corresponding balances at 31 March 2019, as restated in application of IFRS5:

	31 March 2019	Effects of the adoption of IFRS 5	31 March 2019 restated
Revenue			
Revenue from contracts with customers	247,670	(9,111)	238,559
Other revenue	746	(18)	728
Total revenue	**248,416**	**(9,129)**	**239,287**

	31 March 2019	Effects of the adoption of IFRS 5	31 March 2019 restated
Operating costs			
Costs of raw materials and consumables	(48,334)	1,698	(46,636)
Change in inventories of finished and semi-finished products	397	0	397
Costs for services and use of third-party assets	(68,295)	3,080	(65,215)
Personnel costs	(101,799)	3,367	(98,432)
Other operating costs	(1,178)	39	(1,139)
Lower costs for internal work capitalized	647	0	647
Amortization, depreciation, write-downs and write- backs of assets	(9,865)	333	(9,532)
Accrual (reversal) to provisions for risks and charges	(350)	(2)	(352)
Total operating costs	**(228,777)**	**8,515**	**(220,262)**
Operating income	**19,639**	**(614)**	**19,025**
Financial income and expenses			
Share of net profit of associates	85	0	85
Dividend and net income/(loss) from sale of investments	49	0	49
Financial income	2,200	(2)	2,198
Financial expenses	(11,558)	76	(11,482)
Gains / (losses) on exchange rate	2	0	2
Profit/(loss) before taxes	**10,417**	**(540)**	**9,877**
Income taxes	(7,972)	138	(7,834)
Profit/(loss) from continuing operations	**2,445**	**(402)**	**2,043**
Profit/(loss) from discontinued operations	0	402	402
Net profit (loss) for the period	**2,445**	**0**	**2,445**
Net profit (loss) attributable to non- controlling interests for the period	(13)	0	(13)
Net profit (loss) for the period	2,432	0	2,432

The table below reports a reconciliation between the values shown in the interim condensed Consolidated Financial Statements at 31 March 2019 and the values at 31 March 2019, as restated to take account of the application of IFRS5 on comparative data relating to the items of the consolidated Cash Flow Statement:

(thousands of Euro)	For the quarter ended 31 March 2019	Effects of the adoption of IFRS 5	For the quarter ended 31 March 2019 restated
Net profit (loss) from continuing operations	**2,445**	**(402)**	**2,043**
Income taxes for the period	7,972	(138)	7,834
Profit before taxes	**10,417**	**(540)**	**9,877**

(thousands of Euro)	For the quarter ended 31 March 2019	Effects of the adoption of IFRS 5	For the quarter ended 31 March 2019 restated
Profit/(loss) from discontinued operations for the period	0	402	402
Capital gains (losses) on disposal on equity investments	0		0
Amortization, depreciation, write-downs and (write-backs) of assets	9,866		9,866
Accrual (reversal) of provisions for risks and charges	350		350
Employee termination indemnity provision	371		371
Payments of employee termination indemnity	(728)		(728)
Utilization of provisions for risks and charges	(1,481)		(1,481)
Share of net profit of associates, net of dividends collected	(85)		(85)
Financial charges (income) for the period	9,356		9,356
Operating cash flows before movements in working capital	**28,066**	**(138)**	**27,928**
Of which relating to discontinued operations	*0*	*434*	*434*
Of which relating to continuing operations	*28,066*	*(572)*	*27,494*
Decrease (increase) of inventories	(837)		(837)
Decrease (increase) of trade receivables	(31,657)		(31,657)
Decrease (increase) of other current assets	(14,119)		(14,119)
Increase (decrease) of trade payables	769		769
Increase (decrease) of other current liabilities	5,749		5,749
Change in Working Capital	**(40,095)**	0	(40,095)
Net interest received (paid) in the period	(1,372)		(1,372)
Income taxes paid in the period	(16)	138	122
Net cash flow from operating activities	**(13,417)**	**0**	**(13,417)**
(Purchase of intangible assets, net of sales)	(1,060)		(1,060)
(Purchase of property, plant and equipment)	(9,619)		(9,619)
Proceeds from sales of property, plant and equipment	142		142
(Acquisition of investments)	(9)		(9)
Decrease (increase) of financial assets	852		852
Financial effects of business combinations	0		0
Discontinued operations	40		40

(thousands of Euro)	For the quarter ended 31 March 2019	Effects of the adoption of IFRS 5	For the quarter ended 31 March 2019 restated
Net cash flow from (used in) investing activities	**(9,654)**	**0**	**(9,654)**
Change in finance lease debt	155		155
New (repayment of) operating leases	(2,027)		(2,027)
Proceeds from non-current borrowings	1,544		1,544
Repayment of non-current borrowings	(10,300)		(10,300)
Proceeds from/(repayment of) current borrowings	(4,673)		(4,673)
Other change in financial debt	(1,452)		(1,452)
Differences from financial statements translation in foreign currency	8		8
Net cash flow from / (used in) financing activities	**(16,745)**	**0**	**(16,745)**
Changes in cash and cash equivalents	**(39,816)**	**0**	**(39,816)**
Cash and cash equivalents at the beginning of the period	94,733		94,733
Changes in cash and cash equivalents	(39,816)		(39,816)
Translation differences on cash and cash equivalents	(13)		(13)
Cash and cash equivalents at the end of the period	**54,904**	**0**	**54,904**
Details of cash and cash equivalents:			
Cash and bank current accounts	54,904		54,904
TOTAL CASH AND CASH EQUIVALENTS	**54,904**	**0**	**54,904**

4. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment in the period ended 31 March 2020.

	Property	Plant and equipment	Total
At 1 January 2020, net of accumulated depreciation and impairment	**17,032**	**62,313**	**79,345**
Additions from acquisitions	946	5,199	6,145

	Property	Plant and equipment	Total
Disposals		(72)	(72)
Depreciation	(253)	(4,713)	(4,966)
Others	(282)	(1,774)	(2,056)
At 31 March 2020	**17,443**	**60,953**	**78,396**
At 1 January 2020			
Historical cost	20,432	398,809	419,241
Accumulated depreciation and impairment losses	(3,400)	(336,497)	(339,896)
NET BOOK VALUE	**17,032**	**62,313**	**79,345**
At 31 March 2019			
Historical cost	21,096	402,162	423,258
Accumulated depreciation and impairment losses	(3,653)	(341,210)	(344,862)
NET BOOK VALUE	**17,443**	**60,953**	**78,396**

The additions from acquisitions recognized for the first quarter of the year refer to the linen in the Laundering & Sterilization segment for € 4,639 thousand and to the purchases of other machinery and specific equipment for € 1,506 thousand.

Disposals were also made for € 72 thousand.

5. 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 31 March 2020.

	Property under finance lease	Plant and equipment under finance lease	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2020, net of accumulated depreciation and impairment	**4,450**	**4,016**	**31,556**	**7,124**	**47,146**
Additions from acquisitions		132	368	946	1,446
Early termination			(46)	(110)	(156)
Depreciation	(34)	(304)	(1,015)	(717)	(2,070)
Others	0	(226)	64	(12)	(174)

	Property under finance lease	Plant and equipment under finance lease	Rights of use of properties	Rights of use of plant and machinery	Total
At 31 March 2020	**4,416**	**3,618**	**30,927**	**7,231**	**46,192**
At 1 January 2020					
Historical cost	4,992	8,146	50,175	26,602	89,916
Accumulated depreciation and impairment losses	(542)	(4,130)	(18,619)	(19,478)	(42,771)
NET BOOK VALUE RESTATED	**4,450**	**4,016**	**31,556**	**7,124**	**47,146**
At 31 March 2020					
Historical cost	4,992	8,052	50,561	27,426	91,032
Accumulated depreciation and impairment losses	(576)	(4,434)	(19,634)	(20,195)	(44,840)
NET BOOK VALUE	**4,416**	**3,618**	**30,927**	**7,231**	**46,192**

Property, plant and equipment under finance lease reported changes during the first quarter 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 € 132 thousand on the part of the Naprzód sub-group.

Property, plant and equipment under operating lease, stated as “Rights of use on Properties” and “Rights of use on plant and machinery” showed an increase, during the first quarter of the year, as a result of the execution of new property lease agreements for € 368 thousand and new long-term hire of vehicles that make up the corporate fleets and equipment of the Group for € 946 thousand. Furthermore, there was the early termination of some lease and long-term hire agreements for a total of € 156 thousand.

6. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the period ended 31 March 2020.

	Other intangible assets	Goodwill	Total
At 1 January 2020, net of accumulated amortization and impairment	**26,823**	**387,778**	**414,601**
Additions from acquisitions	1,392		1,392
Amortization	(2,027)	0	(2,027)
Others	6	282	288
At 31 March 2020	**26,194**	**388,060**	**414,254**

	Other intangible assets	Goodwill	Total
At 1 January 2020			
Historical cost	125,238	390,096	515,334
Accumulated amortization and impairment losses	(98,415)	(2,318)	(100,733)
NET BOOK VALUE	**26,823**	**387,778**	**414,601**
Al 31 March 2020			
Historical cost	126,636	390,378	517,014
Accumulated amortization and impairment losses	(100,442)	(2,318)	(102,760)
NET BOOK VALUE	**26,194**	**388,060**	**414,254**

Goodwill is tested annually for impairment. For more details see note 7.

Other intangible assets, amounting to € 26,194 thousand at 31 March 2020, mainly consist of investments in software carried out as part of the projects aimed at upgrading and enhancing the corporate information systems. The additions from acquisitions for the period (€ 1,392 thousand) were mainly attributable to Parent Company Rekeep S.p.A. (€ 739 thousand) and relating to the implementation and upgrading of software platforms used by the Group.

7. IMPAIRMENT TEST OF GOODWILL

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

SBU – Facility management

The SBU is identified with:

- Rekeep S.p.A.
- H2H Facility Solutions S.p.A.
- Telepost S.p.A., a specialist company for internal mailing services
- Rekeep Digital S.r.l., which is active in the sector of high technology services to businesses
- Rekeep World S.r.l. and its foreign subsidiaries, dedicated to commercial development in international markets
- other minor investee companies operating in the same segment.

The SBU also includes Yougenio S.r.l., providing facility management services to the B2C market, in relation to which, however, the management considered it appropriate to not continue operations as from May 2020.

SBU – Laundering & Sterilization

The SBU is identified with:

- Servizi Ospedalieri S.p.A., operating in the linen rental and industrial laundering segment for hospitals and the sterilization of linen and surgical instruments
- Medical Device S.r.l., acquired during 2018 and specializing in the production of disposable kits containing all the devices needed to support the healthcare team in performing surgical procedures
- other minor investee companies active in the same segment in Italy.

The table below sets forth the carrying amounts of the goodwill recognized in the interim condensed Consolidated Financial Statements at 31 March 2020, broken down into the different CGUs.

	31 March 2020	31 December 2019
Goodwill allocated to Facility Management CGU	374,251	373,969
of which International markets	*20,248*	*19,965*
Goodwill allocated to Laundering & Sterilization CGU	13,809	13,809
CONSOLIDATED GOODWILL	**388,060**	**387,778**

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.

On 31 March 2020 the Directors did not proceed with any formal update of impairment tests at 31 December 2019, since they 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 stress tests conducted at the reporting date of the Consolidated Financial Statements at 31 December 2019, which ensure the recoverability of consolidated assets even in the presence of any possible risk of significant amount.

8. INVESTMENTS VALUED FOR UNDER THE EQUITY METHOD

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

At 31 March 2020 the net book value of investments valued at Equity reported a net amount of € 9,766 m thousand, against a net amount of € 10,289 thousand at the end of the previous year.

	Net Assets 31 March 2020	Net Assets 31 December 2019
Investments valued for under the Equity method	10,405	10,376
Provision for risks on investments	(639)	(87)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**9,766**	**10,289**

The breakdown of changes during the period is shown in Annex II attached to the Interim Report on Operations, to which reference should be made. The Qatar subsidiary Manutencoop International Services LLC was consolidated at equity as from the first quarter of 2020, following the opening of the winding-up procedure due to the failure to start operations in the country.

During the first quarter of 2020 investments accounted for under the equity method recorded a positive result of € 93 thousand, for the share attributable to the Group, as a result of the recognition of income from equity investments of € 281 thousand and write-downs of € 188 thousand. Furthermore, negative effects were recognized directly in the consolidated Equity to an overall amount of € 68 thousand.

9. OTHER NON-CURRENT ASSETS

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

	31 March 2020	31 December 2019
Other investments	6,958	4,966
Non-current financial assets	4,413	4,819
Other non-current assets	97,537	97,941
IFRS5 Reclassification	0	(149)
OTHER NON-CURRENT ASSETS	**108,908**	**107,577**

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

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

Non-current financial assets, amounting to € 4,813 thousand at 31 March 2020 (€ 4,819 thousand at 31 December 2019), are composed of:

- € 1,567 thousand of non-current financial receivables due from associates, affiliates and joint ventures (€ 1,651 thousand at 31 December 2019). The face value of these receivables is € 1,601 thousand, while the provision for discounting amounts to € 34 thousand. Some of these are non-interest bearing since they were drawn down proportionally from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread;
- € 2,745 thousand of non-current financial receivables from third parties, down compared to 31 December 2019 (€ 3,067 thousand). The change of € 408 thousand relates to the write-down of remaining receivable claimed by the Parent Company for the sale of Energyproject S.r.l., which took place in 2014, since it was regarded as non-recoverable by the management;
- € 101 thousand of securities held to maturity, which remained unchanged compared to 31 December 2019.

At 31 March 2020 the item also included the long-term portion, equal to € 2,357 thousand, of the deferred price relating to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i EOPF, which took place in December 2018 (unchanged compared to 31 December 2019).

Other non-current assets, amounting to € 97,537 thousand at 31 March 2020, included, among others, the receivable of € 94,611 thousand (unchanged compared to 31 December 2019) that the Parent Company 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 15 "Contingent liabilities" below). Even while pending the proceedings on the merits, the hearing of which is set for 10 June 2020, the Company took steps to recognize the liability arising from the notice of payment issued by the Revenue Agency – Collection among "Other current liabilities" in the Statement of Financial Position for the corresponding amount (€ 94,611 thousand). This liability will be paid off upon the payment of the 72 installments set in the plan of installment payment of the notice itself, according to the methods set out and until the Company's appeal is possibly granted within the pending proceedings. Furthermore, the deposit was stated among non-current 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.

Furthermore, the item is mainly composed of security deposits related to long-term manufacturing contracts (€ 1,872 thousand) and long-term prepaid expenses relating to certain job orders (€ 801 thousand).

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

The following table includes the breakdown of Trade receivables and advances to suppliers and Other current operating receivables at 31 March 2020 and 31 December 2019:

	31 March 2020	of which from related parties	31 December 2019	of which from related parties
Contract assets	26,533		27,284	
Trade receivables, gross	417,975		411,299	
Allowance for doubtful accounts	(29,699)		(31,617)	
Trade receivables from third parties	**414,809**	**0**	**406,966**	**0**
Trade receivables from Manutencoop Società Cooperativa	100	100	65	65
Trade receivables from Rekeep Group companies	8,617	8,617	9,270	9,270
Trade receivables from Affiliates and Joint Ventures	4,861	4,861	4,293	4,293
Trade receivables from Group	13,578	13,578	**13,628**	**13,628**
Advances to suppliers	7,218	2	7,403	3
IFRS5 Reclassification	0		(15,425)	(9)
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**435,605**	**13,580**	**412,572**	**13,622**
Other tax receivables due within 12 months	22,863		18,393	
Other current receivables from third parties	8,176		8,718	
Short-term receivables from social security institutions	1,713		1,261	
Short-term receivables from employees	283		195	
Other current assets from third parties	**33,035**	**0**	**28,567**	**0**
Current assets from Manutencoop Società Cooperativa	26	26	8	8
Current assets from associates	179	179	166	166
Current assets from affiliates	0	0	0	0
Other current assets from Group	**205**	**205**	**174**	**174**
Accrued income	291		228	
Prepaid expenses	4,219		2,480	
Accrued income and prepaid expenses	**4,510**	**0**	**2,708**	**0**
IFRS5 Reclassification	0		(395)	
OTHER CURRENT ASSETS	**37,750**	**205**	**31,054**	**174**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 435,605 thousand at 31 March 2020, showing an increase of € 23,033 thousand compared to the amount at 31 December 2019 (€ 412,572 thousand).

The change in question was due to the increase of € 7,843 thousand in trade receivables from third parties, while receivables from other Group companies and the value of the provision for bad debts and contract assets remained substantially unchanged.

The Group continued to hold contracts for the assignment without recourse of trade receivables from third parties during the first quarter of 2020. 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 agreement with Banca IFIS, intended for the assignment without recourse of trade receivables specifically accepted for the individual transactions carried out.

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

Finally, the Parent Company also signed an uncommitted factoring agreement with Carrefour Italia Finance S.r.l. for the assignment without recourse of trade receivables claimed from the Carrefour Group companies on 22 March 2019 and an additional uncommitted agreement with MB Facta S.p.A. on 4 December 2019 for the assignment without recourse of trade receivables claimed from the Telecom Group.

The assignments made during the year are summarized below:

	Assignments made at 31 March 2020	**Balance of trade receivables assigned without recourse and not yet collected by the Factor**
Banca Farmafactoring S.p.A.	51,948	51,018
Banca IFIS S.p.A.	11,271	12,189
Unicredit Factoring S.p.A	7,259	5,392
Carrefour Italia Finance S.r.l.	905	905
MB FACTA S.p.A.	6,955	6,171
TOTAL ASSIGNMENTS WITHOUT RECOURSE	**78,338**	**75,674**

In all assignments, the assigned trade receivables were subjected to derecognition according to IFRS 9 in consideration of the characteristics of the transactions and entailed interest discount costs totaling € 1,165 thousand.

Finally, trade receivables from the Group amounted to € 13,578 thousand (€ 15,628 thousand at 31 December 2019), in addition to advances for € 2 thousand (€ 3 thousand at 31 December 2019). For more details, reference should be made to Annex III – Related-Party transactions.

A specific provision for bad debts was recognized in connection with non-performing loans, which are difficult to fully recover, amounting to € 29,699 thousand at 31 March 2020 (€ 30,464 thousand at 31 December 2019). Below are the changes for the period:

	31 December 2019	Increases	Uses	Releases	31 March2020
Provision for bad debts	**30,464**	525	(1,172)	(119)	**29,699**

Other current assets, equal to € 37,750 thousand (€ 31,054 thousand at 31 December 2019), showed a total increase of € 6,696 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 payments made by the Group companies (€ 20,562 thousand against € 15,830 thousand at 31 December 2019), which systematically 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. Assignments without recourse of VAT receivables held by some Group companies were made during the first quarter of 2020 for a nominal total amount of € 7,601 thousand and an interest discount of € 430 thousand.

The item also included an amount of € 2,173 thousand of credit balances of current accounts held at Unicredit, managed in the name and on behalf of INPDAP (Social Security Institute for employees in public administration), as envisaged in a property management contract entered into with the aforementioned authority. At present some restrictions have been placed on said accounts as a result of the dispute that has arisen with INPDAP. Therefore, for the purposes of an accurate presentation, it was deemed appropriate to classify said item under *Other current receivables*.

11. SHARE CAPITAL AND RESERVES

	31 March 2020	31 December 2019
Share Capital – Ordinary shares	109,150	109,150

Ordinary shares have a nominal value of Euro 1 each. Ordinary shares issued and fully paid up at 31 March 2020 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and Retained Earning

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

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

- the reserve originating from the recognition of joint operations, which includes the differences between the purchase cost and the net carrying amount of the assets acquired under business combinations between jointly-controlled entities, for a negative amount of € 244,186 thousand, for the recognition of the effects of the merger of CMF S.p.A. by incorporation into Rekeep S.p.A. during the 2018 financial year;
- the Parent Company's extraordinary reserve equal to € 38,226 thousand.

	Share premium reserve	Legal reserve	Reserves for effects on SE of equity-accounted companies	Translation reserve	SORIE reserve	Other reserves	Total reserves
31 December 2018	**145,018**	**20,124**	**3,469**	**(309)**	**(4,912)**	**(158,361)**	**5,029**
Effects of the change in accounting standards						(1,617)	(1,617)
1 January 2019	**145,018**	**20,124**	**3,469**	**(309)**	**(4,912)**	**(159,978)**	**3,412**
Allocation of profits of previous years		799		309	(117)	15,173	16,163
Distribution of reserves		907				(13,907)	(13,000)
Economic effects accounted for in equity			67	16	(949)		(866)
31 December 2019	**145,018**	**21,830**	**3,536**	**16**	**(5,977)**	**(158,713)**	**5,710**
Allocation of profits of previous years				(16)	876		860
Economic effects accounted for in equity			(68)	686			618
31 March 2020	**145,018**	**21,830**	**3,468**	**686**	**(5,101)**	**(158,713)**	**7,188**

The table below shows changes in *Retained earnings*:

	Accumulated profits (losses) of the Parent Company	Consolidation reserve	Total retained earnings
31 December 2018	**3,809**	**31,102**	**34,911**
Effects of the change in accounting standards		(657)	(657)
1 January 2019	**3,809**	**30,445**	**34,254**
Allocation of profits of previous years		(429)	(429)
31 December 2019	**3,809**	**30,015**	**33,825**
Allocation of profits of previous years	5,741	(3,316)	2,425
31 March 2020	**9,550**	**26,699**	**36,249**

This item includes the transition reserve of the companies controlled by Rekeep, which was generated following the first-time 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 minority shareholders. For a detailed list of the companies in which minority interests are held, reference should be made to the paragraph Consolidation Principles.

	31 March 2020	31 December 2019
Equity attributable to minority interests	**863**	**836**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	8	19
Other subsidiaries and consortia	855	817

	31 March 2020	31 December 2019
Profit attributable to minority interests	**142**	**65**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	(29)	(70)
Other subsidiaries and consortia	171	136

The equity and profit (loss) attributable to minority interests relate to the minorities present in some subsidiaries, the most significant of which are described below.

Rekeep World S.r.l., the Group's sub-holding company dedicated to the development of the international market, holds a stake of 70% in 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 interests since there is a put option in favor of the minority shareholders which is recognized as a financial liability in the Consolidated Financial Statements.

Furthermore, Rekeep World holds an investment of 80% in the capital of the Polish company Naprzód. However, the holding company holds, on the remaining portion of capital, a Put option in favor of the minority shareholders and, moreover, there is no recognition of equity attributable to minority interests.

During 2018 EOS, a Turkish company in which Rekeep World S.r.l. acquired a majority stake against a stake of 49% held by local partners, and Rekeep United, a Turkish company which was jointly established with local partners holding 49.02% of the share capital, were consolidated for the first time. The valuation of the stake pertaining to minority shareholders was accounted for as an increase in the Shareholders' Equity of non-controlling interests for the period.

Finally, the Shareholders' Equity attributable to minority interests includes the shares pertaining to the non-controlling 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).

12. NET FINANCIAL INDEBTEDNESS

Net financial indebtedness amounted to € 334,836 thousand at 31 March 2020, against € 366,627 thousand at 31 December 2019. Below is the breakdown by item of financial statements:

	31 March 2020	31 December 2019
Long-term financial debt	396,400	403,487
Bank borrowings, including current portion of long-term debt and other financial liabilities	131,414	73,465
Gross financial indebtedness	**527,814**	**476,952**
Medium/long-term derivatives	0	0
Total gross debt	**527,814**	**476,952**
Cash and cash equivalents	(187,494)	(100,129)
Current financial assets	(5,484)	(4,819)
IFRS5 Reclassification	0	(5,377)
Net financial indebtedness	**334,836**	**366,627**

Current and non-current financial liabilities

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

	31 March 2020	within 1 year	from 1 year to 5 years	after 5 years
Senior Secured Notes	340,796	0	340,796	
C.C.F.S. loan	8,889	1,111	7,778	
Artigiancassa loan	1,437	239	1,197	
ETNO Bank Spółdzielczy mortgage loan	78	23	55	
Other bank loans	4,686	38	4,649	
Prepaid interest expenses	(675)	(673)	(2)	
Accrued interest expenses	9,434	9,434	0	
Long-term bank borrowings and current portion of long-term bank borrowings	**364,645**	**10,172**	**354,472**	**0**
Current account overdrafts, advance payments and hot money	3,736	3,736		
Revolving Credit Facility (RCF)	50,000	50,000		
Finance lease obligations	5,334	1,328	2,798	1,207
Financial liability for operating leases	41,841	6,240	21,145	14,457
Loans from syndicated shareholders	1,079	604		475
Loan from Parent Company	90	90		

	31 March 2020	within 1 year	from 1 year to 5 years	after 5 years
Manutencoop Società Cooperativa				
Other financial liabilities	1,600	(9)	1,609	
Obligations from assignments of trade receivables with recourse	25,250	25,250		
Amounts collected on behalf of assignees of trade receivables	23,121	23,121		
Options on subsidiaries' minority shareholdings	236	0	236	
Debt for the acquisition of investments / business units	8,879	8,879		
Payables for dividends to sole shareholder	2,000	2,000		
Share capital to be paid into investee companies	3	3		
TOTAL FINANCIAL LIABILITIES	**527,814**	**131,414**	**380,261**	**16,140**

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

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

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

On 6 July 2017 CMF S.p.A. launched a high-yield bond issue named "*€360,000,000 9.0% Senior Secured Notes due 2022*", which is not convertible and not subordinated, for a total amount on account of principal of € 360 million and due 15 June 2022. The Notes, which were reserved for institutional investors and were listed on the Euro MTF segment managed by the Luxembourg Stock Exchange, as well as on the Extra MOT, Pro Segment, of Borsa Italiana, were issued at a price equal to 98% and a coupon at a fixed rate of 9.0% p.a., payable on a six-monthly basis. The terms and conditions referred to in the rules of the Bond Issue are laid down in the Indenture, which is governed by the law of the State of New York. This bond issue was initially deposited by Bank of New York in escrow account, until the release of the same on 13 October 2017.

As required by the Offering Memorandum for the bond issue, on 1 July 2018 the Group completed the merger of CMF S.p.A. by incorporation into its subsidiary Rekeep S.p.A., according to Article 2501-*bis* (merger with debt), thus giving rise to the acquisition directly by Rekeep S.p.A. of the bond issue, together with any related obligations and guarantees described below in this paragraph and in note 18.

The rules of the bond issue provide for a system of guarantees and covenants to protect the Bondholders' investment. There are in fact some limitations on the financial operations of the Issuer and of its subsidiaries, while allowing the Group to operate freely, provided that the operations carried out contribute added value and cash flows to the Group, at least potentially. These covenants substantiate in some limitations on the possibility of incurring new indebtedness and making distribution of dividends, investments and some types of payments outside the Restricted Group (restricted payments). Furthermore, there are also rules governing the allocation of sums obtained from the sale of fixed assets, the performance of non-recurring and related-party transactions and the release of collateral on corporate assets to third parties. The covenants in question substantiate in the compliance with certain financial parameters (incurrence base financial covenants), the fulfillment of some conditions or the application of a

quantitative limit on the performance of the transactions referred to above rather than in a full prohibition on carrying out the aforesaid transactions. Finally note interim reporting obligations concerning the Group's financial position, results of operations and cash flows. The limits and provisions laid down in the rules of the bond issue are in line with market practice for similar operations. The failure by the Issuer to comply with one or more covenants, in addition to significant events that give rise to a state of insolvency, constitute default events. There is the possibility of remedying most of them within a certain period of time. The default event relating to the state of insolvency or the failure to remedy the other default events constitute grounds for acceleration, i.e. the beneficiary's forfeiture of the right to the time limit and the early redemption of the Notes. No default events had occurred and the financial parameters, which are not subject to periodic audits, had been in any case complied with at the reporting date of these Financial Statements.

Furthermore, in early 2019 Rekeep S.p.A. formalized the purchase of portions of its bond issue on the open market for a nominal total of € 10,300 thousand, which were subsequently cancelled. The weighted average repurchase price was less than 85% against a price for the issue equal to 98% at 6 July 2017.

Finally, the *upfront fees* relating to the issue of Senior Secured Notes were accounted for according to the amortized cost method, which entailed the recognition of financial amortization charges of € 890 thousand during the first quarter of 2020 in accordance with IFRS 9.

Super Senior Revolving Credit Facility (RCF)

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

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

The Super Senior Revolving loan agreement provides for compliance with a financial covenant, which is preliminary to the possible use of the line granted. This financial covenant is in line with the market practice for similar financing transactions and is recognized on a quarterly basis on the basis of the data relating to the last 12 months, as resulting from the financial position, results of operations and cash flows approved during the quarter prior to the date of the application for use of the credit facility. On the reporting date of these financial statements the financial covenants had been complied with and no use of the facility had been requested from the execution of the agreement.

On 18 March 2020 the Parent Company Rekeep S.p.A. formalized the request for use of the Super Senior Revolving loan ("RCF"), for € 50 million, disbursed on 23 March 2020.

Prepaid interest expenses

At 31 March 2020 the Group recognized prepaid interest expenses of € 675 thousand. The item mainly relates to the arrangement fee initially incurred by CMF S.p.A. for the execution of the Super Senior Revolving (RCF) loan agreement. In 2017 CMF S.p.A.

charged back all the costs concerning the subscription of this credit line to Rekeep S.p.A. (initially equal to € 1.0 million). These costs will be amortized on a straight-line basis throughout the term of the credit line and showed a remaining balance of € 409 thousand at 31 March 2020.

Accrued interest expenses

At 31 March 2020 the Group also recognized accrued interest expense for € 9,434 thousand, of which € 9,267 thousand relating to the amount accrued on the coupon of the Senior Secured Notes due 15 June 2020.

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 installments, with a pre-amortization 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 on the shares of subsidiary H2H Facility Solutions S.p.A..

As at 31 March 2020 the loan showed a remaining value of € 8,889 thousand, unchanged compared to 31 December 2019.

ETNO Bank Spółdzielczy (Naprzód Group) Mortgage Loan

The amount of € 78 thousand consists of the remaining value of a mortgage loan which was taken out by subsidiary Jol-Mark of the newly-acquired Polish Naprzód group, due to expire on 31 July 2023.

Artigiancassa loan (Rekeep S.p.A.)

On 21 June 2018 the Parent Company obtained a soft loan from the “Energy and Mobility Fund” of the Marche Regional Government, aimed at supporting the development of energy efficiency of healthcare units. This soft loan is disbursed partly in the form of an 8-year financing on the part of Artigiancassa S.p.A. for an amount of € 1,676 thousand and a pre-amortization period of 12 months. The loan does not bear interest and provides for the payment of 14 six-monthly installments falling due on 31 March and 30 September of each year.

As at 31 March 2020 the loan showed a remaining balance of € 1,437 thousand (€ 1,556 thousand at 31 December 2019).

Other bank loans

Other bank loans amounted to € 4,686 thousand at 31 March 2020, consisting of loans taken out by the companies in the newly-acquired Naprzód sub-group with bank counterparties for € 4,622 thousand.

Current account overdraft, advance payments and hot money

At 31 March 2020 this item showed a balance of € 3,736 thousand, against an amount of € 2,446 thousand at the end of the previous year.

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

Finance lease obligations

The lease agreements entered into are not secured and are signed by subsidiaries Servizi Ospedalieri S.p.A., Medical Device S.r.l., the Turkish subsidiary EOS and some companies in the Polish Naprzód sub-group. They refer to motor vehicles and plant and machinery, mainly relating to Servizi Ospedalieri S.p.A. that uses them in the laundering and sterilization production processes, and to the Naprzód Group. New finance lease agreement for € 132 thousand were signed by companies in the Naprzód sub-group during the first quarter of 2020.

Financial liability for operating leases

As at 31 March 2020 financial liability for operating leases amounted to € 41,841 thousand, showing a decrease of € 1,078 thousand compared to € 42,920 thousand at 31 December 2019.

Specifically, during the first quarter of 2020, there were early termination for € 157 thousand and increases for the execution of new agreements concerning property leases and the long-term hire of vehicles and equipment, equal to € 1,314 thousand, in addition to the payment of lease and hire rentals.

Syndicated loans

This item refers to financing provided by the consortium members, which are minorities in the consortium companies included within the scope of consolidation, since they are owned or held in joint venture at 50%. In certain cases, these loans are non-interest-bearing loans and are repayable on request. In other cases, they have a contractually defined maturity and, in others, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract, on the basis of which the consortium company was established. At 31 March 2020 the overall balance of these loans amounted to € 1,079 thousand, recording an increase compared to 31 December 2019, when they amounted to € 893 thousand.

Due to factoring agencies

This item includes receipts from customers on receivables assigned within the factoring of trade receivables without recourse. The amounts collected, equal to € 23,121 thousand at 31 March 2020, were transferred to the factor in the month after the end of the financial year. Of these, an amount of € 16,722 thousand pertained to the Parent Company Rekeep.

Obligations from assignments of receivables with recourse

The Parent Company Rekeep S.p.A. entered into an agreement for the assignment with recourse of trade receivables with Unicredit Factoring S.p.A., concerning receivables from Public Authorities, in 2015. During the first quarter of 2020 assignments

with recourse were made with regard to trade receivables at a nominal value of receivables of € 12,750 thousand. At 31 March 2020 the Group showed obligations arising from assignments with recourse of receivables equal to € 25,250 thousand (€ 28,174 thousand at 31 December 2019), of which an amount of € 20,027 thousand relating to the relationship with Unicredit Factoring S.p.A..

Options on subsidiaries' minority shareholdings

The options on subsidiaries' non-controlling interests were recognized for an amount of € 236 thousand at 31 March 2020 and relate to the estimated liability concerning the Put option held by the minorities of some subsidiaries.

The options on subsidiaries' minority shareholdings at 31 March 2020 related to the estimated liability linked to the Put option held by the minorities of Rekeep France S.a.s. (formerly Manutencoop France S.a.r.l.), whose shareholding of 30% was transferred to third parties on 15 January 2018 under an Investment Agreement signed in 2017. This option may be exercised between 30 June 2021 and 30 June 2023.

Debts for the acquisition of investments/business units

This item amounted to € 8,879 thousand at 31 March 2020 and showed a total decrease of € 1,050 thousand compared to 31 December 2019 (€ 9,929 thousand).

Specifically, the balance at the reporting date related to the amount of deferred price for the acquisition of Naprzód S.A., which was recognized by subsidiary Rekeep World S.r.l., equal to € 6,769 thousand, down by € 393 thousand as a result of fluctuations in exchange rates (the debt is expected to be settled in Polish Zloty as per contract). The amount of this balance will be paid by 2020 and will bear interest until the date of actual payment.

Furthermore, Naprzód S.A. recognized payables for the acquisition of minority interests of other companies in the Polish sub-group, equal to € 2,043 thousand, down by € 658 thousand following the partial payment of a portion of the debt, as well as fluctuations in exchange rates.

Other financial liabilities

As at 31 March 2020 other financial liabilities were recorded for € 1,600 thousand (against € 1,970 thousand at 31 December 2019), which were almost entirely attributable to loans to non-banking counterparties that were taken out by companies in the Naprzód sub-group.

Current and other financial assets

As at 31 March 2020 *Current and other financial assets* amounted to € 5,484 thousand (equal to € 4,819 thousand at 31 December 2019). At the end of the year under examination the following items were mainly recognized:

- the residual short-term share, equal to € 1,408 thousand, of the deferred price referring to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i European Operational Projects SCSp, which took place in December 2018;

- the 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 € 1,253 thousand (€ 821 thousand at 31 December 2019);
- an overall amount of € 543 thousand of receivables for short-term loans and financial accounts held with non-consolidated Group companies (€ 181 thousand at 31 December 2019).

13. EMPLOYEE TERMINATION INDEMNITY (TFR)

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

	For the quarter ended	
	31 March 2020	31 March 2019
AT 1 JANUARY	**12,443**	**14,730**
Additions for business combinations	0	943
Current service cost	97	309
Interest costs on benefit obligations	54	63
Benefits paid	(697)	(728)
Net actuarial (gains)/ losses	0	0
Other changes	159	7
IFRS5 Reclassification	0	(2,954)
AT 31 MARCH	**12,055**	**12,369**

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

	For the quarter ended	
	31 March 2020	31 March 2019 Restated
Current service cost	97	203
Interest costs on benefit obligations	54	50
Net cost of the benefits recognized through profit or loss	**151**	**253**
Net actuarial (gains)/ losses recognized in equity	0	0
TOTAL NET BENEFIT COSTS	**151**	**253**

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 quarter ended	
	31 March 2020	31 March 2019
Executives	77	56
Office workers	1,744	1,247
Manual workers	25,546	16,141
AVERAGE STAFF	**27,367**	**17,444**

The average number of leased employees provided to the Group by Manutencoop Società Cooperativa was equal to no. 355 units at 31 March 2020 (restated at 31 March 2019: no. 430 units).

14. PROVISIONS FOR RISKS AND CHARGES

The breakdown and changes in the provisions for risks and charges for the period ended 31 March 2020 are shown below:

	Risks on investments	Risks on job orders	Pending legal disputes	Tax litigation	Agents' indemnity leave	Termination employee benefits	Other provisions	Total
At 1 January 2020	**87**	**5,038**	**24,597**	**538**	**262**	**358**	**952**	**31,831**
Accruals	15	978	584				17	**1,594**
Uses		(81)	(1,531)				(10)	**(1,622)**
Reversals			(82)					**(82)**
Others	537							**537**
At 31 March 2020	**639**	**5,935**	**23,567**	**538**	**262**	**358**	**959**	**32,258**
At 31 March 2020:								
Current	*639*	*5,864*	*326*	*447*	*0*	*358*	*272*	***7,906***
Non-current	*0*	*70*	*23,241*	*91*	*262*	*0*	*687*	***24,351***
At 31 December 2019:								
Current	*87*	*4,973*	*271*	*447*	*0*	*358*	*255*	***6,392***
Non-current	*0*	*64*	*24,326*	*91*	*262*	*0*	*696*	***25,439***

Provision for risks on investments

The item, amounting to € 639 thousand at 31 March 2020, includes the provision for unrecoverable future losses of Group companies and related for € 102 thousand to the subsidiary Alisei S.r.l. in liquidation and for € 537 thousand to the subsidiary Manutencoop International Services LLC, which was consolidated at equity as from the first quarter of 2020 following the start of the winding-up procedure.

Provision for risks on job orders

This provision includes, at consolidated level:

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

The balance at the end of the period amounted to € 5,935 thousand, showing an increase of € 897 thousand against accruals of € 978 thousand and uses and releases totaling € 81 thousand.

Provision for pending legal disputes

At the reporting date of the financial statements, the risk was assessed for the Group to be required to pay future compensation in the event of losing cases in legal actions pending with customers, suppliers, employees and others. During the period ended 31 March 2020 the provision, totaling € 23,567 thousand, reported increases for accruals for € 584 thousand and decreases for uses and releases totaling € 1,613 thousand.

Accruals were mainly recognized to cover risks of Parent Company Rekeep S.p.A. for € 388 thousand. Uses and releases in the period, of which an amount of € 1,260 thousand 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 AGCM considered that it had found a breach of competition rules on the part of some companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012 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 ruled by partially granting the appeal filed by Rekeep S.p.A. and referring the papers to the Authority for a new calculation of the fine. Rekeep S.p.A. challenged the trial judgment before the Council of State and, subsequently, before the Supreme Court, which declared the appeal finally inadmissible on 18 January 2019. Furthermore, on 23 December 2016 the Authority executed the Lazio Regional Administrative Court's ruling and adopted a new order, recalculating the fine at € 14,700 thousand. This order was also challenged before the Lazio Regional Administrative Court and the Company is waiting for the hearing to be set.

The Company is regularly paying this fine, for which the payment was obtained in 30 monthly installments at the legal interest rate. The debt was fully paid off during 2019.

As a result of the Competition Authority's fine ruling, on 4 February 2016 Consip S.p.A. initiated a procedure to terminate the Agreements entered into within the tender in question, also informing the Company that it would consider the possibility of excluding it from future tenders for "work of the same type", including pursuant to article 38, paragraph 1, letter f) of Legislative

Decree 163/06. On 23 November 2016 Consip S.p.A. also gave Rekeep S.p.A. notice of the final termination of the agreements, expressly stating that it would confiscate the part of the final guarantee deposit (performance bond) which remained after the deposit had been partially released considering the work done normally up to the termination date. It also notified the intention to report the facts to the Italian Anti-Corruption Authority (*Autorità Nazionale Anti-Corruzione*, ANAC) and to the Public Prosecutor's Office.

On the other hand, on 24 April 2017 Italian Law Decree no. 50 was published on the O.G.: Article 64 (Services in school) of this law decree envisaged, for the regions in which the Consip framework agreements "*for cleaning and other services provided in order to keep school buildings and Public Administration training establishments clean and in working order*" (c.d. "Consip Scuole") have been terminated, the continuation of the acquisition of cleaning services and other auxiliary services until 31 August 2017. In the subsequent Decree Law no. 91 of 20 June 2017, converted with amendments into Law on 3 August 2017 and published on the O.G on 12 August 2017, these services were further extended until 31 December 2017; finally, Article 1, paragraph 687, of Law no. 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 Government, under the 2019 Budget Law (Article 1, paragraph 760, of Law no. 145/2018), ordered the re-insourcing of cleaning services in schools, which will be actually carried out for almost all schools from 1 March 2020, through the Ministry of Education, Universities and Research starting a selection procedure aimed at recruiting the staff currently in charge of delivering this service who meet the necessary requirements.

Finally, on 2 December 2016 Consip S.p.A. formally notified the Italian Anti-Corruption Authority (*Autorità Nazionale Anti-Corruzione*, ANAC) of its accusations against Rekeep S.p.A., as notified in the notice of termination of the Agreements, together with the intention to make a report to the Public Prosecutor's Office. On 7 January 2017 the Company served a writ of summons on the entity, asking the Ordinary Court of Rome to establish the unlawfulness of the notice of termination of the agreements and order Consip S.p.A. to compensate for any damage suffered by the Company. The next hearing for specifying conclusions has been scheduled on 27 October 2020.

The tender performance bond (initially equal to € 24.5 million) might also be partially enforced if the Company loses the case against Consip S.p.A.. ANAC has proceeded with the entry of the contract termination, as well as of the challenge against the same on the part of Rekeep S.p.A. before the Civil Court of Rome and of the filing of an appeal with the Supreme Court against the Council of State's judgment no. 928/2017 in its computerized records. As regards the latter appeal, the Supreme Court declared inadmissible on 18 January 2019. The Company then filed an appeal with the European Court of the Human Rights to seek compensation for damages arising from the events described above, which was rejected on 14 November 2019.

On 16 June 2017, Consip officially informed Rekeep S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks ("Consip Caserme") and to cleaning services with health service providers ("Consip Sanità"), with the intention also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as "bid bond"). However, on 13 July 2017 and on 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 of 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 that venue the Company's appeal was partially rejected, although without knowing the related reasons, for which the Board reserved the right to file grounds. Any assessment of the possible objection against the judgment by extraordinary means of appeal, such as an appeal with the Supreme Court on jurisdictional grounds or an appeal for revocation before the Council of State, will be postponed after having read the reasons for the judgment.

Following the judgment handed down by the Council of State on 16 January 2020, Consip s.p.A. asked the guarantors to enforce the guarantees (bid bonds) provided in the interest of Rekeep for the Consip Sanità tender (equal to € 10.4 million) and Consip Caserme (equal to € 3.4 million). Rekeep S.p.A., with independent appeals and additional grounds, challenged these measures before the Lazio Regional Administrative Court and obtained a single-member board's Presidential decree suspending them until the hearing to be held on 4 March 2020 before the Regional Administrative Court, which confirmed the suspension until the decision on the merits scheduled for 1 July 2020. In relation to the above-mentioned exclusions, ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority) decided to open two proceedings concerning its entry in the electronic criminal records of ANAC, as "Useful information". These proceedings, which were initially suspended by ANAC until the outcome of the proceedings on the merits and proceedings for the application of disqualification measures, have been resumed and must be completed within 180 days from 15 May 2020.

Finally, on 6 March 2020 Consip S.p.A. informed the Company of the exclusion from the tender for the cleaning of museum premises ("Consip Musei"), with the intention of sending the document to ANAC, which may proceed with the entry in the electronic criminal records of "Useful information". On 13 March 2020 a request was also sent for the enforcement of the bid bond relating to this tender (equal to € 2.8 million). The Company challenged this exclusion before the Lazio Regional Administrative

Court, asking for its effects to be suspended. On 22 April 2020 the Lazio Regional Administrative Court approved the suspension and set the hearing on the merits for 21 October 2020.

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

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, above all when considering the data that Rekeep S.p.A. has recorded in relation to measures providing for the exclusion from tenders as a result of the Competition Authority's orders, which at present are four only from the adoption of the Competition Authority's Consip Scuole order (January 2016). As things stand as regards the abovementioned proceedings, there is no impediment for Rekeep S.p.A. to the participation and awarding of new calls for tenders by Consip and, more in general, by the Public Administration, and any other awarding procedure in progress remains absolutely valid. Moreover, on 16 June 2017, Rekeep S.p.A. received official communication from Consip to sign the agreements for the two batches of the "Consip Mies 2" tender relating to the award of an "integrated technology multi-service with energy supply for buildings used by Public Health Administrations": these agreements were formally signed on 20 September 2017 and the procedure to sign the individual supply orders was subsequently started.

15. CONTINGENT LIABILITIES

As at the date of approval of the Interim Report on Operations at 31 March 2020 contingent liabilities had arisen for the Rekeep Group which had not been recognized in the accounts, for which the Management believes that the related financial risks can be regarded as possible but unlikely.

Antitrust Authority's order for sanctions on FM4Tender

On 23 March 2017 AGCM notified Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) of the initiation 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 Scarl in order to establish whether these companies implemented any possible understanding restricting competition, concerning the coordination of the procedures to participate in the tender launched by Consip in 2014 for awarding the Facility Management services to be rendered to the properties that are mainly intended for office use on the part of the Public Authorities ("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 favor 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, initially set for 6 May 2020, has been postponed at the Company's request to 10 June 2020 due to the ongoing Covid-19 emergency.

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 favor 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 failed to do so, the sums due would have been entered in the taxpayers' list. The Company did not provide any deposit within the expiry of said time limits, while also believing that the payment of the sums entered in the taxpayers' list could 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.

The entry of the sums in the taxpayers' list requested by the Competition Authority was made enforceable by the Revenue Agency following the issue of a notice of payment on 18 December 2019 for an amount equal to € 94,611 thousand, including collection charges of € 2.8 million. On 23 December 2019 the Company submitted a request for payment of these sums in installments, which was formally granted on 10 January 2020. This order provides for the payment of 72 monthly installments, at an interest

rate of 4.5% as from 24 January 2020. The Company has started to pay these installments on a regular basis, waiting for the developments of the legal action expected in the trial proceedings. Decree Law no. 18 of 17 March 2020, governing "Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID 19 epidemic emergency" ("Cura Italia Decree") has however provided, among others, for the possibility of suspending the payment of installment payment plans already granted by the Revenue Agency, to be made by 30 June 2020 without penalties and interest. The Company has availed itself of this suspension and to date three installments have been duly paid until 31 March 2020.

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. Rekeep S.p.A. appealed against the precautionary measure before the Council of State in that it had not granted the request for suspension of the exclusion from the Consip FM4 tender, but the Council of State rejected the appeal on 28 November 2019. On 4 November 2019 the Company submitted an appeal to the Lazio Regional Administrative Court against the proceedings initiated by ANAC, which, at present, have been removed from the docket in consideration of the fact that on 24 January 2020 ANAC ordered to suspend the proceedings while waiting for the settlement of the disputes brought in first instance before the Regional Administrative Court for the Competition Authority's Consip FM4 orders and for the exclusion from the Consip FM4 tender.

To date, since the FM4 Tender has not yet been awarded on a final basis, potential revenues 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.

However, on 31 December 2019, even while pending the judgment on the merits, the hearing of which is scheduled for 10 June 2020, the Company took steps to recognize the liability arising from the notice of payment issued by the Revenue Agency – Collection among "Other current liabilities" in the Statement of Financial Position for the corresponding amount (€ 94,611 thousand). This liability will be paid off through the payment of the 72 installments set out in the installment payment plan

concerning the notice itself, according to the methods set out and until the Company's appeal is possibly granted within the pending proceedings. 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 recognized 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 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.

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

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 that set the public hearing for discussing the appeal on 10 March 2020. The hearing has been postponed to a date to be scheduled due to the Covid-19 emergency.

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. The hearing on the merits scheduled for 2 April 2020 has been postponed to 24 September 2020 due to the Covid-19 emergency.

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 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 totaling € 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 Operations the management was assessing the risk of losing the case and, after having heard its consultants, now believes that this risk is possible.

16. TRADE PAYABLES, CONTRACT LIABILITIES AND OTHER CURRENT PAYABLES

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

	31 March 2020	of which to related parties	31 December 2019	of which to related parties
Trade payables	369,012		372,557	
Trade payables to third parties	**369,012**	**0**	**372,557**	**0**
Trade payables to Manutencoop Società Cooperativa	10,241	10,241	8,924	8,924
Trade payables to Group companies within 12 months	11,436	11,436	13,079	13,079
Trade payables to Manutencoop Group	**21,677**	**21,677**	**22,003**	**22,003**
Advances from customers including contract liabilities	21,756	4	21,309	1
IFRS5 Reclassification	0	0	(9,919)	(36)
Trade payables and contract liabilities	**412,445**	**21,681**	**405,950**	**22,004**
Fees due to directors and statutory auditors	278		293	
Tax payables	7,949		8,643	
Payables to social security institutions within 12 months	9,864		15,059	
Other payables to TJA	12,085		12,382	
Payables to employees within 12 months	59,222		53,850	
Other payables within 12 months	98,959		102,126	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**190,533**	**0**	**194,529**	**0**
Other current payables to Manutencoop Società Cooperativa	37	37	68	68
Other payables to Group companies	2	2	2	2
Other current operating payables to Manutencoop Group	**39**	**39**	**70**	**70**
Accrued expenses	258		251	
Deferred income	18		1,104	

	31 March 2020	of which to related parties	31 December 2019	of which to related parties
Accrued expenses and deferred income	**276**	**0**	**1,355**	**0**
IFRS5 Reclassification	0	0	(3,489)	0
Other current operating payables	**190,848**	**39**	**192,465**	**70**

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

Trade payables and contract liabilities amounted to € 412,445 thousand at 31 March 2020, against a balance of € 405,950 thousand at 31 December 2019, showing an increase of € 6,495 thousand.

Other current liabilities showed a balance of € 190,848 thousand at 31 March 2020 (€ 192,465 thousand at 31 December 2019) and are mainly made up of the following items:

- payables to employees of € 59,222 thousand (€ 53,850 thousand at 31 December 2019) including the current monthly salaries to be paid in the months after the closing of the period, as well as payables for additional monthly salaries to be paid (a portion of the 14th salary, to be paid in the month of July, and the 13th salary, to be paid each year in the month of December). Furthermore, the corresponding payables to social security institutions were recognized for € 9,864 thousand (€ 15,059 thousand at 31 December 2019);
- payables to tax authorities for € 7,949 thousand, mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF tax payable for employees (€ 8,643 thousand at 31 December 2019);
- receipts on behalf of Temporary Associations of Companies (ATI) for € 12,085 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mostly relating to job orders under "CONSIP" agreements (€ 12,382 thousand at 31 December 2019).

"Other payables within 12 months", equal to € 98,959 thousand at 31 March 2020, include the payable relating to the deposit for the fine imposed by the Competition Authority in relation to the Consip FM4 Tender, (see note 15 "Contingent liabilities"). Even while pending the judgment on the merits, the hearing of which is set for 10 June 2020, the Company took steps to recognize the liability arising from the notice of payment issued by the Revenue Agency – Collection among "Other current liabilities" in the Statement of Financial Position for the corresponding amount (€ 94,611 thousand). This liability will be paid off through the payment of the 72 installments set in the installment payment plan of the notice itself, according to the methods set out and until the Company's appeal is possibly granted within the pending proceedings. As at 31 March 2020 the first three installments of the plan had been duly paid. Furthermore, the deposit was stated among non-current 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.

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

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

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

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

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

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

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

The items described above are reported below in detail.

Non-current assets held for sale

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

	31 March 2020	31 December 2019
Property, plant and equipments	0	757
Property, plant and equipments under lease	0	22
Investment property	0	4,889
Goodwill	0	42,588
Other intangible assets	0	522
Equity investments	0	9
Non-current financial assets	0	140
Deferred tax assets	0	685

Trade receivables and advances to suppliers	0	17,116
Current tax receivables	0	392
Other current assets	0	395
Cash and cash equivalents	0	2,986
TOTAL NON-CURRENT ASSETS HELD FOR SALE	**0**	**70,500**

Liabilities directly associated with non-current assets held for sale

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

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

Financial flows generated from/used in discontinued operations

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

	31 March 2020	31 December 2019
Collection of deferred consideration for the sale of from Energyproject S.r.l. (2014)	0	45
Cash and cash equivalents from discontinued Operations	0	(2,986)
Collection of consideration for the sale of from Sicura S.p.A. (2020)	55,041	0

CASH FLOW FROM DISPOSAL OF OPERATING ASSETS	**55,041**	**(2,941)**

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

18. COMMITMENTS AND GUARANTEES

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

Specifically, the Group signed finance lease agreements primarily for plant and equipment used in the production processes of the *Laundering & Sterilization* SBU and for motor vehicles. 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. in 2018 and the acquisition of Naprzód in 2019 contributed additional leases for capital goods and for the use of a property.

Furthermore, the Group shows commitments to the execution of property lease agreements for the Group's offices, long-term hire contracts for the corporate fleets of the Group companies and hiring contracts for equipment used in the performance of some work contracts, accounted for in accordance with the new standard IFRS16 as from 1 January 2019.

The tables below report the amount of future lease payments arising from finance leases and the present value of these fees at 31 March 2020 and 31 December 2019:

	31 March 2020			
	Finance Lease		Operating Lease	
	Lease fees	Present value of lease fees	Lease fees	Present value of leasel fees
Within one year	736	1,328	7,988	6,240
From one year to five years	3,834	2,798	25,637	21,145
After five years	1,753	1,207	16,048	14,457
TOTAL LEASE FEES	**6,323**	**5,334**	**49,673**	**41,841**
Financial costs	(989)		(7,831)	
PRESENT VALUE OF LEASE FEES	**5,334**	**5,334**	**41,841**	**41,841**

	31 December 2019			
	Finance Lease		Operating Lease	
	Lease fees	Present value of lease fees	Lease fees	Present value of lease fees
Within one year	1,935	1,451	7,881	6,086
From one year to five years	3,730	3,114	26,079	21,157
After five years	1,846	1,288	17,524	15,676
TOTAL LEASE FEES	**7,512**	**5,853**	**51,484**	**42,920**
Financial costs	(1,659)		(8,564)	
PRESENT VALUE OF LEASE FEES	**5,853**	**5,853**	**42,920**	**42,920**

At 31 March 2020 the Group also granted sureties to third parties for:

- guarantees against financial obligations amounting to € 25,402 thousand (€ 21,680 thousand compared to 31 December 2019), of which € 2,996 thousand issued in the interest of associates for bank overdrafts and other financial obligations (€ 3,099 thousand at 31 December 2019);
- sureties granted to third parties to ensure the correct fulfillment of contract obligations in place with customers, amounting to € 312,660 thousand (31 December 2019: € 306,134 thousand), of which € 1 thousand issued in the interest of associates;
- other guarantees granted by third parties in favor of associates, joint ventures and other equity investments for € 12,697 thousand (€ 12,545 thousand at 31 December 2019);
- other guarantees granted to third parties to replace security deposits required to activate utilities or to execute lease agreements, as well as for VAT refunds from Inland Revenue Agency, for a total amount of € 25,624 thousand (€ 25,316 thousand at 31 December 2019).

Guarantees arising from the Senior Secured Notes 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 from 1 July 2018, applying the provisions laid down in 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, having provided a specific personal security.

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

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

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

The guarantees listed above may be called by the counterparties only in the case that one of the events of default envisaged in the abovementioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Group. At 31 March 2020 no events of default had occurred.

19. FINANCIAL RISK MANAGEMENT

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

During the last quarter of the 2017 financial year parent company Manutencoop Società Cooperativa carried out a corporate reorganization and refinancing of the entire Manutencoop Group. The corporate reorganisation involved the transfer of the shares held by Manutencoop Società Cooperativa in Parent Company Rekeep S.p.A. to a newly-established corporate SPV named CMF S.p.A., which is now the direct Parent Company of Rekeep S.p.A. itself. Specifically, CMF S.p.A. was established for the launch of a Senior Secured bond issue aimed at repurchasing the Notes already issued by the Parent Company Rekeep S.p.A. in 2013, as well as at purchasing the shares held by the minority interests in the share capital of Parent Company Rekeep S.p.A. and repaying the other financial debt of the entire Group controlled by Manutencoop Società Cooperativa.

Furthermore, on 6 July 2017, CMF S.p.A. launched a high-yield bond issue named "*€360,000,000 9.0% Senior Secured Notes due 2022*", which is not convertible and not subordinated, for a total amount on account of principal of € 360 million and due 15 June 2022. The Notes, which were reserved for institutional investors and were listed on the Euro MTF segment managed by the Luxembourg Stock Exchange, as well as on the Extra MOT, Pro Segment, of Borsa Italiana, were issued at a price equal to 98% and a coupon at a fixed rate of 9.0% p.a., payable on a six-monthly basis. The terms and conditions referred to in the rules of the Bond Issue are laid down in the Indenture, which is governed by the law of the State of New York. On the same date Rekeep S.p.A. received from CMF S.p.A. a Proceeds Loan amounting to € 190,300 thousand, subsequently partially repaid, which allowed

it, at the same time as the use of a portion of its own Cash and cash equivalents, to have sufficient liquidity to proceed with an early redemption of the Notes issued in 2013.

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

After having attained the set objectives, as required by the Offering Memorandum for the bond issue, on 1 July 2018 the Group completed the merger of CMF S.p.A. by incorporation into its subsidiary Rekeep S.p.A., according to Article 2501-*bis* (merger with debt). The merger entailed the acquisition, directly by Rekeep S.p.A., of the high-yield bond issue named "*€360,000,000 9.0% Senior Secured Notes due 2022*", which is not convertible and not subordinated, for an overall amount of principal of € 360 million, due 15 June 2022. At the same time, the Proceeds Loan granted by CMF S.p.A. to Rekeep S.p.A. was terminated.

The other financial instruments that are traditionally used by the Group Companies are made up of:

- short-term loans and revolving non-recourse and recourse factoring transactions targeted at funding working capital;
- the very short-term credit facilities used for contingent cash requirements;
- medium/long-term loans with a multi-year repayment plan to cover investments in fixed assets and acquisitions of companies and business units.

The Group also uses trade payables deriving from operations as financial instruments. The Group's policy is not to trade financial instruments.

The Group's financial instruments were classed into three levels provided by IFRS 7. In particular, the fair value hierarchy is defined in the following levels:

- Level 1: corresponds to prices of similar liabilities and assets listed on active markets;
- Level 2: corresponds to prices calculated through features taken from observable market data;
- Level 3: corresponds to prices calculated through other features that are different from observable market data.

The table below shows the hierarchy for each class of financial asset measured at fair value at 31 March 2020 and 31 December 2019 (restated).

		Hierarchy				Hierarchy		
	31 March 2020	Level 1	Level 2	Level 3	31 December 2019	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss								

		Hierarchy				Hierarchy		
	31 March 2020	**Level 1**	**Level 2**	**Level 3**	**31 December 2019**	**Level 1**	**Level 2**	**Level 3**
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			**0**	0		
- of which securities					**0**	0		
- of which hedging derivatives					**0**	0		
- of which non-hedging derivatives					**0**	0		
TOTAL FINANCIAL ASSETS	**101**	**101**			**101**	**101**		

The other financial assets posted in the Statement of financial position are not measured at fair value and the Group had no financial liabilities measured at fair value at 31 March 2020 and 31 December 2019. During the period under consideration there were no transfers between fair value measurement levels.

There were no changes in allocation of financial assets that led to a different classification of asset. The Group does not hold instruments to warrant amounts receivable to mitigate credit risk. The carrying amount of financial assets, therefore, represents its potential credit risk.

Capital management

The key objective of the Group's capital management is to guarantee that a solid credit rating is maintained as well as adequate capital ratios to support operations and to maximize value for shareholders.

The Group manages the capital structure and amends it on the basis of changes in economic conditions. In order to maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay principal or issue new shares.

The Group checks its debt ratio, by assessing the ratio of net debt to the total of own equity and net debt: interest-bearing loans, trade payables, other payables and provisions for employee severance indemnity net of cash and cash equivalents.

	31 March 2020	31 December 2019
Employee termination indemnity	12,055	12,443
Interest-bearing loans	477,656	405,727
Trade payables and contract liabilities	412,445	405,950
Other current payables	190,848	192,465
Other current financial payables	50,158	62,862
Cash and cash equivalents	(187,494)	(97,143)
Other current financial assets	(5,484)	(4,819)
Total Net Debt	**950,184**	**977,485**
Group shareholders' equity	159,647	151,970
Undistributed net profit (loss)	(7,060)	(3,285)
Total Capital	**152,587**	**148,685**
EQUITY AND NET DEBT	**1,102,771**	**1,126,170**
Indebtedness ratio	**86.2%**	**86.8%**

The Group's debt ratio was substantially unchanged compared to 31 December 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 business is channeled. The latter is not affected by significant seasonality factors. The SBUs identified coincide with the CGUs where the Group's activities are conducted and are summarized below.

Facility Management SBU

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

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

- Cleaning;
- Technical Services;
- Landscaping.

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

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

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

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

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.

Laundering & Sterilization SBU

Laundering & Sterilization is an industrial activity given in support of health care activities. The activity, provided by the Rekeep Group, in particular through Servizi Ospedalieri S.p.A. and its subsidiaries, mainly involves (i) the rental and industrial laundering of bed linens, packaged linen and mattress provider (linen rental and industrial laundering), (ii) sterilization of linen and (iii) sterilization of surgical equipment.

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

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

The results of operations by segment for the periods ended 31 March 2020 and 31 March 2019, as restated in order to take account of the effects of the sale of the sub-group controlled by Sicura S.p.A. in the comparative data:

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment revenues	237,140	34,929	(904)	271,166
Segment costs	(219,970)	(31,014)	904	(250,080)
Operating income (loss) by segment	**17,170**	**3,916**	**0**	**21,086**
Share of net profit of associates	(21)	114		93
Net financial income (costs)				(11,756)
Profit (loss) before taxes				**9,423**
Income taxes				(6,438)
Profit (loss) from discontinued operations	4,217			4,217
NET PROFIT (LOSS) FOR THE PERIOD ENDED 31 MARCH 2020				**7,202**

	Facility Management	Laundering & Sterilization	Eliminations	Total Restated
Segment revenues	206,698	33,164	(575)	239,287
Segment costs	(191,171)	(29,666)	575	(220,262)
Operating income (loss) by segment	**15,527**	**3,498**	**(0)**	**19,025**
Share of net profit of associates	38	48		85
Net financial income (costs)				(9,233)
Profit (loss) before taxes				**9,877**
Income taxes				(7,834)
Profit (loss) from discontinued operations	402			402
NET PROFIT (LOSS) FOR THE PERIOD ENDED 31 MARCH 2019 RESTATED				**2,445**

The table below reports the data relating to assets and liabilities for the Group's operating segments at 31 March 2020 and at 31 December 2019:

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	506,920	127,794	(2,286)	632,428
Goodwill	374,250	13,810		388,060

	Facility Management	Laundering & Sterilization	Eliminations	Total
Investments	11,538	5,824		17,362
Other assets not allocated and related taxes				316,944
SEGMENT ASSETS AT 31 MARCH 2020	**892,708**	**147,428**	**(2,286)**	**1,354,794**
Liabilities allocated to the segment	589,805	60,089	(2,286)	647,608
Other liabilities not allocated and related taxes				546,676
SEGMENT LIABILITIES AT 31 MARCH 2020	**589,805**	**60,089**	**(2,286)**	**1,194,284**

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

21. TRANSACTIONS WITH RELATED PARTIES

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

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

The Parent Company not only provides technical-production services relating to the core business, but also administrative and IT services for certain Group companies. The Parent Company also has some administrative and lease service contracts in place with its parent company Manutencoop Società Cooperativa.

Finally, sometimes the Parent Company provides and performs technical services and works for individuals who hold top management positions within the Group, according to contracts entered into at arm's length. Advances of € 1,228 thousand collected in consideration of these services were recognized at 31 March 2020 (€ 1,311 thousand at 31 December 2019).

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

- Manutencoop Cooperativa sub-leased to Rekeep S.p.A. the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The lease is tacitly renewable, except in the event of termination by one of the parties. Annual rent is expected to be € 1,347 thousand to be paid in monthly installments;
- Manutencoop Società Cooperativa leased to Rekeep S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use. Annual rent is expected to be € 325 thousand, to be paid in 12 monthly installments;
- on 6 July 2007, Rekeep S.p.A. signed a framework agreement with its parent company, Manutencoop Società Cooperativa, in order to regulate the essential contents of subsequent personnel leases from Manutencoop Società Cooperativa to Rekeep S.p.A. pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term, and is tacitly renewed, unless terminated by one of the parties. As a result of said agreement, which has the legal nature of a legislative contract that does not grant rights to third parties, Rekeep S.p.A. and parent company Manutencoop Società Cooperativa set out the conditions that regulate any future contracts for the leasing of shareholding personnel of Manutencoop Società Cooperativa, and the operating rules for establishing and terminating said contracts;
- Manutencoop Società Cooperativa is committed, on the basis of contracts stipulated with the individual companies of the Rekeep Group, to preparing pay packets;
- Rekeep S.p.A. signed agreements with Manutencoop Società Cooperativa and the other Group companies for the provision of tax consultancy services.

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

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

Zola Predosa, 14 May 2020

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 no. 4	Zola Predosa (BO)	80%	Euro
Consorzio Igiene Ospedaliera Soc. Cons. a r.l	Via Ubaldo Poli no. 4	Zola Predosa (BO)	66.66%	Euro
Consorzio Stabile CMF	Via Ubaldo Poli no. 4	Zola Predosa (BO)	99%	Euro
Energy Saving Valsamoggia S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	63%	Euro
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, no. 4	Çankaya/ Ankara	51%	TRY
Ferraria Soc. cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	69%	Euro
Global Oltremare Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
H2H Facility Solutions S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
H2H Cleaning S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
ISOM Lavori Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.71%	Euro
ISOM Gestione Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52.97%	Euro
KANARIND Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.43%	Euro
Logistica Sud Est Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
MCF servizi Integrati Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Medical Device S.r.l.	Via della Tecnica no.52	Montevarchi (AR)	60%	Euro
MSE Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Palmanova Servizi Energetici Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Rekeep Arabia for Operations and Maintenance Ltd	P.O Box 230888, Riyadh, 11321, K.S.A., 28th floor, Kingdom tower.	Riyadh (Saudi Arabia)	100%	SAR
Rekeep Austria GmbH	IZ NÖ-Süd Straße 2, Obj. M6/7 - 2355	Wiener Neudorf (Austria)	100%	Euro

Name	Registered Office	City	% Held	Currency
Rekeep Digital S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Facility S.a.s.	52, Boulevard de Sebastopol	Paris	100%	Euro
Rekeep France S.a.s.	52, Boulevard de Sebastopol	Paris	70%	Euro
Rekeep Rail S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Saudi Co. Ltd	P.O Box 230888, K.S.A., 28th floor, Kingdom Tower	Riyadh (Saudi Arabia)	100%	SAR
Rekeep Transport S.a.S.	4 place Louis Armand-Tour de l'Horloge	Paris	100%	Euro
Rekeep United Yönetim Hizmetleri A.Ş.	United Plaza Örnektepe Mh. İmrahor Cd. Sivaseli Sk. 4	Istanbul	50.98%	TRY
Rekeep World S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
S.AN.CO S.c.a.r.l.	Via Aurelio Saffi no. 51	Bologna	100%	Euro
S.AN.GE S.c.a.r.l.	Viale Sarca 336 – Strada Privata Breda – Edificio 12	Milan	89%	Euro
San Gerardo Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Servizi Brindisi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52%	Euro
Servizi Ospedalieri S.p.A.	Via Calvino no. 33	Ferrara	100%	Euro
Servizi Sanitari Sicilia Soc.Cons. a r.l.	Via Calvino no. 33	Ferrara	70%	Euro
Servizi Taranto Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60.08%	Euro
Telepost S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Yougenio S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro

JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
AMG S.r.l.	SS Laghi di Avigliana 48/a	frazione Roata Raffo Busca (CN)	50%	Euro
CO. & MA. Soc. Cons. a r.l.	Via del Parco no. 16	Tremestieri Etneo (CT)	50%	Euro
DUC Gestione Sede Unica Soc.cons.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	49%	Euro
Legnago 2001 Soc.cons.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Servizi Sportivi Brindisi Soc.cons.r.l. in liquidation	Via Licio Giorgieri no. 93	Rome	50%	Euro

ASSOCIATES AND OTHER COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
Alisei S.r.l. in liquidation	Via Cesari no. 68/1	Modena	100%	Euro
Bologna Gestione Patrimonio Soc.Cons. r.l. in liquidation	Via della Cooperazione no. 9	Bologna	27.58%	Euro
BGP2 Soc.Cons. r.l.	Via Giovanni Papini no. 18	Bologna	41.17%	Euro
Bologna Global Strade Soc.Cons. r.l.	Via Pila no. 18	Sasso Marconi (BO)	59.65%	Euro
Bologna Più' Soc.Cons.r.l in liquidation	Via M.E. Lepido 182/2	Bologna	25.68%	Euro
Como Energia Soc.Cons. r.l. in liquidation	Via Pietro Strazzi no. 2	Como	30%	Euro
Centro Europa Ricerche S.r.l.	Via G. Zanardelli no. 34	Rome	21.38%	Euro
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	Via Poiano no. 22	Imola (BO)	60%	Euro
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati no. 84	Padua	60%	Euro
Consorzio Sermagest Soc.Cons. a r.l. in liquidation	Via Filippo Corridoni no. 23	Rome	60%	Euro
Consorzio Servizi Toscana Soc. Cons. a r.l	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
F.lli Bernard S.r.l.	Stradella Aquedotto no. 21	Bari	20%	Euro
Gestione Strade Soc.Cons.a r.l.	Strada Manara no. 64/B	Parma	25%	Euro
Gico System S.r.l.	Via Finelli no. 8	Calderara di Reno (BO)	20%	Euro
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	42.40%	Euro
Global Riviera Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	30.66%	Euro
Global Vicenza Soc.Cons. a r.l.	Via Grandi no. 39	Concordia Sulla Secchia (MO)	41.25%	Euro
Gymnasium Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa no. 76	Bologna	29.926%	Euro
Imola Verde e Sostenibile Soc. Cons. a r.l.	Via S. Allende no. 39	Bologna	30%	Euro
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi no. 18	Turin	24.75%	Euro
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa no. 23/I	Caltanissetta (CL)	45%	Euro
Manutencoop International Services LLC	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	QAR
Newco Duc Bologna S.p.A.	Via M.E. Lepido no. 182/2	Bologna	24.90%	Euro
Roma Multiservizi S.p.A.	Via Tiburtina no. 1072	Rome	45.47%	Euro
San Martino 2000 Soc.Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Euro
S.E.I. Energia Soc. Cons. a r.l.	Via Emilia no. 65	Palermo (PA)	49%	Euro
Società Consortile Adanti Manutencoop a r.l.in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro

Name	Registered Office	City	% Held	Currency
Serena S.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Se.Ste.Ro S.r.l.	Via San Pietro no. 59/B	fraz. Castellina - Soragna (PR)	25%	Euro
Servizi Napoli 5 Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	45%	Euro
Simagest 2 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	90%	Euro
Simagest 3 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	89.99%	Euro
Synchron Nuovo San Gerardo S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	35.82%	Euro
Steril Piemonte Soc.Cons. r.l.	Corso Einaudi no. 18	Turin	25%	Euro
T&M Protection Resources Holdings Italy S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	40%	Euro
Tower Soc.Cons. a r.l. in liquidation	Via Zanardi no. 372	Bologna	20.17%	Euro

ANNEX II

EQUITY-ACCOUNTED INVESTMENTS

	%	Net assets 31 December 2019	Changes in the period					Net assets 31 March 2020	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)				(15)		(102)	0	(102)
A.M.G. S.r.l.	50%	2,338		0	28			2,366	2,366	
BGP2 Soc.Cons. r.l.	41.47 %	104			10			114	114	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidation	27.58 %	0			0			0	0	
Bologna Global Strade Soc. Cons. a. r.l.	60%	60			(1)			59	59	
Bologna Più Soc. Cons. a r.l.	25.68 %	5						5	5	
Centro Europa Ricerche S.r.l.	21.38 %	67			1			68	68	
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	
Consorzio Servizi Toscana ar.l.	60%	0	6					6	6	
DUC Gestioni Soc.Cons. a r.l.	49%	10						10	10	
F.lli Bernard S.r.l.	20%	1,727		0	89			1,816	1,816	
Gestione Strade Soc.Cons. a r.l.	25%	13						13	13	
GICO Systems S.r.l.	20%	225		0	10			235	235	

	%	Net assets 31 December 2019	Changes in the period					Net assets 31 March 2020	Book value	Provision for risks
			Financial effects	Dividends	Revaluations / Write-downs	Provision for risks	Effects on shareholders' equity			
Global Provincia di Rimini Soc.Cons. a r.l.	42.40 %	4						4	4	
Global Riviera Soc.Cons. a r.l.	30.66 %	9						9	9	
Global Vicenza Soc.Cons. a r.l.	41.25 %	4						4	4	
GR.A.AL. SOC.CONS a r.l.	29.93 %	3						3	3	
Gymnasium soc. Cons. A r.l. in liquidation	68%	7						7	7	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	30%	6						6	6	
IPP S.r.l.	24.75 %	398			(6)			392	392	
Legnago 2001 Soc. Cons. a r.l.	50%	5						5	5	
Logistica Ospedaliera Soc. Cons. a r.l	45.00 %	5						5	5	
Manutencoop International Services LLC	49%	0	0			(537)		(537)		(537)
Newco DUC Bologna S.p.A.	24.90 %	1,613			140		(68)	1,683	1,683	
ROMA Multiservizi S.p.A.	45.47 %	2,618		0	(181)		0	2,437	2,437	
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
S.E.I. Energia Soc. Cons. a r.l.	49.00 %	5						5	5	
Società -Consortile Adanti Manutencoop a r.l. in liquidation	50%	10						10	10	
Serena S.r.l.	50%	9						9	9	
Servizi Napoli 5 Soc. Cons. a r.l.	45%	5						5	5	
Servizi Sportivi Brindisi Soc. Cons. a r.l. in liquidation	50%	5						5	5	
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	

	%	Net assets 31 December 2019	Changes in the period					Net assets 31 March 2020	Book value	Provision for risks
			Financial effects	Dividends	Revaluations / Write-downs	Provision for risks	Effects on shareholders' equity			
Steril Piemonte Soc. Cons. a r.l.	25%	986			3			989	989	
Tower Soc.Cons. a r.l.	20.17 %	20						20	20	
NET BOOK VALUE		**10,289**	**6**	**0**	**93**	**(552)**	**(68)**	**9,766**	**10,405**	**(639)**

ANNEX III

RELATED-PARTY TRANSACTIONS

PARENT COMPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Manutencoop Società Cooperativa	31-Mar-19	37	7,090		295	31-Dec-19	65	8,082	8,943	33,096
	31-Mar-20	35	6,745		221	31-Mar-20	101	10,544	10,278	24,166

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	31-Mar-19					31-Dec-19	3			1
	31-Mar-20					31-Mar-20	3			1
AMG S.r.l.	31-Mar-19		73			31-Dec-19			293	
	31-Mar-20		58			31-Mar-20			279	
BGP2 Soc.Cons. r.l.	31-Mar-19					31-Dec-19				
	31-Mar-20					31-Mar-20				
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	31-Mar-19	15	43			31-Dec-19	355		1.043	
	31-Mar-20	(193)	(131)			31-Mar-20	110		362	
Bologna Multiservizi Soc.Cons. a r.l.	31-Mar-19					31-Dec-19				
	31-Mar-20					31-Mar-20				
Bologna Più Soc.Cons.a r.l. in liquidation	31-Mar-19					31-Dec-19		3	3	2
	31-Mar-20					31-Mar-20		3	3	2
Bologna Global Strade Soc. Cons. a r.l	31-Mar-19	435	1.202			31-Dec-19	2,322	336	3,588	
	31-Mar-20	224	477			31-Mar-20	985	336	1,648	
Cardarelli Soc. Cons. a r.l.	31-Mar-19					31-Dec-19				
	31-Mar-20					31-Mar-20				
Centro Europa Ricerche S.r.l.	31-Mar-19					31-Dec-19				
	31-Mar-20					31-Mar-20				
Como Energia Soc.Cons.a r.l.	31-Mar-19					31-Dec-19			102	
	31-Mar-20					31-Mar-20			102	
	31-Mar-19					31-Dec-19		36	12	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Imolese Pulizie soc.Cons. in liquidation	31-Mar-20					31-Mar-20		36	12	
Consorzio Polo Sterilizzazione	31-Mar-19					31-Dec-19				
Integrata a r.l.	31-Mar-20					31-Mar-20				
Consorzio Sermagest Soc.Cons.a r.l in liquidation	31-Mar-19					31-Dec-19				
	31-Mar-20					31-Mar-20				
CO.& MA. Soc. Cons. a r.l	31-Mar-19	60	251			31-Dec-19	240	20	839	
	31-Mar-20	90	138			31-Mar-20	210	20	737	
DUC Gestione Sede Unica Soc. Cons. a r.l.	31-Mar-19	1,786	805			31-Dec-19	3,877		996	
	31-Mar-20	1,791	780			31-Mar-20	4,478		1,077	
Fr.lli Bernard s.r.l.	31-Mar-19	3	6			31-Dec-19	41	50	61	
	31-Mar-20	48	6			31-Mar-20	102	50	11	
Gestione Strade soc.cons.r.l.	31-Mar-19		277			31-Dec-19	57	63	815	
	31-Mar-20	49	93			31-Mar-20	77	63	538	
Gico Systems S.r.l.	31-Mar-19	2	318			31-Dec-19	9		953	
	31-Mar-20		434			31-Mar-20	3		1,052	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	31-Mar-19					31-Dec-19		70	13	
	31-Mar-20					31-Mar-20		70	13	
Global Riviera Soc.Cons.a r.l.	31-Mar-19		2			31-Dec-19			(23)	
	31-Mar-20		2			31-Mar-20			(21)	
Global Vicenza Soc.Cons. a r.l.	31-Mar-19		(13)			31-Dec-19		10	14	
	31-Mar-20		2			31-Mar-20		10	15	
GR.A.AL. Soc. Cons. a. r.l.	31-Mar-19					31-Dec-19				
	31-Mar-20					31-Mar-20				
Gymnasium Soc. cons. a r.l in liquidation	31-Mar-19					31-Dec-19	1	8	33	
	31-Mar-20					31-Mar-20	1	8	33	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	31-Mar-19					31-Dec-19				3
	31-Mar-20					31-Mar-20				3
IPP S.r.l.	31-Mar-19	20				31-Dec-19	12	59		
	31-Mar-20		23			31-Mar-20	12	59	23	
Legnago 2001 Soc. Cons. r.l.	31-Mar-19		1			31-Dec-19	158		54	
	31-Mar-20		1			31-Mar-20	158		55	
Logistica Ospedaliera Soc. Cons. a r.l.	31-Mar-19					31-Dec-19			15	
	31-Mar-20					31-Mar-20			15	
Newco DUC Bologna S.p.A	31-Mar-19					31-Dec-19			51	
	31-Mar-20					31-Mar-20			51	
	31-Mar-19	974				31-Dec-19	(1)			

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Palazzo della Fonte S.c.p.a.	31-Mar-20					31-Mar-20	(1)			
Roma Multiservizi S.p.A.	31-Mar-19	209	334			31-Dec-19	3,377		341	
	31-Mar-20	185	299	4		31-Mar-20	3,494		641	
San Martino 2000 Soc.Cons. r.l.	31-Mar-19	398	610			31-Dec-19	135		1,556	
	31-Mar-20	393	665			31-Mar-20	614		2,343	
Serena S.r.l. - in liquidation	31-Mar-19					31-Dec-19		3		
	31-Mar-20					31-Mar-20		3		
Servizi Napoli 5 Soc.Cons. a r.l.	31-Mar-19	334	322			31-Dec-19	2,773		1,731	
	31-Mar-20	308	304			31-Mar-20	3,081		2,036	
S.E.I. Energia Soc. Cons. a r.l.	31-Mar-19	12				31-Dec-19	121	776		
	31-Mar-20	12		6		31-Mar-20	56	741		
SESATRE S.cons. a r.l.	31-Mar-19					31-Dec-19				
	31-Mar-20					31-Mar-20				
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	31-Mar-19					31-Dec-19		75	13	2
	31-Mar-20					31-Mar-20		75	13	2
S.I.MA.GEST3 Soc. Cons. r.l in liquidation	31-Mar-19					31-Dec-19		3	3	
	31-Mar-20					31-Mar-20		3	3	
Società Consortile Adanti Manutencoop in liquidation	31-Mar-19					31-Dec-19			53	
	31-Mar-20					31-Mar-20			53	
Steril Piemonte Soc. cons. a.r.l	31-Mar-19		177			31-Dec-19	7		496	
	31-Mar-20		144			31-Mar-20	7		303	
Synchron Nuovo San Gerardo S.p.A.	31-Mar-19	45				31-Dec-19				
	31-Mar-20	1				31-Mar-20	1			
T&M Protection Resources Holdings Italy S.p.A.	31-Mar-19					31-Dec-19	33	29		
	31-Mar-20					31-Mar-20	33	29		
Tower Soc.Cons. a r.l. in liquidation	31-Mar-19					31-Dec-19	3			1
	31-Mar-20					31-Mar-20	3			1

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	31-Mar-19					31-Dec-19	1			
	31-Mar-20					31-Mar-20	1			

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Nugareto Società Agricola Vinicola S.r.l.	31-Mar-19					31-Dec-19			5	
	31-Mar-20					31-Mar-20			5	
Sacoa S.r.l.	31-Mar-19	13	1			31-Dec-19	15			
	31-Mar-20	10				31-Mar-20	12			
Sacoa Servizi Telematici S.r.l.	31-Mar-19					31-Dec-19				
	31-Mar-20					31-Mar-20				
Segesta servizi per l'Ambiente S.r.l.	31-Mar-19	1				31-Dec-19	2			
	31-Mar-20	1				31-Mar-20	2			

ASSOCIATES OF MANUTENCOOP SOCIETA' COOPERATIVA OR OTHER RELATED PARTIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Società Cooperativa	31-Mar-19	21				31-Dec-19	26			
	31-Mar-20	27				31-Mar-20	38			
Consorzio Karabak 2 Società Cooperativa	31-Mar-19	1				31-Dec-19	2			
	31-Mar-20	1				31-Mar-20	2			
Consorzio Karabak 4 Società Cooperativa	31-Mar-19					31-Dec-19			1	
	31-Mar-20					31-Mar-20			1	
Consorzio Karabak 5 Società Cooperativa	31-Mar-19					31-Dec-19			1	
	31-Mar-20					31-Mar-20				
Consorzio Karabak 6 Società Cooperativa	31-Mar-19					31-Dec-19				
	31-Mar-20					31-Mar-20				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
GRAND-TOTAL	**31-Mar-19**	**4,366**	**11,499**		**295**	**31-Dec-19**	**13,631**	**9,623**	**22,004**	**33,104**
	31-Mar-20	**2,982**	**10,040**	**10**	**221**	**31-Mar-20**	**13,580**	**12,050**	**21,681**	**24,174**

ANNEX IV

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

	For the quarter ended 31 March			
	2020		2019	
Cash and cash equivalents at the beginning of the period		**97,143**		**94,733**
Cash flow from current operations:		**19,743**		**20,889**
Profit before taxes	9,423		10,417	
Profit (loss) from discontinued operations	4,217			
Capital gains from disposal of discontinued operations	(14,899)			
Other unrealized write-downs on discontinued operations	409			
Amortizations, depreciations, write-downs (write-backs) of assets	10,227		9,866	
Accruals (reversals) of provisions	1,520		350	
Employee termination benefits provision	230		371	
Share of net profit of associates, net of dividends collected	(93)		(85)	
Financial charges (income) in the period	12,143		9,356	
Net interests received (paid) in the period	(2,503)		(1,372)	
Taxes paid in the period	(1,666)		(16)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit/Loss for the period	*(9,538)*		*(7,998)*	
Cash flow from current operations of discontinued operations	*10,274*			
Uses of provisions for risks and charges and payments of the employee termination indemnity:		**(2,318)**		**(2,209)**
Uses of employee terminations benefits	(697)		(728)	

	For the quarter ended 31 March			
	2020		2019	
Uses of provisions for risks and charges	(1,622)		(1,481)	
CHANGE IN NWOC:		**(17,169)**		**(31,725)**
Decrease (increase) in inventories	(379)		(837)	
Decrease (increase) in trade receivables	(23,431)		(31,657)	
Changes in trade payables	6,641		769	
INDUSTRIAL AND FINANCIAL CAPEX:		**43,931**		**(10,515)**
(Purchase of intangible assets, net)	(1,392)		(1,060)	
(Purchase of property, plant and equipment)	(6,277)		(9,619)	
Sale of property, plant and equipment	72		142	
(Acquisition of investments, net)	(2,000)		(9)	
Decrease (increase) of financial assets	380		852	
Discontinued operations	55,041		40	
Reclassifications:				
Net change in the balance of short-term financial assets	*373*		*(861)*	
Financial effects of business combinations	*(139)*			
Financial effects of discontinued operations	*8,147*			
Cash flow from current operations of discontinued operations	*(10,274)*			
CHANGE IN NET FINANCIAL LIABILITIES:		**58,560**		**(6,888)**
Change in finance lease debt	(519)		155	
New (repayment of) operating lease debt	(2,393)		(2,027)	
Acquisition of non-current borrowings	52,324		1,544	
Repayment of non-current borrowings	(2,078)		(10,300)	
Proceeds from/(repayment of) short term bank debt	1,286		(4,673)	
Other changes in financial debt	2,093		(1,452)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit/Loss for the year	*9,538*		*7,998*	
Net change in the balance of short-term financial assets	*(373)*		*861*	
Non-cash elements on acquisitions of rights of use	*1,314*		*1,007*	
Financial effects of business combinations	*139*			

	For the quarter ended 31 March			
	2020		2019	
Financial effects of discontinued operations	*2,770*			
OTHER CHANGES:		**(12,396)**		**(9,381)**
Decrease (increase) in other current assets	(6,842)		(14,119)	
Change in other current liabilities	462		5,749	
Acquisition/assignment of minority interests of subsidiaries	52		0	
Differences arising from translation of financial statements in foreign currency	623		(5)	
Reclassifications:				
Non-cash elements on acquisitions of rights of use	*(1,314)*		*(1,007)*	
Financial effects of discontinued operations	*(5,377)*		*0*	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**187,494**		**54,904**

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