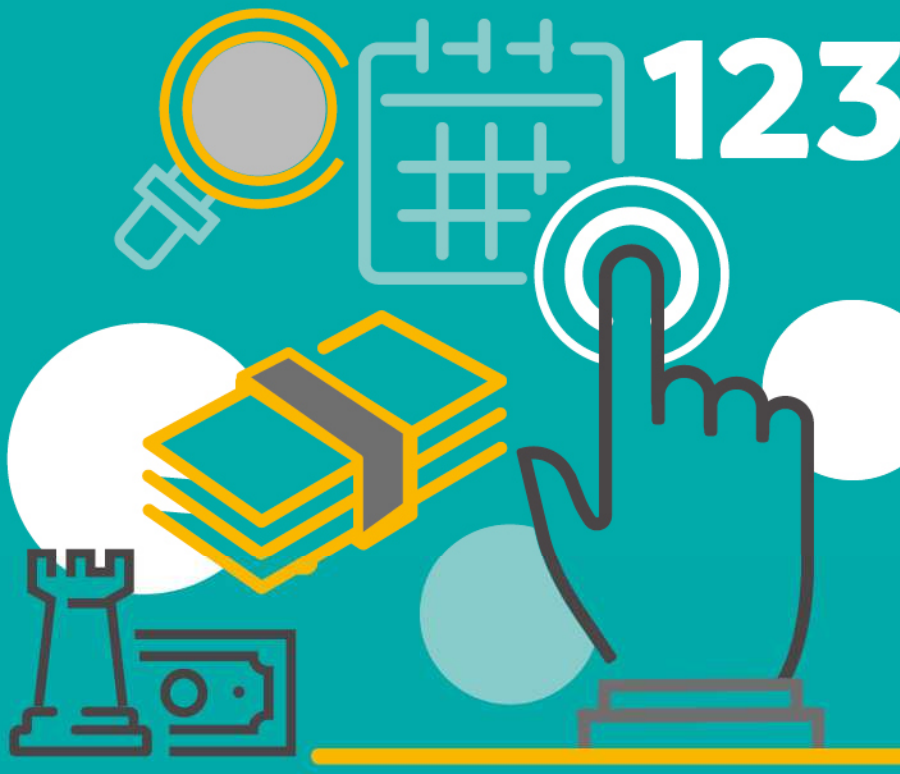
CONSOLIDATED HALF YEAR FINANCIAL REPORT



rekeep

minds that work

AT 30 JUNE 2020

GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

BOARD OF DIRECTORS

Appointed by the Shareholders' Meeting held on 24 April 2020

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Giuliano Di Bernardo

VICE CHAIRMAN
Giuseppe Pinna

DIRECTORS
Laura Duò
Rossella Fornasari
Paolo Leonardelli
Gabriele Stanzani
Matteo Tamburini

BOARD OF STATUTORY AUDITORS

Appointed by the Shareholders' Meeting held on 24 April 2020

CHAIRMAN
Germano Camellini

STATUTORY AUDITORS
Marco Benni
Giacomo Ramenghi

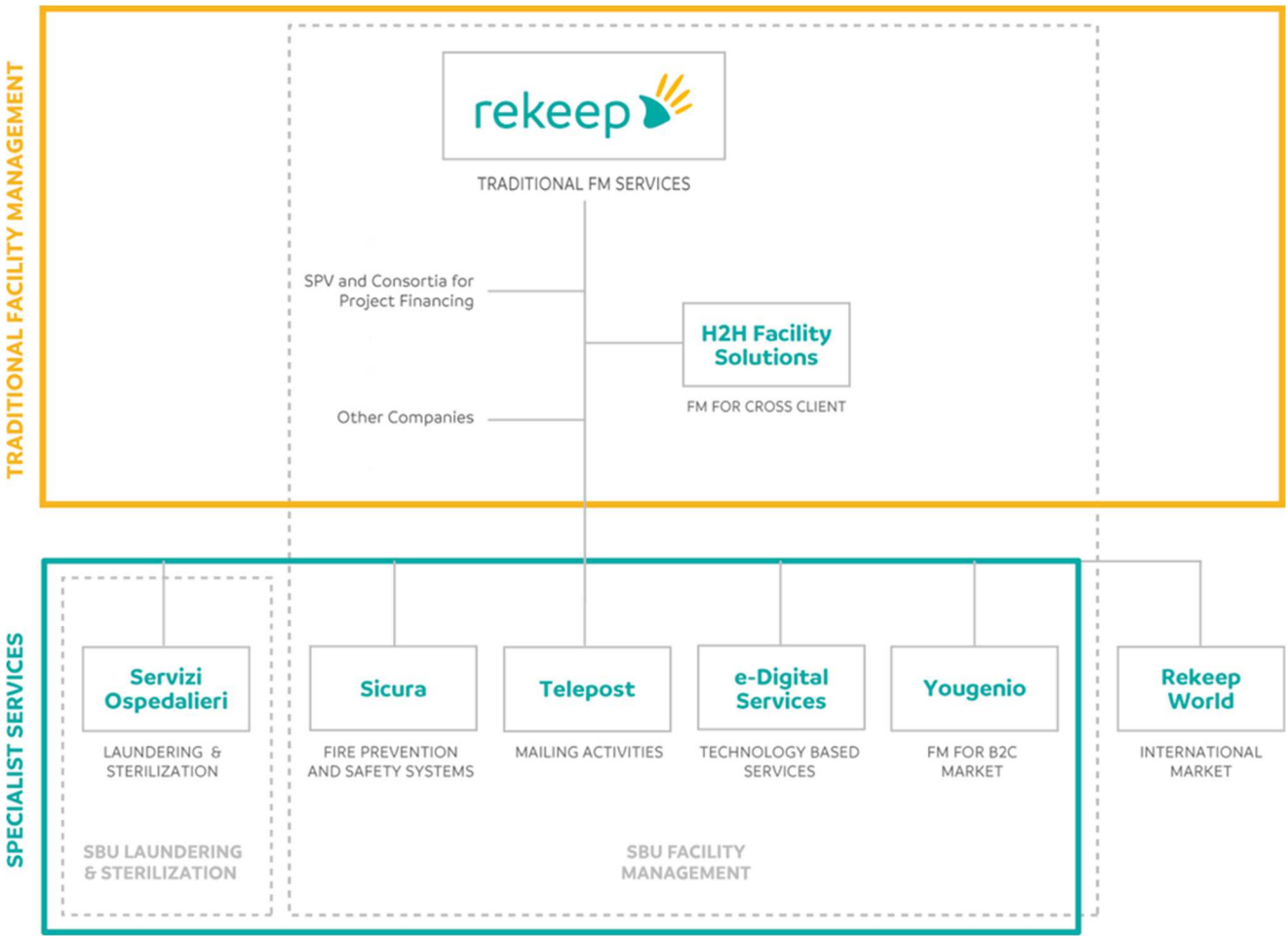
ALTERNATE AUDITORS
Michele Colliva
Antonella Musiani

INDEPENDENT AUDITORS

EY S.p.A.

PREAMBLE

At 30 June 2020 the Group controlled by Rekeep S.p.A. was made up as follows:



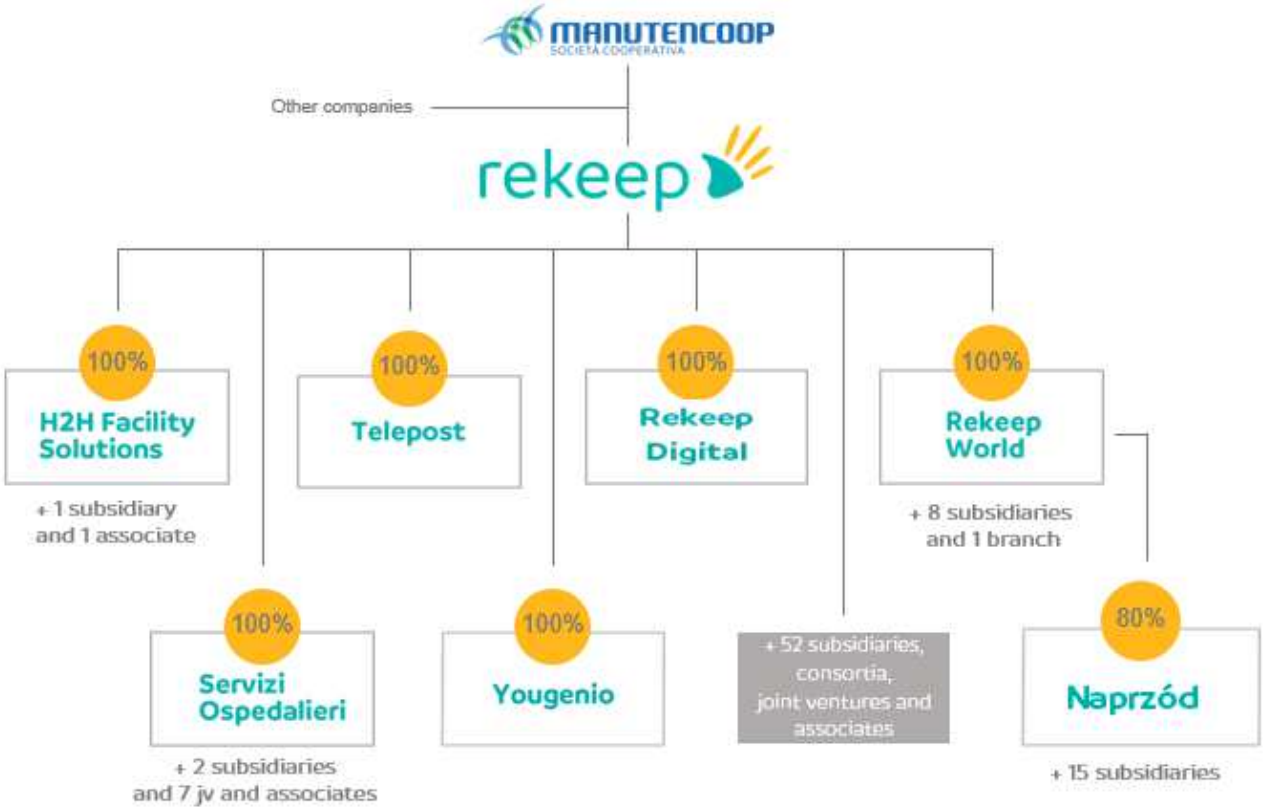
The Rekeep Group is active in the management and provision of integrated services to public and private customers, targeted at properties, the area and to support so-called “Integrated Facility Management” health care activities. At present the Rekeep brand stems from a single operating holding company that combines so-called “traditional” facility management production resources with those related to supporting the whole Group’s business. Around the central part of the holding, already in the previous financial years a diversification strategy of the activities was pursued, also through a series of company acquisitions, by placing 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 sterilisation at healthcare facilities and high technology “business to business” (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 30 June 2020 amounted to 109,149,600, with a par value of € 1 each. They are wholly held by Manutencoop Società Cooperativa, which also carries out Management and Coordination activities. There are no other share classes. The Parent Company does not hold own shares:

The structure of the Group controlled by Manutencoop Società Cooperativa, at the date of approval of this Consolidated Half-year Financial Report was the following:



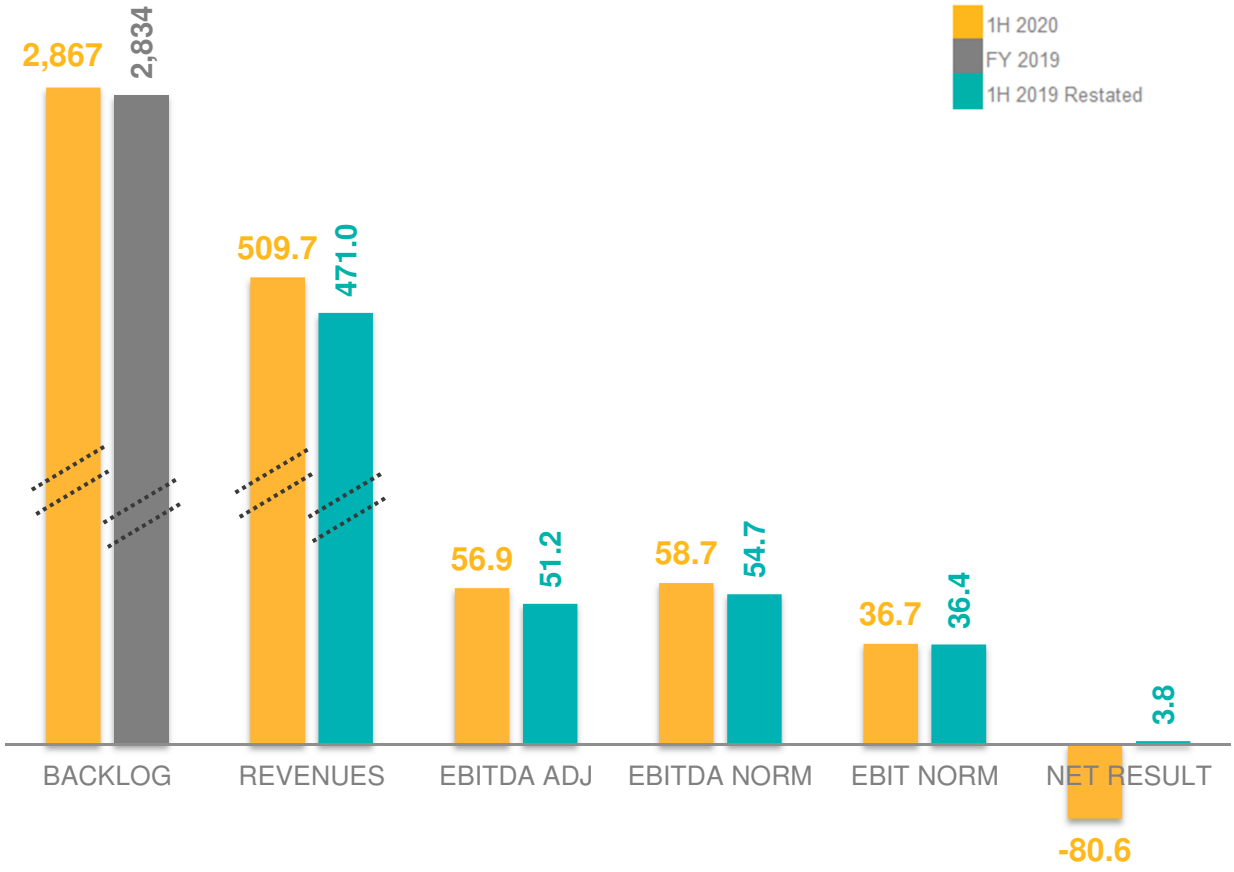
NON-GAAP FINANCIAL MEASURES

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

	Definition
Backlog	The Backlog is the amount of contract fees that have not yet accrued and are connected with the residual term of the orders that the Group holds in its portfolio.
Financial Capex	Financial CAPEX is the net expenditure on the acquisition of equity investments, on business combinations and on grants of long-term loans.
Industrial Capex	Industrial CAPEX 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 the balance of "Trade receivables and advances to suppliers" and "Inventories", net of "Trade payables and contract liabilities".
DPO	DPO (Days payables Outstanding) is a weighted average of days for payment of consolidated trade payables calculated as the ratio of trade payables, net of VAT on the invoices already received from the supplier, and costs over the last 12 months related to external production factors (included the capex) multiplied by the days of the reference period.
DSO	DSO (Days Sales Outstanding) is a weighted average of days for collection of consolidated trade receivables calculated as the ratio of trade receivables, net of VAT on the amounts already billed to customers, and revenues over the last 12 months multiplied by the days of the reference period.
EBIT	EBIT represents the Profit (Loss) before taxes, gross of: i) Financial charges; ii) Financial income; iii) Dividends and income (loss) from sale of investments; iv) Income (charges) from investments

	Definition
	accounted for under the equity method; v) Profit / (loss) on exchange rate. The Statement of Profit or Loss for the year shows EBIT as "Operating Income".
EBITDA	EBITDA represents the Operating Income before "Accrual (reversal) of provisions for risks and charges" 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 to those applied by others.
Adjusted EBIT or EBITDA	Adjusted EBITDA and Adjusted EBIT do not include non-recurring elements recorded in the consolidated Statement of Profit/Loss for the year, as described in paragraph "Non-recurring events and transactions".
Revenues, Normalized EBITDA or EBIT	The Normalized measures represent Adjusted measures that also exclude the contribution to the consolidated results 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 payables on account of capital relating to: i) Senior Secured Notes; ii) Bank debts; iii) Current account overdrafts, advances and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Finance lease debt.
LTM (Last Twelve Months)	LTM values relate to the economic values or financial flows identified in the last 12 months, or in the last 4 reporting periods.
Net Cash	Net Cash is defined as the balance of the "Cash and cash equivalents" net of: i) Current account overdrafts, advances and hot money; ii) Obligations arising from assignments of trade receivables with recourse.
Net Debt	Net Debt is defined as the Gross Debt, net of the balance of Cash and cash equivalents and short-term 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 balance of receivables and other current financial assets and Cash and cash equivalents. When it is negative, it is equivalent to the "Net Financial Indebtedness".
Adjusted NFP and Adjusted NWOC	Adjusted NWOC and Adjusted NFP include the balance of the trade receivables assigned in the framework of the previous years' assignment without recourse programmes, and not yet collected by the factoring companies.

	Definition
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 30 June 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.



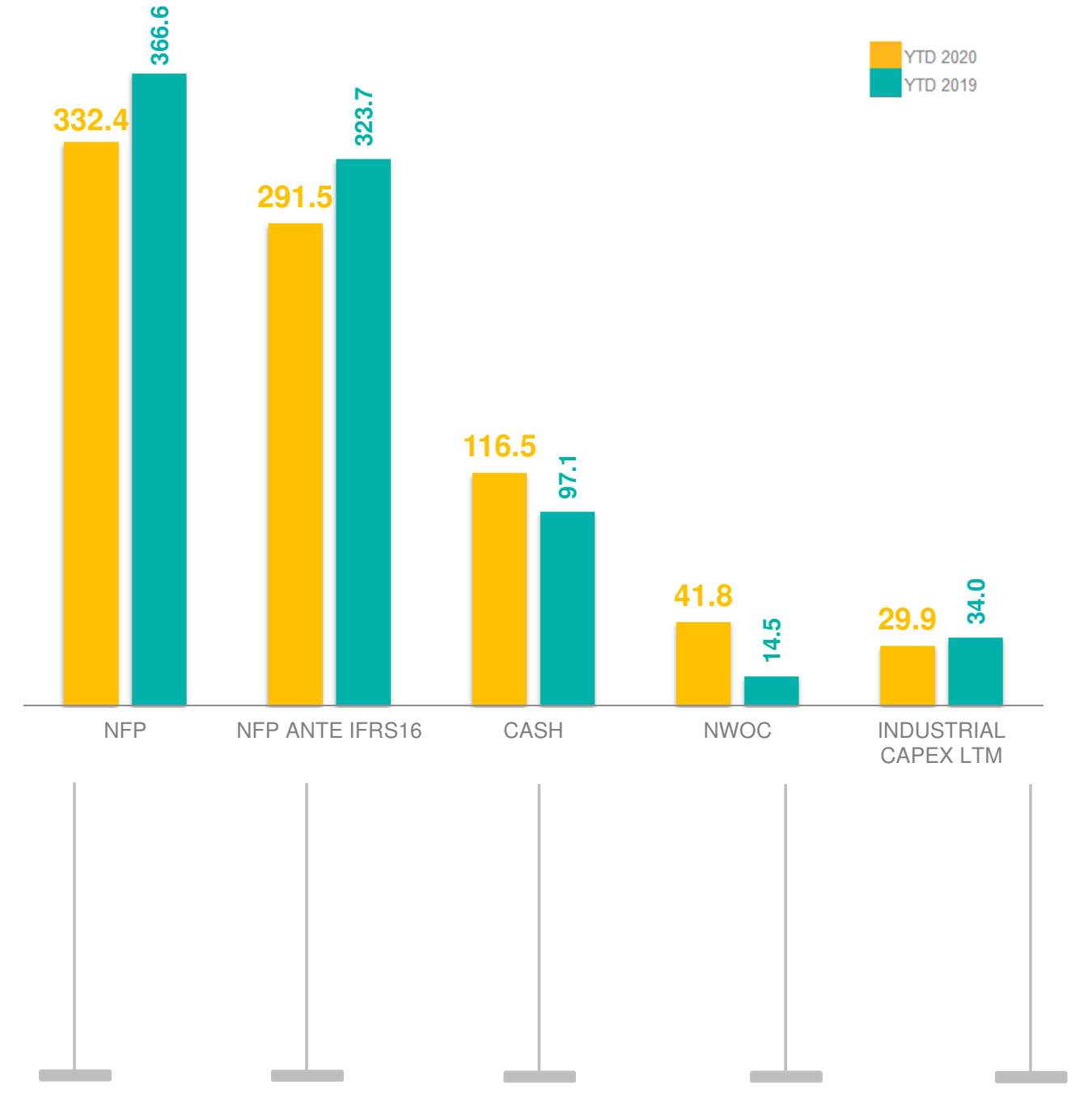
BACKLOG/ REVENUES LTM
2.9x
vs 2.9x 31/12/2019

REVENUES
+ 8.2 %
vs 30/06/2019 Restated

EBITDA/ REVENUES
10.8%
vs 10.6% 30/06/2019 Restated

EBITDA NORM/ REVENUES
11.5%
vs 11.8% 30/06/2019 Restated

EBIT NORM/ REVENUES
7.2%
vs 7.8% 30/06/2019 Restated



NFP / EBITDA NORM LTM
2.8x

CASH
116.5 mln
vs 97.1 mln 31/12/2019

NET CASH
108.8 mln
vs 66.5 mln 31/12/2019

NWOC / REVENUES LTM
4.2%
vs 1.5% 31/12/2019

INTERIM REPORT ON OPERATIONS

PREAMBLE ON THE REPORTING OF CONSOLIDATED RESULTS

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

Again in 2016 diversification was further boosted by establishing Yougenio S.r.l., which is wholly owned by Rekeep S.p.A. and provides services to private consumers through an e-commerce platform. This event led the Group to enter the B2C services market within the scope of a plan that saw a period of start-up of operations until the 2019 financial year, at the end of which the management assessed the investment as non-strategic in this market segment, which did not show the expected synergies with the more traditional facility management activities carried out by the Group. Despite the interesting potential of the target market, particularly in the fast-growing sector of small accommodation facilities, the rise in volumes needed to reach breakeven would have required a further step to increase fixed costs and investments in order to maintain a high level of service delivery as volumes grew. In addition, the Covid-19 health emergency and the consequent lockdown have substantially reduced the tourism market to zero and consequently have minimized the demand from the segment of small accommodation facilities, as well as any orders from B2C, leading to a concurrent dramatic reduction in Yougenio's business volumes. Therefore, during May 2020, the company's online services were suspended and work commenced to discontinue operations, for which any and all possible options are being considered for the Group's exit from the B2C and small accommodation facilities market. 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..

Finally, the 2020 financial year started with the sale of Sicura S.p.A. and its subsidiaries, which gave rise to a capital gain of € 3.5 million (net of additional transaction costs) in the Consolidated Financial Statements. 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 period in the Interim Condensed Consolidated Financial Statements at 30 June 2020, as well as at 30 June 2019.

MAIN EVENTS IN THE FIRST HALF-YEAR 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 and until the end of April, 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 Regional Governments involved, have taken preventive measures (such as, for example, the massive adoption of remote working practices for substantially all of the clerical staff members) and issued operating instructions to contain the spreading of the virus and safeguard the users of its services, its workers, its customers and its potential visitors. The Company and Group Management staff members continue to monitor the situation on an ongoing basis so that they can take all the decisions in real time that are necessary to protect the health of the persons they are involved with on any basis.

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

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

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

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 half-year, compared to the first half of 2019, do not seem to have been significantly affected by the effects of the lockdown, and on the contrary, all the main financial KPIs show an increase compared to the first half of 2019.

The growth in Revenues (+€ 38.6 million) and EBITDA (+ € 5.1 million) in the quarter, compared to the first quarter of the previous year, was mainly due, during the first half 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 € 54.3 million to the Revenues for the half-year and for € 4.0 million to EBITDA for the half-year (not consolidated in the first half of 2019).

Disposal of subsidiaries for the half-year

On 13 February 2020 the binding agreement was signed for the sale of the total share capital of Sicura S.p.A. to Argos Wityu, a pan-European Private Equity fund. The transfer of the investment was executed on 28 February 2020 for a consideration equal to € 55,041 thousand paid to AED S.r.l.. On the same date, Rekeep S.p.A. acquired 5.96% of 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 € 3.5 million (net of additional transaction costs and price adjustments upon closing required as per contract) in the Consolidated Financial Statement, which was stated as "Profit (loss) from discontinued operations" according to IFRS5. Furthermore, the results of these operations were excluded from the scope of "Continuing operations" and classified under the same item of the Statement of Profit/Loss for the year in the Interim Condensed Consolidated Financial Statements at 30 June 2020, as well as at 30 June 2019.

Buy-back transactions of the Notes issued in 2017

In April and May 2020 Rekeep S.p.A. formalised 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 Consolidated Half-year Financial Report. The Notes that have been repurchased have not been cancelled and are still held in the portfolio at present: for accounting purposes, they have been stated as a direct reduction in the remaining nominal debt of the related financial liability.

Business development

In the first half-year of 2020 the Group gained orders for an overall long-term amount of € 387 million, of which € 202 million relating to extensions and renewals of contracts already included in its sales portfolio and € 185 million relating to the development of a new portfolio. The value of contracts acquired in International Markets was equal to 38% of the total orders gained during the period (€ 101 million in Poland, € 40 million in France and € 6 million in Turkey).

New contracts in the Healthcare sector amounted to € 210 million in the first half of the year (equal to about 54% of total orders gained) against orders gained for € 114 million in the Public sector (30% of the total) and € 63 million in the Private sector (16%

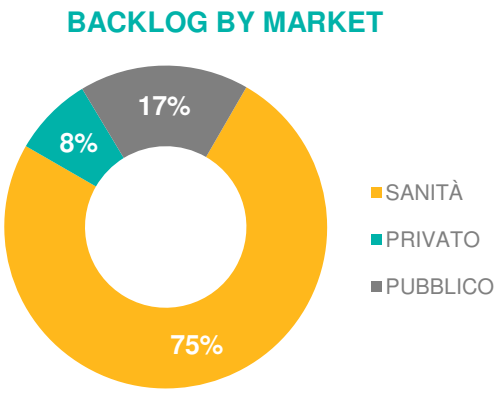
of the total). In terms of Strategic Business Unit ("SBU"), Facility Management obtained contracts of € 327 million (which also include International Markets), while Laundering&Sterilization obtained contracts of € 60 million.

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 € 86 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 € 32 million, in addition to contracts for Sterilization services and supply of surgical kits for € 29 million.
Furthermore, in the Public sector, 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 Normandy – Paris St Lazare area, for a term of six years. Major energy and heat management service contracts were gained with Ater Roma on the domestic market.
Finally, note the renewal of maintenance contracts at Amazon hubs in Italy, as well as the renewal of Global service contracts at Telecom properties in the Private sector.

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:

	30 June 2020	31 March 2020	31 December 2019
Backlog	2,867	2,854	2,834

At 30 June 2020 the **Backlog** came to € 2,867 million, unchanged compared to the value posted at the end of the first quarter and of 2019. Likewise, the Backlog/Revenues ratio (equal to 2.9x) remained unchanged.



1. SUMMARY OF RESULTS OF THE SECOND QUARTER OF 2020

	For the Quarter ended 30 June			For the Half-year ended 30 June		
	2020	2019 restated	%	2020	2019 restated	%
Revenues	238,512	231,756	+2.9%	509,678	471,043	+8.2%
Revenues - International Markets	29,603	1,932		63,561	4,122	
Adjusted EBITDA (*)	24,223	21,676	+11.7%	56,910	51,235	+11.1%
Adjusted EBITDA % on Revenues	10.2%	9.4%		11.2%	10.9%	
Normalized EBITDA (*)	25,240	23,623	+6.8%	58,716	54,723	+7.3%
Normalized EBITDA % on Normalized Revenues	10.6%	10.4%		11.5%	11.8%	
Adjusted EBIT (*)	11,581	12,403	-6.6%	34,091	32,078	+6.3%
Adjusted EBIT % on Revenues	4.9%	5.4%		6.7%	6.8%	
Consolidated net result	(87,798)	1,330		(80,596)	3,775	

In the second quarter of 2020 the Group recorded ***Revenues*** of € 238.5 million, against € 231.8 million compared to the same period of the previous year, with a net positive change of € 6.8 million. The International Markets, and in particular the Polish Naprzód sub-group, which was acquired during the fourth quarter of 2019, contributed revenues of € 29.6 million for the quarter (of which an amount of € 24.6 million contributed by Naprzód). After excluding the revenues contributed by Naprzód, consolidated volumes showed a decline of € 17.8 million during the quarter, which was linked partly to the effects of the shutdown of some operations as a result of the lockdown due to the Covid-19 emergency that reported the most significant impact during the quarter and partly to the completion, during the first quarter, involving some major contracts (mainly in the public sector) in terms of volumes, which, in the performance of the portfolio turnover, further slowed down by the lockdown, have not yet been completely replaced by the start of work on new, but equally significant contracts. In terms of market performance, we are witnessing, in the Healthcare sector, a positive change of € 3.4 million, even net of the significant contribution given by the Naprzód group (which accounted for € 24.6 million in the second half-year of 2020), precisely because of the non-routine work of cleaning, sanitization, maintenance and fitting out of new wards, in addition to the supplies of bulk materials (gowns), PPE and mattresses for Covid wards requested by hospital trusts as a result of the health emergency, which more than offset the reduction that was however recorded, during the period, in some routine activities, even in relation to the Healthcare customer (sterilization of surgical instruments due to having stopped routine surgery, as well as a reduction in days of regular hospitalization for linen rental and industrial laundering operations). On the other hand, a decline was recorded in the Public (-€ 19.2 million) and Private (-€ 2.1 million) sectors, which was mainly due to the loss of a part of revenues from schools, university centres, public offices and museums, as well as from retail customers, which were the most significantly affected by the closures and restrictions resulting from the lockdown during the quarter.

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

The turnover achieved by the *Facility Management* SBU during the quarter remained substantially unchanged compared to the second quarter of 2019 (€ 198.8 million in the quarter ended 30 June 2020 against € 198.3 million in the quarter ended 30 June 2019: + € 0.5 million): however, if we exclude the contribution given by the consolidation of the Naprzód group, there was a reduction of € 24.0 million that showed that both the effects of the health emergency and the completion of the orders referred to above had an impact on the SBU. It should also be taken into account that the heating season of the 2019 financial year was on average longer than normal, with an extension until the end of May 2019 and an excellent performance in terms of revenues accrued in the Energy and Heat Management sector compared to the final value posted in the second quarter of 2020.
The excellent performance was confirmed during the second quarter of 2020 too in relation to the revenues achieved by the Laundering&Sterilization SBU, which showed an increase of € 6.9 million and were entirely linked to the increased activities and supplies requested by customers in the healthcare market that more than offset the postponement of the scheduled non-routine maintenance work and a sharp reduction in the volumes for surgical instrument sterilisation.

Adjusted EBITDA of the second quarter of 2020 came to € 24.2 million, showing an increase of € 2.5 million compared to the same quarter of the previous year (when it was equal to € 21.7 million), which was fully attributable to Naprzód's EBITDA contribution (equal to € 2.6 million in the quarter), net of which EBITDA nonetheless remained stable during the quarter compared to the effects of the health emergency. In particular, the Facility Management SBU recorded an increase of € 1.9 million, while the Laundering&Sterilization SBU recorded an increase of € 0.7 million. This gave rise to an increase in average profit margins (**Adjusted EBITDA/Revenues**), which came to 10.2% for the quarter ended 30 June 2020 against 9.4% for the same period of the previous year.

Adjusted EBIT for the quarter ended 30 June 2020 amounted to € 11.6 million (4.9% of related Revenues), against € 12.4 million for the same period of the previous year (5.4% of related Revenues). The trend was affected, in absolute terms, by the performance already reported for Adjusted EBITDA (+ € 2.5 million) to which must be added higher *amortization and depreciation* for € 1.3 million (against amortization and depreciation of the Naprzód Group for € 1.6 million). Furthermore, there was the recognition of higher write-downs of receivables (net of releases) for € 0.5 million, higher impairment losses on other assets for € 0.5 million and higher accruals to provisions for future risks and charges for € 0.2 million. The EBIT's performance in the second quarter of 2020 was adversely affected, to a significant extent, by the provision for risks of € 82.2 million that was recognized by the Parent Company Rekeep S.p.A. following the Lazio Regional Administrative Court's judgment published on 27 July 2020, which only partially granted the appeal submitted by the Company against the Order served by the Competition Authority (AGCM) on 9 May 2019 and provided instructions according to which the Competition Authority shall redetermine the amount of the fine imposed by means of the abovementioned order.

Finally, the **Consolidated net result** for the quarter posted a loss of € 87.8 million against a profit of € 1.3 million for the quarter ended 30 June 2019, in particular as a result of a provision for risks of € 82.2 million set aside by the Parent Company Rekeep S.p.A. following the Lazio Regional Administrative Court's judgment published on 27 July 2020 referred to above. Furthermore, in addition to the performance in terms of consolidated adjusted EBIT described above, lower net financial charges of € 0.8 million were recognised in the second quarter of 2020, which were mainly due to lower interest discount charges for € 0.3 million, lower financial costs on the Senior Secured Notes (- € 0.4 million) following the buy-backs in the second quarter of 2020, albeit against

higher financial costs on the use of the Revolving Credit Facility for € 0.6 million (not reported in the second quarter of 2019). The abovementioned buy-back of the Notes gave rise to capital gains on securities for € 1.2 million during the second quarter of 2020 (not reported in the second quarter of 2019) and higher amortised cost charges for € 0.4 million in the second quarter of 2020. Finally, financial costs were recognised in the quarter on the deferred price for the acquisition of the Polish company Naprzód (€ 0.1 million), which took place on 30 October 2019, in addition to lower financial costs on operating leases for € 0.6 million, mainly linked to a number of early withdrawals in the quarter, including in relation to the means used by Yougenio, the business of which was hardly hit by the lockdown and the operations of which are suspended at present. Furthermore, lower income from equity investments was recognised for € 0.7 million in the quarter, mainly against the collection of an earn-out of € 0.6 million in June 2019, which was paid to Rekeep S.p.A. on the disposal of Synchron Nuovo San Gerardo S.p.A. within the scope of the disinvestment from the SPVs involved in project finance transactions that was completed with the 3i EOPF fund in December 2018.

	30 June 2020	31 March 2020	31 December 2019
Net Working Operating Capital (NWOC)	41,848	31,449	14,532
Net Financial Position (NFP)	(332,354)	(334,836)	(366,627)

From an equity and financial point of view, the data relating to the Net Working Operating Capital (**NWOC**) at 30 June 2020 recorded a more significant increase compared to the value posted during the previous quarter (+ € 10.4 million) compared to the value posted at the end of the previous year (+ € 27.3 million). Specifically, the second quarter of 2020 saw the recognition of lower trade receivables for € 16.2 million and lower trade payables for € 25.2 million, against a Net Financial Position (**NFP**) that reported a positive change equal to € 2.5 million compared to the end of the previous quarter. During the 2020 financial year trade receivables were assigned to factoring companies without recourse for a total of € 121.9 million (of which € 43.6 million during the second quarter) and VAT receivables were assigned without recourse for € 22.2 million (of which € 14.7 million during the second quarter).

At 30 June 2020 DSO was 151 days, showing a substantial decrease compared to both 31 December 2019 (when it was equal to 161 days) and 30 June 2019 (when it was equal to 164 days). The performance of the DPO, which came to 223 days at 30 June 2020, also showed a reduction compared to the 241 days at 30 June 2019 and 235 days at 31 December 2019. The performance of amounts collected from customers and payments to suppliers gave rise to a total absorption of cash flows during the quarter (- €11.2 million), while showing, despite an improvement in the time required to collect amounts from customers, a reversal of the financial benefit in favour of the flows of payments to suppliers.

The Net Financial Position (**NFP**) showed a decrease of € 2.5 million during the quarter. From the cash flows generated from operating activities during the quarter (€ 10.7 million) must be deducted the cash flow absorbed by the change in NWOC (€ 11.2 million) and the uses of resources for net industrial investments (€ 6.2 million), as well as the uses of provisions for future risks and charges and the provision for Employee Termination Indemnity (TFR) for the quarter (€ 2.3 million). Moreover, cash inflows of € 12.0 million were reported as a result of changes in other operating assets and liabilities that were recorded during the

quarter: in particular, in addition to the normal seasonal trend in receivables from and payables to employees (which increased by € 9.5 million in the quarter) and payables for receipts to be paid to the members of the Temporary Business Grouping (the debt balances of which decreased by € 2.8 million), there was the recognition of cash inflows against the trend in net VAT credit balances of the Group companies (+ € 7.1 million), which were included in assignments without recourse for a total amount of € 14.6 million during the quarter.

2. THE REKEEP GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND FINANCIAL POSITION FOR THE HALF-YEAR ENDED 30 JUNE 2020

2.1. Consolidated results of operations in the first half-year of 2020

Below are reported the main income figures relating to the first 6 months of 2020, compared to the figures of the corresponding period in 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 half-year ended 30 June		For the quarter ended 30 June	
	2020	2019 restated	2020	2019 restated
Revenues	509,678	471,043	238,512	231,756
Costs of production	(454,446)	(420,887)	(215,504)	(210,509)
EBITDA	**55,232**	**50,156**	**23,008**	**21,247**
EBITDA %	**10.8%**	**10.6%**	**9.6%**	**9.2%**
Amortization, depreciation, write-downs and write-backs of assets	(20,770)	(18,422)	(11,144)	(8,890)
Accrual of provisions for risks and charges	(86,556)	(735)	(85,044)	(383)
Operating Income (EBIT)	**(52,094)**	**30,999**	**(73,180)**	**11,974**
EBIT %	**-10.2%**	**6.6%**	**-30.7%**	**5.2%**
Share of net profit of associates	(143)	708	(236)	623
Net financial charges	(22,152)	(19,660)	(10,396)	(10,427)
Profit before taxes (EBT)	**(74,389)**	**12,047**	**(83,812)**	**2,170**
EBT %	**-14.6%**	**2.6%**	**-35.1%**	**0.9%**
Income taxes	(8,747)	(9,251)	(2,309)	(1,417)
Profit (loss) from continuing operations	**(83,136)**	**2,796**	**(86,121)**	**753**
Profit (loss) from discontinued operations	2,540	979	(1,677)	577
CONSOLIDATED NET PROFIT (LOSS)	**(80,596)**	**3,775**	**(87,798)**	**1,330**
CONSOLIDATED NET PROFIT (LOSS) %	**-15.8%**	**0.8%**	**-36.8%**	**0.6%**
Minority interests	(625)	(44)	(483)	(31)
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**(81,221)**	**3,731**	**(88,281)**	**1,299**

(in thousands of Euro)	For the half-year ended 30 June		For the quarter ended 30 June	
	2020	2019 restated	2020	2019 restated
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**-15.9%**	**0.8%**	**-37.0%**	**0.6%**

NON-RECURRING EVENTS AND TRANSACTIONS

During the first half-year of 2020, the Rekeep Group recognised, in the consolidated Statement of Profit/Loss for the period, some "non-recurring" items of results of operations, which impacted on the normal dynamics in consolidated results. Pursuant to CONSOB Communication DEM/6064293 of 28 July 2006, "significant non-recurring events and transactions" mean events or transactions whose occurrence is non-recurring, i.e. those transactions or events that are not repeated frequently as part of normal operations and have a significant impact on the Group companies' financial position, performance of operations and cash flows.

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

(in thousands of Euro)	For the half-year ended	
	2020	2019 restated
Legal advice fees concerning pending administrative disputes	227	315
Costs from reorganisation of company units	166	744
M&A and non-recurring transactions of Group companies	95	20
Costs associated with Covid-19 emergency	1,090	0
Other non-recurring costs	100	0
NON-RECURRING EXPENSES (INCOME) IMPACTING ON EBITDA	**1,678**	**1,079**
Provision for the Competition Authority's fine for the FM4 Tender	82,194	0
Other provisions for non-recurring risks	2,312	0
NON-RECURRING CHARGES (INCOME) IMPACTING ON EBITDA AND EBIT	**86,185**	**1,079**

An amount of non-recurring costs for the period relates to costs for the actions taken by the Group companies in favour of their employees, mostly employed at healthcare facilities strongly impacted by the Covid-19 virus health emergency, which occurred during the first half of the year. Additional costs were also 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 accounted for in relation to the tax bills on companies acquired in previous years, which had not been previously recognised as they were not yet known.

As regards non-recurring costs impacting on EBIT, which were allocated in the first half-year of 2020, probable future additional costs were recognised for the cogeneration business conducted at two private industrial sites, mainly relating to previous years. Finally, note that in 2020 the disputes pending with the Competition Authority and Consip S.p.A. continued (for which reference should be made to the paragraph on the "Update on Legal Proceedings" below) against which a provision of € 82.2 million was set aside at 30 June 2020 against the risk of future outlays in relation to the fine imposed by the Competition Authority on the FM4 Tender.

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

(in thousands of Euro)	For the half-year ended 30 June	
	2020	2019 restated
EBITDA	**55,232**	**50,156**
Non-recurring expenses (income) impacting on EBITDA	1,678	1,079
Adjusted EBITDA	**56,910**	**51,235**
Adjusted EBITDA % on Revenues	**11.2%**	**10,9%**
EBIT	**(52,094)**	**30,999**
Non-recurring expenses (income) impacting on EBITDA and EBIT	86,185	1,079
Adjusted EBIT	**34,091**	**32,078**
Adjusted EBIT % on Revenues	**6.7%**	**6.8%**

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 revenues and profit margins in terms of EBITDA and EBIT, the International Markets are now regarded as forming an integral part of the scope of core business operations.

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 company, which was also considered in a start-up phase until 2019, has not yet guaranteed an increase in volumes and profit margins sufficient to reach breakeven and, furthermore, its business volumes substantially reduced to zero during the lockdown period. In targeting mainly small accommodation facilities in the main Italian cities, the management is not in a position to predict the short-term prospects of the reference market. For this reason, as from 1 May 2020, the company's online services were suspended and work commenced on a process aimed at protecting the corporate assets, while waiting to design the most appropriate measures to be taken with respect to this line of business. The normalized figures for the 2020 financial year are therefore still excluding the results for the period of Yougenio S.r.l..

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

(in thousands of Euro)	For the half-year ended 30 June	
	2020	2019 restated
ADJUSTED EBITDA	**56,910**	**51,235**
EBITDA related to start-up activities	1,805	3,488
NORMALIZED EBITDA	**58,716**	**54,723**
NORMALIZED EBITDA % on Normalized Revenues	**11.5%**	**11.8%**
ADJUSTED EBIT	**34,091**	**32,078**
EBIT related to start-up activities	2,594	4,340
NORMALIZED EBIT	**36,685**	**36,418**
NORMALIZED EBIT % on Normalized Revenues	**7.2%**	**7.7%**

REVENUES

During the half-year ended 30 June 2020 the Group recorded ***Revenues*** of € 509.7 million against € 471.0 million for the same period of the previous year, with a positive change of € 38.6 million (+8.2%).

First of all, this growth was contributed to 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 recorded revenues of € 54.3 million in the first half-year of 2020. Furthermore, there was an additional increase of € 5.0 million in the volumes developed by the Group in other international markets (France, Saudi Arabia and Turkey). Therefore, net of the volumes contributed by Naprzód, sales volumes showed a decline of € 15.6 million, mainly due to the effects of the shutdown of some operations as from March as a result of the lockdown due to the Covid-19 emergency, specifically in the Public market (as a result of the shutdown of operations at schools and Public Administrations). On the other hand, the health emergency entailed a positive change in the volumes in the Healthcare sector, in which the Group committed significant resources to meeting a higher demand for sanitation, disinfection and maintenance of the Italian healthcare facilities, as well as an extraordinary supply of PPE.

Finally, the effects of the lockdown and the subsequent shutdown of Yougenio S.r.l.'s operations entailed a further reduction of € 1.6 million in volumes.

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

REVENUES BY MARKET

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2020	% on total Revenues	2019 restated	% on total Revenues	2020	2019 restated
Public Authorities	100,941	19.8%	125,747	26.7%	39,223	58,428
Healthcare	308,753	60.6%	245,456	52.1%	150,519	122,503
Private Customers	99,984	19.6%	99,840	21.2%	48,770	50,825
CONSOLIDATED REVENUES	**509,678**		**471,043**		**238,512**	**231,756**

The acquisition of the Polish Naprzód sub-group, which took place in the fourth quarter of 2019, further strengthened the central role of the Healthcare market in the development strategies for the services provided by the Group and entailed, during the half-year ended 30 June 2020, an incremental contribution of Revenues of € 54.3 million compared to the first half-year of 2019. Revenues in the Healthcare sector (including, as mentioned above, the revenues achieved by Naprzód) showed an overall increase of € 63.3 million compared to the first half-year of 2019, from € 245.5 million to € 308.8 million as a whole, accounting for 60.6% of total consolidated Revenues for the first half-year of 2020 (52.1% for the same period of 2019), thus confirming that the business volumes in this market segment, even net of the contribution given by Naprzód, increased in the period marked by the health emergency.

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

The Public sector posted Revenues of € 100.9 million in the first half-year of 2020, down by € 24.8 million compared to the same period of 2019. This sector is the most affected by the Covid-19 emergency in terms of reduction in revenue volumes. In this sector, in fact, a portion of the revenues from cleaning and heat management services at schools, university centres, public offices and museums was no longer recorded as early as from the second 10-day period of March, accompanied by a general postponement of scheduled non-routine maintenance operations. At the same time as the lockdown, the orders for the provision of cleaning services at schools under the Consip Scuole agreement ceased as well, following the re-insourcing of operations on the part of the Ministry of Education, Universities and Research. Furthermore, there was a reduction in volumes in the rail transport sector following the completion of the contract involving "Cleaning services on board night trains" with Trenitalia S.p.A. in January

2020, although other contracts remained substantially stable, despite the forced lockdown, showing positive signs following the resumption of travel above all at a regional level.

Finally, the Private sector showed that volumes remained clearly stable (unchanged in the two comparative half-years). The effects of lower volumes of routine and non-routine work and the postponement of engineering works for private retail customers (local stores and branches that constitute the target market for H2H Facility Solutions) following the lockdown were in fact offset by higher non-routine work with the customer Telecom before the health emergency, as well as by an increase in revenues from picking operations in the large-scale retail trade channel, in particular as a result of a gradual expansion of the scope of operation assigned by the customer Carrefour.

Analysis of revenues by Segment

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

REVENUES BY SEGMENT

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2020	% on total Revenues	2019 restated	% on total Revenues	2020	2019 restated
Facility Management	435,938	85.5%	404,958	86.0%	198,798	198,260
of which International markets	*63,561*	*12.5%*	*4,122*	*0.9%*	*29,603*	*1,931*
Laundering & Sterilization	75,961	14.9%	67,289	14.3%	41,032	34,125
Eliminations	(2,221)		(1,204)		(1,317)	(629)
CONSOLIDATED REVENUES	**509,678**		**471,043**		**238,512**	**231,756**

The most often mentioned acquisition of the Naprzód Group showed its effects significantly (+ € 54.3 million), even with reference to consolidated data by SBU, against an overall increase of € 31.0 million in revenues for the Facility Management SBU. After excluding the contribution given by Naprzód, the volumes achieved by the SBU showed a decrease of € 23.3 million, mainly due to the effects of lower volumes of work following the lockdown as a result of the Covid-19 emergency referred to above. In the Facility Management SBU we must also note both the re-insourcing of operations by the competent Ministry involving cleaning services at schools (the effects of which on the half-year must be added to those of the lockdown) and the completion of the contract concerning "Cleaning services on board night trains" with Trenitalia S.p.A., as well as, finally the shutdown of Yougenio

S.r.l.'s operations. In relative terms, the acquisition of the Polish group did not give rise to any significant change in the relative weight of the Facility Management SBU (+0.5%), which remained substantial compared to total Consolidated Revenues (85.5% in the first half-year of 2020 against 86.0% in first half-year of 2019).

On the other hand, revenues of the *Laundering&Sterilization* SBU increased from € 67.3 million for the half-year ended 30 June 2019 to € 76.0 million for the half-year ended 30 June 2020, with a significant increase up to € 8.7 million (+ 12.9%), which was mainly attributable to higher sales of PPE and the supply of bulk materials (gowns), linen and mattresses by Servizi Ospedalieri and Medical Device, as requested by the hospital trusts as a result of the health emergency.

EBITDA

The Group's EBITDA came to € 55.2 million for the half-year ended 30 June 2020, showing an increase of € 5.1 million compared to € 50.2 million for the first half-year of 2019. However, EBITDA during the two comparative periods expensed non-recurring costs of € 1.7 million at 30 June 2020 and € 1.1 million at 30 June 2019, respectively. Therefore, Adjusted EBITDA, excluding these non-recurring elements, amounted to € 56.9 million at 30 June 2020, against Adjusted EBITDA of € 51.2 million at 30 June 2019 (+ € 5.7 million).
Below is provided a comparison of EBITDA by business segment for the half-year ended 30 June 2020 compared to the same period of 2019, as restated for the effects of IFRS5:

EBITDA BY SEGMENT

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2020	% on Revenues by segment	2019 restated	% on Revenues by segment	2020	2019 restated
Facility Management	38,251	8.8%	33,748	8.3%	14,335	13,067
of which International markets	*1,783*		*(1,501)*		*1,435*	*(932)*
Laundering&Sterilization	16,980	22.4%	16,408	24.4%	8,672	8,179
CONSOLIDATED EBIT	**55,232**	**10.8%**	**50,156**	**10.6%**	**23,008**	**21,246**

The Facility Management sector showed EBITDA of € 38.3 million at 30 June 2020, up by € 4.5 million compared to € 33.7 million in the same period of 2019. The non-recurring items which affected the consolidated results recorded during the two comparative periods had an impact of € 1.5 million and € 1.1 million at 30 June 2020 and 30 June 2019, respectively) on this segment; therefore, Adjusted EBITDA by segment also showed an increase of € 4.9 million compared to the first half of the previous year. Of these an amount of € 4.0 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 some sectors (mainly linked to public customers) as mentioned above, and that additional costs were incurred during the healthcare emergency period for the purchase of personal protective equipment (PPE) for employees working at hospitals and other customers at which premises work continued.

EBITDA in the *Laundering&Sterilization* business segment for the first half-year of 2020 came to € 17.0 million, up by € 0.6 million compared to the same period of 2019. The adverse impact of the health emergency was also substantially offset by additional operations to meet customers' demand in the healthcare sector as regards EBITDA in the segment, as well as revenues. Non-recurring items which affected EBITDA during the two comparative periods had an impact of € 0.2 million on this sector at 30 June 2020 (not reported at 30 June 2019); therefore, Adjusted EBITDA by segment showed an increase of € 0.8 million compared to the first half-year of the previous year.

Costs of production

At 30 June 2020, *Costs of production*, which amounted to € 454.4 million, showed an increase of € 33.6 million in absolute terms compared to € 420.9 million posted at 30 June 2019, mainly as a result of the consolidation of the Polish subsidiary Naprzód and of its subsidiaries, which contributed € 50.3 million to the consolidated *Costs of production* for the half-year. Net of this effect, therefore, Costs of production also showed a decrease in absolute value, consistently with the figures reported for consolidated sales volumes.

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2020	% of total	2019 restated	% of total	2020	2019 restated
Costs of raw materials and consumables	91,072	20.0%	79,236	18.8%	40,261	32,600
Change in inventories of finished and semi-finished products	(289)	-0.1%	(725)	-0.2%	(480)	(328)
Costs for services and use of third-party assets	148,961	32.8%	141,030	33.5%	74,805	75,815
Personnel costs	208,212	45.8%	199,488	47.4%	96,909	101,056
Other operating costs	6,938	1.5%	3,219	0.8%	4,027	2,080
Capitalisation of lower internal construction costs	(448)	-0.1%	(1,361)	-0.3%	(378)	(714)
TOTAL COSTS OF PRODUCTION	**454,446**		**420,887**		**215,504**	**210,509**

Costs of raw materials and consumables, in the first half-year of 2020, came to € 91.1 million, showing an increase of € 11.8 million (+14.9%) compared to the value posted in the same period of 2019, which led to an increase in the impact on total Costs of Production (20.0% at 30 June 2020 against 18.8% at 30 June 2019). The increase mainly related to the consumption of raw materials of the Naprzód sub-group, which contributed for € 10.3 million in the first half-year of 2020. Net of this change in the perimeter, there was actually a more limited change in absolute value which mainly concerned fuel consumption costs, which decreased by € 8.1 million (-15.7%), mainly due to a reduction in the average price of methane compared to the first half-year of 2019 and, to a lesser extent, to lower consumption linked both to higher average temperatures in the first half-year of 2020 compared to the same period of 2019, which also had an impact on the related volumes of heat management operations, as already reported above.

Costs for services and use of third-party assets came to € 149.0 million at 30 June 2020, up by € 7.9 million compared to the value posted at 30 June 2019 (€ 141.0 million), with a slight decline in terms of impact on total Costs of Production (32.8% against 33.5% for the first half-year of 2019). In this item the incidence for the consolidation of Naprzód was equal to + € 6.0 million, equal to 4.0% of total Costs for services and, therefore, there was a more significant decrease in the relative incidence on total Costs of production, the perimeter remaining unchanged (which came to 31.9% in the first half-year of 2020). These effects are normally linked to the mix of services in progress, as well as to the consequent make or buy choices.

Personnel costs increased in absolute terms by € 8.7 million (+ 4.4%) from € 199.5 million at 30 June 2019 to € 208.2 million at 30 June 2020, with a decline in terms of impact on total Costs of Production (45.8% at 30 June 2020 against 47.4% at 30 June 2019). The contribution given by the Naprzód group to the consolidated accounts was significant (€ 31.0 million in the first half-year of 2020, equal to 14.9% of Personnel costs) in this case too, entailing a further lower relative incidence on total Costs of production of the rest of the perimeter, thus coming to 41.9% in the first half-year of 2020).
The average number of employees in service during the first half-year of 2020 was equal to 27,323, while it was 17,468 in the same period in the previous year (of which 25,522 against 16,152 manual workers). Such a significant increase was due to the entry into the Group of the Polish subsidiary Naprzód and its subsidiaries, which provide services in the most labour-intensive facility management segment (cleaning and catering) and contributed an average number of 10,037 employees in the first half-year of 2020. Net of this change in the perimeter, the average number of employees would have remained substantially stable (17,286 units, including 15,905 manual workers). Perfectly symmetrical to what was said for costs for services, the trend in the number of Group employees, and in particular manual workers, was closely related to the mix of services in progress, as is the impact of related costs on total operating costs.
Other operating costs at 30 June 2020 amounted to € 6.9 million (€ 3.2 million at 30 June 2019). The increase of € 3.7 million was mostly attributable to the contribution given by Naprzód (equal to € 3.1 million in the first half-year of 2020) in relation to duties, penalties and sundry operating charges.

Finally, *Capitalisation of lower internal construction costs* of € 0.9 million were recognized at 30 June 2020, against € 1.4 million at 30 June 2019, relating to some service concessions managed by Rekeep S.p.A., providing for the initial execution of long-term works, and in particular, to the award of the service contract at the Municipality of Casalecchio di Reno (BO), which was started

during 2018, for the integrated management of thermal energy and public lighting in the municipal district (through subsidiary Elene Project S.r.l. sold in December 2019), and to the award of the service contract at the Municipality of Valsamoggia (BO) for the integrated operation of thermal energy supply and management and public lighting services, which was started at the beginning of 2019, through Energy Saving Valsamoggia S.r.l..

Operating income (EBIT)

In the first half-year of 2020, consolidated Operating Income (**EBIT**) was negative for € 52.1 million against a positive EBIT of € 31.0 million during the same period of 2019.
The EBIT's performance in the first half-year of 2020 was adversely and strongly affected by the provision for risks of € 82.2 million that was recognized by the Parent Company Rekeep S.p.A. after the Lazio Regional Administrative Court's judgment published on 27 July 2020, which only partially granted the appeal submitted by the Company against the Competition Authority's Order served on 9 May 2019. To it must be added an additional non-recurring accrual of € 2.3 million that the parent company Rekeep S.p.A. had accounted for against the risk associated with the probable incurrence of additional costs for co-generation operations performed at two private industrial sites, mainly relating to previous years. Net of these accruals (as well as of the already mentioned non-recurring items impacting on Adjusted EBITDA), **Adjusted EBIT** was positive and came to € 34.1 million and € 32.1 million at 30 June 2020 and 30 June 2019, respectively with relative profit margins (Adjusted EBIT/Revenues) equal to 6.7% and 6.8%, respectively.

EBIT for the period was affected by the above-mentioned consolidated performance in terms of EBITDA (+ € 5.1 million compared to the first half of the previous year), from which must be also deducted *amortization and depreciation* of € 19.1 million (€ 17.2 million at 30 June 2019), of which € 4.3 million relating to the amortization of the Rights of Use (€ 4.1 million at 30 June 2019), as well as *write-downs of receivables* and *reversals* of € 1.2 million (unchanged compared to the same period of 2019) and *other impairment losses* for € 0.5 million relating to the write-down of other non-trade operating receivables (not reported at 30 June 2019). Furthermore, *accruals to provisions for risks and charges (net of reversals)* of € 86.6 million were recorded during 2020 (€ 0.7 million at 30 June 2019), which include the already mentioned non-recurring provisions totalling € 84.5 million.

Below is a comparison of Operating Income (EBIT) by business segment for the half-year ended 30 June 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 half-year ended 30 June				For the quarter ended 30 June	
	2020	% on Revenues by segment	2019 restated	% on Revenues by segment	2020	2019 restated
Facility Management	(60,211)	-13.8%	22,990	5.7%	(77,381)	7,463
of which International Markets	*(122)*		*(1,674)*		*484*	*(1,021)*
Laundering&Sterilization	8,117	10.7%	8,009	11.9%	4,201	4,511
CONSOLIDATED EBIT	**(52,094)**	**-10.2%**	**30,999**	**6.6%**	**(73,180)**	**11,974**

EBIT in the *Facility Management* sector was negative for € 60.2 million at 30 June 2020. The segment result, therefore, expensed the already mentioned provisions for non-recurring risks totalling € 84.5 million, net of which EBIT by segment would have been equal to € 24.3 million (5.6% of related segment Revenues), against EBIT by segment of € 23.0 million (5.7% of related segment Revenues) at 30 June 2019), and therefore with an increase in absolute value compared to the same period of the previous year (+ € 1.3 million).
First of all, the sector recorded a positive differential in terms of adjusted EBIT of the companies operating in International Markets (+ € 1.6 million) which, although they have not yet reached break-even in terms of operating margin, 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 € 2.4 million.

In addition to changes in the perimeter, EBIT by segment reflects the abovementioned performance in terms of Adjusted EBITDA (+ € 4.5 million) to which must be added higher amortization and depreciation for € 1.3 million (due to amortization and depreciation posted by the Naprzód group for € 1.6 million, not reported at 30 June 2019), lower write-downs of trade receivables for € 0.2 million and higher impairment losses on non-trade receivables for € 0.5 million. On the other hand, higher net accruals were recognised on provisions for future risks and charges for € 1.1 million, excluding the non-recurring provisions for risks mentioned above, which impacted entirely on this segment.

To the EBITDA in the *Laundering&Sterilization* segment during the first half-year of 2020 (€ 17.0 million), which was on the rise (+ € 0.6 million) compared to the previous year must be added, at segment EBIT level, amortization and depreciation for € 8.6 million (€ 8.4 million in 2019, and mainly relating to the linen used in the linen rental and industrial laundering segment), in addition to non-significant write-downs of trade receivables of less than € 0.1 million (unchanged compared to 30 June 2019) and accruals to provisions for future risks and charges for € 0.2 million (against a net release of € 0.1 million at 30 June 2019). The

profit margins by segment came to 10.7% in terms of EBIT of related Revenues (11.9% at 30 June 2019). No non-recurring items impacting on EBIT by segment (in addition to those described for EBITDA) were reported in the two comparative half-years.

Profit (loss) before tax from continuing operations

To the consolidated EBIT must be added the negative results for the companies valued at equity, equal to € 0.1 million (net income of € 0.7 million at 30 June 2019) and net financial charges of € 22.2 million (€ 19.7 million at 30 June 2019), thus obtaining a Loss before tax from continuing operations equal to € 74.4 million (against a profit of € 12.0 million at 30 June 2019).
Below is provided the breakdown by nature of net financial charges in the first half of 2020 and for the same period in the previous year:

(in thousands of Euro)	For the half-year ended 30 June		For the quarter ended 30 June	
	2020	2019 restated	2020	2019 restated
Dividends and income (loss) from sale of investments	72	776	60	727
Financial income	1,523	2,238	1,347	40
Financial charges	(23,884)	(22,639)	(11,639)	(11,157)
Profit (loss) on exchange rate	137	(35)	(164)	(37)
NET FINANCIAL CHARGES	**(22,152)**	**(19,660)**	**(10,396)**	**(10,427)**

During the first half of 2020 dividends were collected from non-consolidated companies for € 0.1 million (€ 0.2 million at 30 June 2019). The Parent Company also recorded capital gains on equity investments of € 0.6 million in relation to the collection of the earn-out on the disposal of one of the project finance companies within the scope of the transaction carried out with 3i EOPF in December 2018. This income was not recognised at the same time as the disposal because it was linked to uncertain and unforeseeable future events that occurred during the first half of 2019.
Financial income amounted to € 1.5 million in the first half-year of 2020, compared to € 2.2 million in the same period of 2019. During 2020 the Parent Company Rekeep S.p.A. recognized a capital gain of € 1.2 million on the purchase of portions of its bond issue on the open market for a nominal total of € 15.8 million (€ 1.6 million for the same period of the previous year against repurchases of € 10.3 million). Lower default interest from customers was also recognized for € 0.4 million, which concerned the settlement of some past items in 2019.

In the period the impact of *financial charges* on the consolidated results of operations for the period was equal to € 23.9 million compared to € 22.6 million for the same period of 2019.
The financial charges accrued on the coupons of the Senior Secured Notes came to € 15.5 million during the first half-year of 2020 (€ 15.8 million in the same period of 2019). The upfront fees relating to the issue of Senior Secured Notes were accounted

for according to the amortised cost method, which entailed financial amortization charges of € 2.2 million in the half-year, of which € 0.4 million relating to the write-off of the portion relating to the repurchased Notes (€ 2.0 million at 30 June 2019, with a write-off of equal amount).

At the same time as the bond issue, CMF S.p.A. also entered, as the Parent Company, into a Super Senior Revolving loan agreement (known as "RCF") for € 50 million, to which Rekeep S.p.A is a party as Borrower. During 2017 CMF S.p.A. charged all financing costs (initially equal to € 1.0 million), back to Rekeep S.p.A., which will be also amortised on a straight-line basis throughout the entire term of the credit facility (no drawdown had been requested on the reporting date). The cost relating to this line of credit amounted to € 0.2 million at 30 June 2020, including the commitment fees charged by banks (€ 0.3 million at 30 June2019), to which must be added the interest amount of € 0.6 million accrued in the period of use.

Interest discount costs were also recognised for € 2.4 million during the first half-year of 2020, against € 1.9 million at 30 June 2019, in relation to the assignments of trade receivables and VAT credits without recourse.

Finally, foreign exchange gains of € 0.1 million were recorded at 30 June 2020, mainly linked to the fluctuations in Euro/ Turkish Lira and Polish Zloty exchange rates during the period.

Consolidated net Result for the period

From the Profit (loss) before tax from continuing operations (showing a loss of € 74.4 million) must be deducted taxes of € 8.7 million, thus obtaining a net Loss from continuing operations of € 83.1 million (against a profit of € 2.8 million at 30 June 2019).

Consolidated net profit (loss) also included a Profit from discontinued operations of € 2.5 million (€ 1.0 million at 30 June 2019).

On 28 February 2020 there was the completion of the sale of the total share capital of Sicura S.p.A. to Argos Wityu, a pan-European Private Equity fund. The transfer of the investment was made for a consideration of € 55.0 million. The sale gave rise to a capital gain of € 3.5 million in the Consolidated Financial Statements, against a net capital gain of € 11.6 million in the separate financial statements of the Parent Company Rekeep S.p.A., including additional costs of € 1.6 million and negative adjustments to the price collected upon closing, which were estimated at € 1.7 million at 30 June 2020. 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 30 June 2020, as well as at 30 June 2019.

Below is the breakdown of consolidated tax rate:

(in thousands of Euro)	For the half-year ended 30 June	
	2020	2019 restated
Profit (loss) before tax from continuing operations	**(74,389)**	**12,047**
Provision for the Competition Authority's fine for the FM4 Tender	82,194	0
Profit (loss) before tax from discontinued operations	3,101	1,478

(in thousands of Euro)	For the half-year ended 30 June	
	2020	2019 restated
Consolidated profit (loss) before tax excluding AGCM	**10,906**	**13,525**
Current, prepaid and deferred IRES tax	(5,934)	(6,397)
Current, prepaid and deferred IRAP tax	(2,513)	(2,854)
Tax adjustments for previous periods	(299)	0
Taxes on profit/(loss) from discontinued operations	(561)	(499)
Consolidated net profit (loss) excluding AGCM	**1,598**	**3,774**
Consolidated tax rate	**85.3%**	**72.1%**

As already mentioned, the Profit (loss) before tax includes a significant accrual relating to the administrative proceedings pending with the Competition Authority (€ 82.2 million), which gives rise to a Loss before tax of € 74.4 million. Therefore, the tax rate for the period is broken down by excluding the effect of this accrual on the consolidated profit (loss) before tax.

Furthermore, during the half-year of 2020, the Group recognized a Profit before tax from discontinued operations equal to € 3.1 million, including the aforementioned capital gain from sale of consolidated investments, which gave rise to a tax effect of € 0.6 million.

Compared to the same period of the previous year the Group recognized lower current, prepaid and deferred taxes for € 0.4 million against a lower Consolidated Profit (loss) before tax (excluding the accrual for the Competition Authority's fine) for € 2.6 million, mainly due to the substantial lack of changes in IRAP (Regional Production Activity) tax, the impact of which increased against a reduction in the Profit (loss) before tax.

The overall tax rate (i.e. consisting of the overall tax burden on the Net consolidated profit (loss) excluding the Competition Authority's fine) came to 85.3% for the first half-year of 2020 against 72.1% for the first half-year of 2019, mainly due to a higher incidence of non-deductible items for IRES tax purposes against a reduction in the Profit (loss) before tax and a substantial lack of changes in IRAP tax.

Finally, the Group reported a consolidated Net loss equal to € 80.6 million against a Net result of € 3.8 million at 30 June 2019.

2.2. Analysis of the statement of financial position at 30 June 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)	30 June 2020	31 December 2019
USES		
Trade receivables and advances to suppliers	419,408	412,572
Inventories	9,639	7,910
Trade payables and contract liabilities	(387,199)	(405,950)
Net working operating capital	**41,848**	**14,532**
Other working capital elements	(83,297)	(115,344)
Net working capital	**(41,449)**	**(100,812)**
Property, plant and equipment and assets under finance leases	87,367	87,811
Rights of use for operating leases	36,668	38,680
Goodwill and other intangible assets	413,066	414,601
Investments accounted for under the equity method	10,053	10,376
Other items of non-current assets	33,131	123,603
Fixed assets	**580,285**	**675,071**
Non-current liabilities	(134,213)	(54,826)
NET INVESTED CAPITAL	**404,623**	**519,433**
SOURCES		
Equity attributable to non-controlling interests	1,185	836
Equity attributable to equity holders of the Parent	71,084	151,970
Shareholders' equity	**72,269**	**152,806**
Net financial indebtedness	332,354	366,627
of which accounting effects of the adoption of IFRS 16	*40,817*	*42,920*
FINANCING SOURCES	**404,623**	**519,433**

The net book value of "Rights of use for operating leases" was stated among the balance sheet assets for € 36.7 million at 30 June 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 € 2.2 million in the first half-year of 2020, of which an amount of € 0.4 million for property leases, in addition to decreases for early withdrawal for € 0.9 million and amortization allowances for € 3.4 million.

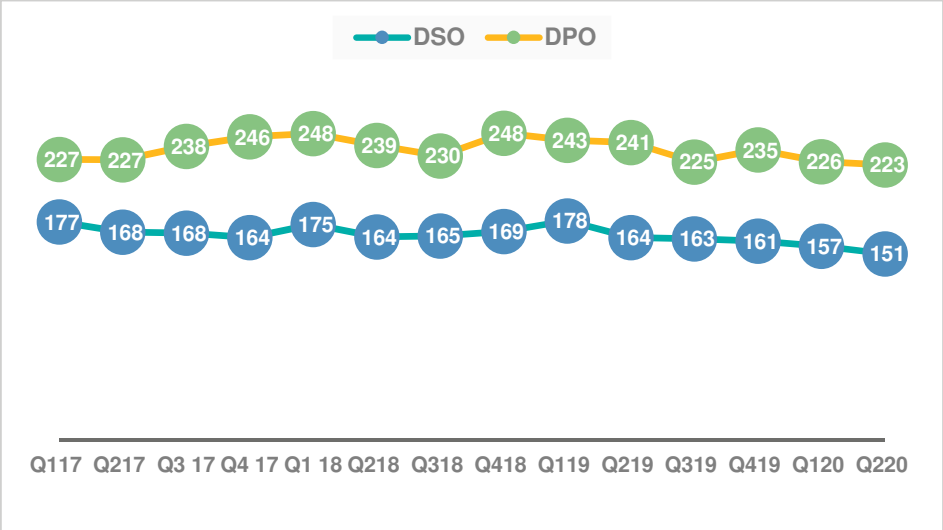
At 31 December 2019, the fine of € 94.6 million imposed by the Competition Authority in relation to the Consip FM4 Tender, was recognized among non-current assets. Furthermore, the Parent Company took steps to recognize the liability arising from the notice of payment issued by the Revenue Agency – Collection among "Other current liabilities" for the same amount. This liability was expected to be paid off through the payment of the 72 instalments set in the plan of instalment payment of the amount stated in the abovementioned notice; however, Decree Law no. 18 of 17 March 2020, governing "Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID 19 epidemic

emergency" ("Cure Italy Decree") has provided, among others, for the possibility of suspending the payment of instalment payment plans already granted by the Revenue Agency, to be made by 30 September 2020 without penalties and interest. The Company has availed itself of this suspension and at 30 June 2020 three instalments had been duly paid for a total of € 3.0 million. With the settlement of the proceedings on the merits before the Regional Administrative Court, the paid amount is still stated at present among "Other non-current assets" and the Company is currently assessing the methods of recovering these amounts, through repayment or any possible set-off with what emerges from the new Competition Authority's order expected in the coming months. Following the developments of this dispute, which only partially granted the Parent Company's appeal and provided for new methods of calculating the fine imposed by the Competition Authority, a specific provision for risks of € 82.1 million has been recorded in the condensed consolidated half-year financial statements, at the same time as the write-off of the guarantee itself and of the residual debt for instalment payments.

Net working capital

At 30 June 2020, Consolidated Net Working Capital (**NWC**) was negative and equal to € 41.4 million against a negative value of NWC of € 100.8 million at 31 December 2019.
At 30 June 2020, consolidated Net Working Operating Capital (**NWOC**), composed of trade receivables and advances to suppliers and inventories, net of trade payables and contract liabilities, was equal to € 41.8 million against € 14.5 million at 31 December 2019. Considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring agencies (equal to € 53.8 million at 30 June 2020 and € 75.1 million at 31 December 2019) the **Adjusted NWOC** came to € 95.6 million and € 89.7 million, respectively.
The change in this latter indicator (+ € 5.9 million) was mainly due to the balance of trade payables (+ € 18.8 million) against a decrease in trade receivables (- € 14.5 million, considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies).

As at 30 June 2020, average DSO was 151 days against 161 days at 31 December 2019 and 164 days at 30 June 2019. As at 30 June 2020 DPO was equal to 223 days, with a significant decrease compared to the value posted at 31 December 2019 (235 days) and 30 June 2019 (241 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. DPO also showed a more marked reduction 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, and the use of leverage on suppliers is particularly limited.



The balance of the other elements in working capital at 30 June 2020 was a net liability of € 83.3 million, up by € 32.0 million compared to a net liability of € 115.3 million at 31 December 2019:

(in thousands of Euro)	30 June 2020	31 December 2019	Change
Current tax receivables	5,026	10,090	(5,064)
Other current assets	29,748	31,054	(1,306)
Assets held for sale	0	70,500	(70,500)
Provisions for risks and charges, current	(9,641)	(6,392)	(3,249)
Current tax payables	(2,443)	(1,280)	(1,163)
Other current liabilities	(105,987)	(192,465)	86,478
Liabilities associated with assets held for sale	0	(26,851)	26,851
OTHER WORKING CAPITAL ELEMENTS	**(83,297)**	**(115,344)**	**32,047**

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

a decrease in the net VAT credit balances of the Group companies that are predominantly subject to a VAT invoicing system based on “Split payment” and “Reverse charge” (- € 2.8 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 € 22.2 million;

a decrease in the already mentioned payable related to the guarantee for the fine imposed by the Competition Authority in relation to the Consip FM4 Tender (€ 94.6 million at 31 December 2019, included among “Other current operating liabilities”), given the outcome of the proceedings in first instance that only partially granted the Parent Company's appeal and provided for new

methods of calculating the amount of the fine imposed, which was stated in a specific provision for legal risks in the condensed consolidated half-year financial statements at 30 June 2020;

an increase in the short-term portion of provisions for future risks and charges for € 3.2 million, in particular following non-recurring provisions set aside on the Parent Company's energy contracts for € 2.3 million;

- a reduction in the balance of net current tax receivables, equal to € 2.6 million at 30 June 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 non-current liabilities

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

- defined-contribution plans for employee benefits, mainly including the Employee Termination Indemnity (TFR), equal to € 11.7 million and € 12.4 million at 30 June 2020 and 31 December 2019, respectively;
- long-term portion of Provisions for risks and charges for € 105.9 million at 30 June 2020 (including the accrual of € 82.2 million for the Competition Authority's fine related to the FM4 tender) against € 25.4 million at 31 December 2019;
- deferred tax liabilities of € 16.6 million (€ 16.4 million at 31 December 2019).

Consolidated net financial indebtedness

Details of net financial indebtedness at 30 June 2020 are shown below, compared to the figures at 31 December 2019, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006.

(in thousands of Euro)	**30 June 2020**	**31 December 2019**
A. Cash	172	197
B. C/a, bank deposits and consortia, non-proprietary accounts	116,359	96,946
C. Securities held for trading		
D. Liquidity (A) + (B) + (C)	**116,531**	**97,143**
E. Current financial assets	**5,388**	**4,819**
F. Current bank overdraft	2,551	2,446
G. Current portion of non-current debt	53,670	4,395
H. Other current financial liabilities	25,873	64,989

I. Current financial indebtedness (F)+(G)+(H)	**82,094**	**71,830**
J. Current net financial indebtedness (I) - (D) - (E)	**(39,825)**	**(30,132)**
K. Long-term bank debts and Senior Secured Notes	332,370	353,335
L. Other non-current financial liabilities	39,808	43,424
M. Derivatives		
N. Non-current financial indebtedness (K) + (L) + (M)	**372,179**	**396,759**
O. NET FINANCIAL INDEBTEDNESS (J) + (N)	**332,354**	**366,627**

The first half-year of 2020 saw a positive change in the Consolidated Net financial indebtedness from € 366.6 million at 31 December 2019 to € 332.4 million at 30 June 2020. The accounting adjustment relating to the residual discounted value of future operating lease payments (according to IFRS16) was equal to € 40.8 million and € 42.9 million at 30 June 2020 and 31 December 2019, respectively. Net of this accounting item, the net financial debt would come to € 291.5 million at 30 June 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. signed a 3-year maturity factoring agreement with Bancafarmafactoring S.p.A concerning the assignment, without recourse and on a revolving basis, of receivables claimed by the same companies from Entities in the National Health System and Public Authorities, for an amount of up to € 200 million. During the first half-year of 2020 assignments without recourse were made under this contract for € 77.7 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 € 20.5 million in the first half-year 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 in the period for the assignment of receivables from private individuals for a total amount € 10.8 million. Finally, spot assignments of trade receivables from private companies and companies in the large-scale retail trade were made for € 12.8 million, as were assignments of VAT credits requested for refund for a total of € 22.2 million. All assignments without recourse carried out were subject to derecognition according to IFRS9.
The consolidated net adjusted financial debt for the amount of trade receivables assigned without recourse to factoring companies, which had not been collected by the latter at the reporting date (totalling € 53.8 million at 30 June 2020 against € 75.1 million at 31 December 2019) amounted to € 386.1 million (€ 345.3 million, eliminating 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 30 June 2020 the balance of Cash and cash equivalents, net of short-term lines of credit (“Net Cash”) amounted to € 108.9 million (€ 66.5 million at 31 December 2019):

(in thousands of Euro)	30 June 2020	31 December 2019
Cash and cash equivalents	116,531	97,143
Current bank overdraft, advance payments and hot money	(2,551)	(2,446)
Obligations arising from assignments of trade receivables with recourse	(5,193)	(28,174)
NET CASH	**108,787**	**66,523**

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

(in thousands of Euro)	30 June 2020	31 December 2019
Senior Secured Notes 2022 (nominal value)	333,900	349,700
Revolving Credit Facility ("RCF")	50,000	0
Bank debts (nominal value)	6,408	14,843
Finance lease obligations	6,067	5,853
Current bank overdraft, advance payments and hot money	2,551	2,446
Obligations arising assignments of receivables with recourse	5,193	28,174
GROSS DEBT	**404,120**	**401,016**
Receivables and other current financial assets	(5,388)	(4,819)
Cash and cash equivalents	(116,531)	(97,143)
NET DEBT	**282,201**	**299,054**

The "Net Debt" showed a decrease compared to 31 December 2019 (€ 282.2 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.

In April and May 2020 Rekeep S.p.A. formalised the purchase of portions of its bond issue on the open market for a nominal total of € 15.8 million. The book value of the remaining debt for principal of the Senior Secured Notes was then equal to € 333.9 million (against an amount of € 349.7 million at 31 December 2019). The Notes that had been repurchased were not cancelled and at present they are still held in the portfolio.

Furthermore, there was the recognition of lower uses of credit lines for the assignment with recourse of trade receivables (€ 5.2 million at 30 June 2020 against € 28.2 million at 31 December 2019) and uses in Current bank overdraft, advance payments and hot money that were substantially unchanged (€ 2.6 million at 30 June 2020 and € 2.4 million at 31 December 2019).

The change in consolidated "Cash and cash equivalents" is analyzed in the table below, which shows the cash flows for the first half-year of 2020, compared with the figures for the same period of the previous year. Reference should be made to Annexes, which contain a reconciliation between the items in the table and those in the statutory schedule reported in the Consolidated Half-year Financial Report, presented in the condensed Explanatory Notes pursuant to IAS 7.

(in thousands of Euro)	2020	2019
At 1 January	**97,143**	**94,733**
Cash flow from current operations	30,458	33,033
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR)	(4,611)	(3,949)
Change in NWOC	(28,342)	(6,007)
Industrial capex, net of disposals	(13,758)	(17,679)
Financial capex, net of disposals	50,970	8,104
Change in net financial liabilities	(14,885)	(17,651)
Other changes	(444)	6,149
AT 30 JUNE	**116,531**	**96,702**

The overall cash flows mainly reflect:

a cash inflow from operating activities of € 30.5 million (€ 33.0 million at 30 June 2019);

outflows from the use of provisions for future risks and charges and of the provision for Employee Termination Indemnity (TFR) for € 4.6 million (€ 3.9 million at 30 June 2019);

- a cash flow used for changes in NWOC for € 28.3 million (€ 6.0 million at 30 June 2019) mainly resulting from an outflow correlated to an increase in trade receivables for € 8.0 million (€ 8.7 million in the first half of 2019), as well as outflows for the change in the balance of trade payables for € 18.6 million (a cash inflow of € 4.1 million at 30 June 2019);

a cash flow of € 14.1 million used in industrial investments (€ 17.9 million at 30 June 2019), net of disposals of € 0.3 million (€ 0.2 million at 30 June 2019);

cash inflows from financial investments and disinvestments, equal to € 51.0 million at 30 June 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 cash inflow from financial disinvestments equal to € 8 million at 30 June 2019 and relating to the assignment of the minority interests held in Palazzo della Fonte S.c.p.a. to UBI Banca S.p.A. by the subsidiary H2H Facility Solutions S.p.A.;

a decrease in net financial liabilities of € 14.9 million, which was mainly due to (i) activating the Revolving Credit Facility for € 50.0 million; (ii) the buy-back of Senior Secured Notes for € 15.8 million through the purchase on the open market in May 2020; (iii) a lower liability recognized against factoring firms for amounts received on receivables that had been previously assigned without recourse and returned to them in the subsequent quarter (- € 3.4 million); (iv) the early repayment of the residual debt of € 8.3 million of the CCFS committed credit line originally due in 2023; (v) the payment, during the period, of the dividend that the Parent Company resolved to distribute in December 2019 (- € 13 million); (vi) other changes in the liability related to the use of short-term credit lines for hot money and advances on invoices and for assignments of trade receivables with recourse (- € 22.9

million); (vii) a reduction in the financial liability recognized on operating and finance leases (- € 1.9 million). The first half-year of 2019 showed a decrease in net financial liabilities of € 17.7 million, linked, first of all, 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., in addition to other changes in the liability related to the use of short-term credit lines for hot money and advances on invoices (- € 4.5 million) and for assignments of trade receivables with recourse (+ € 2.3 million). Furthermore, note a lower liability recognised against factoring firms for amounts received on receivables that had been previously assigned without recourse and returned to them in the subsequent quarter (- € 7.0 million);

- cash outflows arising from other changes recorded in the period for € 0.4 million, mainly due to the net effect of the cash inflow generated by the changes in the net VAT credit balance of the Group companies (which decreased by € 2.8 million during the year, even against assignments without recourse amounting to € 22.2 million) and of the trend in debt balances for payments due to the members of the Temporary Business Grouping for (- € 2.9 million). Other changes in the first half-year of 2019 generated cash inflows of € 6.1 million from other changes occurred in the period, which included, among other things, the flows generated by the changes in other operating assets and liabilities (+ € 9.3 million), mainly due to the net effect of: (i) the increase in the balance of payables to/receivables from employees and related payables to/receivables from social security institutions and Tax Authorities for withholding taxes (+ € 18.9 million); (ii) the trend in net VAT credit balances for the Group companies, which increased by € 4.2 million in the half-year, despite assignments without recourse totalling € 16.9 million; (iii) a decrease in the debit balances for payments due to the members of the Temporary Business Grouping for € 0.6 million; (iv) the decrease, among "Other operating current liabilities", in the payable related to the fine imposed by the Competition Authority during 2016 (- € 2.9 million, as a result of the payment of 6 monthly instalments).

Industrial and financial Capex

In the first half-year of 2020 the Group made gross capital expenditures which totalled € 14.1 million (€ 18.2 million at 30 June 2019), from which must be deducted disinvestments of € 0.3 million (€ 0.2 million at 30 June 2019):

(in thousands of Euro)	For the half-year ended 30 June	
	2020	2019
Acquisitions of fixed assets under finance leases	981	305
Increases in owned properties	206	0
Purchase of plant and equipment	10,640	14,687
Other investments in intangible assets	2,263	3,233
of which relating to Discontinued operations	*0*	*136*
INDUSTRIAL CAPEX	**14,090**	**18,225**

Acquisitions of plant and equipment include the purchase of linen by Servizi Ospedalieri S.p.A. for the linen rental and industrial laundering business, equal to € 7.0 million at 30 June 2020 against € 10.6 million at 30 June 2019, when they included new

significant stocks for the start-up of some major contracts. Furthermore, in the first half-year of 2019, there was the recognition of increases of € 1.4 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 in December 2019) and at Valsamoggia (BO) (through subsidiary Energy Saving Valsamoggia S.r.l.). These increases amounted to € 0.4 million in the first half-year of 2020.

Investments in intangible assets for the period amounted to € 2.3 million (€ 3.2 million at 30 June 2019) and mainly related to ICT investments on the part of the Parent Company for the upgrading and enhancement of its SAP infrastructure. Of these, an amount of € 0.4 million related to investments in the technological platform of subsidiary Yougenio S.r.l. in the first half-year of 2019.

Finally, investments in new finance leases for the period related to the facility management activities of the Polish subsidiary Naprzód for € 0.3 million and of the Parent Company Rekeep S.p.A. for € 0.5 million. Furthermore, increases were recognised on new leases in the linen rental and industrial laundering operations of Servizi Ospedalieri S.p.A. (€ 0.2 million at 30 June 2020 and € 0.3 million at 30 June 2019).

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

(in thousands of Euro)	For the half-year ended 30 June	
	2020	2019
Facility Management	5,565	5,440
of which relating to International markets	*1,793*	*25*
of which relating to Discontinued operations	*0*	*136*
Laundering & Sterilization	8,525	12,785
INDUSTRIAL CAPEX	**14,090**	**18,225**

Finally, the cash flow from financial investments was positive and equal to € 51.0 million, 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 an industrial partnership with the group controlled by Sicura S.p.A..

Finally, the cash flow from financial investments was positive and equal to € 8.1 million at 30 June 2019, following the sale to UBI Banca S.p.A. of the minority interests held in Palazzo della Fonte S.c.p.a. by the subsidiary H2H Facility Solutions S.p.A..

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	Repayments/ Payments	Buy-back/ Early termination	Other changes	30 June 2020
Senior Secured Notes	339,905			(15,800)	2,154	326,259
Revolving Credit Facility	0	50,000				50,000
Bank loans	14,755	2,547	(2,630)	(8,333)	69	6,408
Current bank overdraft, advance payments and hot money	2,446	2,551	(2,446)			2,551
Accrued expenses and deferred income on loans	699		(15,026)		15,691	1,364
BANK DEBTS	**357,806**	**55,098**	**(20,102)**	**(24,133)**	**17,914**	**386,583**
Finance lease obligations	5,853	981	(767)			6,067
Operating lease liabilities	42,920	2,190	(3,440)	(853)		40,817
Payables for assignments of trade receivables with recourse	28,174	12,750	(35,730)			5,193
Receipts on behalf of assignees of trade receivables without recourse	7,558	4,156	(7,558)			4,156
Other current financial liabilities	26,279	1,975	(16,710)		(88)	11,456
FINANCIAL LIABILITIES	**468,589**	**77,151**	**(84,307)**	**(24,986)**	**17,826**	**454,273**
Current financial assets	(4,819)				(569)	(5,388)
NET FINANCIAL LIABILITIES	**463,770**	**77,151**	**(84,307)**	**(24,986)**	**17,257**	**448,885**

The residual debt for principal of the Senior Secured Notes was equal to € 333.9 million at 30 June 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 adjustment generated financial costs for € 2.2 million in the first half-year of 2020, including a write-off of € 0.4 million related to the buy-back of € 15.8 million which took place in April and May 2020 through the purchase on the open market.

On 18 March 2020 the Parent Company Rekeep S.p.A. formalized the request for use of the Super Senior Revolving loan ("RCF"), subscribed upon the bond issue by the issuer CMF S.p.A., to which Rekeep S.p.A. is a party as Borrower, for a credit line at sight, in a maximum nominal amount of € 50 million until 15 December 2021. The facility was activated, as a precautionary measure, 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 consolidated data relating to the last 12 months, as resulting from the financial position, results of operations and cash flows approved during the quarter prior to the date of the application for use of the credit facility.

Payments of instalments on bank loans were made for € 2.6 million during the year and new bank loans were raised for € 2.5 million on the part of the Polish group Naprzód.

Furthermore, at 30 June 2020 there was the recognition of accrued expenses on loans in a total amount of € 1.9 million (of which € 1.3 million related to the amount accrued on the bond coupon due 15 December 2020) and prepaid financial expenses of € 0.5 million, of which an amount of € 0.3 million relating to the remaining amount of costs to be amortised for obtaining the Revolving Credit Facility. Financing costs (equal to € 1.0 million upon issue) are indeed amortized on a straight-line basis throughout the entire term of the credit facility and this amortization had an impact of € 0.1 million on the first half-year of 2020.

As at the closing date of the half-year short-term uncommitted credit lines had been used for hot money and advance payments on invoices (in order to meet peaks in temporary cash requirements linked to the physiological performance of operations) of € 3.6 million, against a balance of € 2.4 million at 31 December 2019. Furthermore, Rekeep S.p.A. used credit facilities for the assignment of trade receivables with recourse in place with Unicredit Factoring S.p.A., concerning receivables from customers in the Public sector market. During the first half-year of 2020 assignments were made in an overall nominal amount of € 12.7 million, while the facility was no longer used (€ 23.7 million at 31 December 2019). The Polish subsidiary Naprzód 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 € 4.2 million at 30 June 2020 concerning receivables included in assignments without recourse for which the respective debtors have not made any payment to the bank accounts specified by the factor. These amounts constitute a financial liability for the Group, which gave rise to the payment of said amounts at the beginning of the subsequent quarter.

Furthermore, as at 31 December 2019 “Other financial liabilities” included the debt for the dividend resolved by the Parent Company in favour of its controlling company Manutencoop Società Cooperativa on 17 December 2019, equal to € 13 million, fully paid during the first half-year of 2020.

Furthermore, payables were recognized for the acquisition of investments for a total amount of € 8.2 million, mainly relating to the deferred price for the acquisition of Naprzód S.A. (€ 7.0 million) to which must be added the residual debt for the acquisitions carried out by the latter prior to joining the Rekeep Group (€ 1.2 million at 30 June 2020).

The financial liability relating to the discounted value of future lease payments to be made on property and operating leases amounted to € 40.8 million at 30 June 2020 against € 42.8 million at 31 December 2019. In consideration of these agreements, payments were made as a reduction in the liability for € 3.4 million during the first half of the year, while new agreements were entered into and rentals were revalued for a present value of € 2.2 million upon recognition. Finally, differences arose for early termination for € 0.9 million. On the other hand, a residual debt was recognized against finance leases at the reporting date, equal to € 6.1 million (€ 5.9 million at 31 December 2019), of which an amount of € 3.4 million for properties and equipment of the Laundering&Sterilization SBU and an amount of € 2.7 million relating to the Facility Management SBU.

Finally, the balance of short-term financial assets increased by € 0.6 million during 2020, mainly due to a change in the balances of pledged current accounts used within the scope of the aforementioned agreements for the assignment of trade receivables without recourse, for which the parent company Rekeep S.p.A. manages the collection service (+ € 0.3 million). This item also

includes the receivable for the price adjustment of the acquisition of the Polish company Naprzód S.A. on the closing date (€ 2.1 million at 30 June 2020).

3. UPDATE ON LEGAL PROCEEDINGS

The updates are described below, which were reported at the date of approval of the Consolidated Half-year Financial Report on the disputes described in the explanatory notes of the condensed interim 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 the year the administrative dispute which related to the fine of € 48.5 million imposed by the Competition Authority (AGCM) on 20 January 2016 on the Parent Company Rekeep S.p.A. (formerly Manutencoop Facility Management S.p.A.) continued. It was due to the alleged breach of competition rules on the part of some companies that had taken part in the European Union tender for cleaning services in school buildings called by CONSIP in 2012 On 23 December 2016, following a number of rulings handed down by the Regional Administrative Court and by the Council of State, the Authority adopted a measure, which definitively provided for a new calculation of the fine, setting it at € 14.7 million. Against the Council of State's judgment that had confirmed the existence of the understanding established by the Competition Authority the Company filed an appeal with the Supreme Court for jurisdiction reasons, which was declared as inadmissible on 18 January 2019. An appeal was also lodged against this new order issued by the Competition Authority for the redetermination of the fine before the Lazio Regional Administrative Court and the hearing for the discussion of the merits has been scheduled for 7 October 2020. The Company is regularly paying this fine as from May 2017, for which the payment in 30 monthly instalments has been obtained at the legal interest rate. 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 to also confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (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, whereby the abovementioned appeal was rejected, 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 hearing on the merits scheduled for 1 July 2020, in relation to which the Company

is waiting for the filing of the related decision. Finally, on 28 July 2020, one of the guarantors (Atradius) served on Rekeep an appeal before the Civil Court of Rome under Article 702-*bis* in order to obtain the payment of the sums relating to the sureties provided for the Consip Sanità tender, pending the enforcement on the part of Consip. The first appearance hearing has been scheduled on 24 March 2021.

In relation to the above-mentioned exclusions, ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority) decided to open two proceedings concerning their 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. The hearing of the parties before ANAC was held on 16 July.

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 limited to the enforcement of the sureties 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 30 June 2020 and were not included in the Group's backlog at 30 June 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 an 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 (FM4 Tender). On 9 May 2019, after the completion of the abovementioned proceedings, the Competition Authority served the final order, considering the existence of the agreement restricting competition between some of the abovementioned companies and imposing a fine of € 91.6 million on the Company

The hearing for discussing the merits on the appeal filed with the Lazio Regional Administrative Court on 3 July 2019, which had been initially scheduled on 6 May 2020, was postponed at the Company's request to 10 June 2020 due to the ongoing Covid-19 emergency. By judgment of 27 July 2020, the Lazio Regional Administrative Court partially granted the appeal filed by the Company, albeit confirming the Competition Authority's Order as regards the merits, in relation to grounds relating to the calculation of the fine and set the parameters for its new restatement. The Regional Administrative Court referred the documents to the Competition Authority for the calculation of the actual amount of the fine, based on the above-mentioned parameters. The Company will, however, be entitled to challenge both the Lazio Regional Administrative Court's judgment before the Council of State and the new fine as restated in this manner, before the Lazio Regional Administrative Court within the time limits prescribed by law. 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. he Company therefore considers that the measure is unjustified and declares that it is sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender. While continuing to maintain confidence in the reasonableness of the grounds of the defence arguments, the Directors, expecting a probable financial outlay, have decided to set aside a specific provision for risks in the interim consolidated Financial Statements at 30 June 2020 for an amount consistent with the instructions provided in the aforementioned ruling and amounting to € 79.8 million, even in consideration of the uncertainties surrounding the actual outcome of the appeal against the regional Administrative Court's judgment and of any possible appeal on the merits on the new Competition Authority's order. Furthermore, the Company believes that the payment of any possible sums entered in the taxpayers' list may take place, as already occurred for the sums owed as guarantee in the first phase of the litigation, pursuant to Article 19 of Presidential Decree 602/1973 and Ministerial Decree of 6 November 2013, as supplemented by the Directives issued by the Revenue Agency – Collection. Therefore, the amount set aside has been increased by 3% to take account of the collection costs expected (equal to € 2,394 thousand).

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 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 on 10 July 2019 for the suspension of only the enforcement of the temporary guarantees until the hearing on the merits scheduled on 15 July 2020. This hearing has been postponed to 2 December 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 30 June 2020 are included in the explanatory notes (notes 14 and 15), to which reference is made.

4. SUBSEQUENT EVENTS AFTER THE END OF THE PERIOD

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

5. BUSINESS OUTLOOK

During the first six months of the 2020 financial year the Group's management was characterised by 3 distinct 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 effects of the health emergency arising from the spread of the Covid-19 virus and the consequent lockdown from the second decade of March 2020;
- on the domestic market, the confirmation of a slow but steady trend of efficiency improvement in the results of the Facility Management and Laundering&Sterilization operations, despite the fact that volume growth, which had been slow but steady in the past quarters, suffered a setback in the quarter.

In particular, the time needed to move out of the health emergency, and consequently the time needed to move into a phase of resumption of operations at full capacity in all sectors of economy of our country (not yet completed to date), but also of the international scenario, and the uncertainty surrounding any possible resurgence of the pandemic that could force the Government to adopt new emergency measures in autumn 2020, raise the key questions about the near future and make it more difficult to estimate the expected performance of operations in the remainder of the 2020 financial year.

Obviously, if on the one hand it is to be expected that some reductions may continue in operations on the part of customers in the sectors most affected by the effects of the lockdown (e.g. transport), on the other hand, given the specific services that the Group offers, the expectation is that additional non-routine work will also continue as a result of new customer requirements related to 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.

As mentioned, this context of uncertainty makes it particularly complex to estimate the performance of operations in the second half of 2020; however, the trend that has characterized the Group's results in the last 2 years, together with potential opportunities related to the type of activities carried out (in particular in the segments of environmental hygiene and maintenance of premises), as well as the management's ongoing commitment to reduce costs, including through the social shock absorber schemes that the Government has made available to businesses to cope with the crisis, are mitigating factors with respect to a probable reduction in Revenues (which partly occurred as early as in the second quarter of the year) and a possible decrease in EBITDA

resulting from the contingent situation and substantiate the current expectation of their containment in an area of modest significance.

In financial terms, in the first half of 2020 we witnessed the effects of the sale of Sicura, which took place in February and which entailed, in combination with the acquisition of Naprzód in the fourth quarter of 2019, a milestone step forward in the direction of deleverage, even on a prospective basis.

In addition to the above, at 30 June 2020 there was a limited increase in net operating working capital compared to 31 December 2019, which was mainly due to a lower impact of non-recourse assignments of trade receivables and to a decrease in the payment times of suppliers, which in any case marked a significant result in terms of collection times, even net of the improvement effect arising from the consolidation of Naprzód. This showed that the Group's commitment to continuous improvement in collection times and containment of working capital continued and that, as at 30 June 2020, it did not seem to have suffered, as a whole, the impact of the health emergency that characterizes the domestic scene. In this case too, while looking to the near future, it is not easy to predict the trends of a possible reduction in our customers' financial resources, which can be assumed in particular for private customers, or the third-party providers and suppliers' need to see the payment times of their invoices shortened in order to avoid them experiencing excessive financial tensions. Net of these effects, which cannot be estimated reliably at present, and which, even if they should occur, we hope they will be absorbed by the end of 2020, the Group's objective remains that of continuing the deleverage process, as stated on several occasions.

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED HALF-YEAR STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	30 June 2020	31 December 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	78,776	79,345
Property, plant and equipment under lease	5	45,259	47,146
Goodwill	6-7	388,083	387,778
Other intangible assets	6	24,983	26,823
Investments accounted for under the equity method	8	10,053	10,376
Other investments	9	6,958	4,957
Non-current financial assets and other securities	9	4,432	4,819
Other non-current assets	9	5,966	97,801
Prepaid tax assets		15,775	16,026
TOTAL NON-CURRENT ASSETS		**580,285**	**675,071**
CURRENT ASSETS			
Inventories		9,639	7,910
Trade receivables and advances to suppliers	10	419,408	412,572
Current tax receivables		5,026	10,090
Other current assets	10	29,748	31,054
Current financial assets	12	5,388	4,819
Cash and cash equivalents	12	116,531	97,143
TOTAL CURRENT ASSETS		**585,740**	**563,588**
Non-current assets classified as held for sale	17	0	70,500
TOTALE NON-CURRENT ASSETS HELD FOR SALE		**0**	**70,500**
TOTAL ASSETS		**1,166,025**	**1,309,159**

(in thousands of Euro)	NOTES	30 June 2020	31 December 2019
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		7,150	5,710
Retained earnings		36,005	33,825
Profit (loss) attributable to equity holders of the Parent		(81,221)	3,285
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**71,084**	**151,970**
Capital and reserves attributable to non-controlling interests		560	771
Profit (loss) attributable to non-controlling interests		625	65
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**1,185**	**836**
TOTAL EQUITY	**11**	**72,269**	**152,806**
NON-CURRENT LIABILITIES			
Employee termination indemnity	13	11,670	12,443
Provisions for risks and charges, non-current	14	105,862	25,439
Non-current loans	12	372,179	396,759
Deferred tax liabilities		16,587	16,393
Other non-current liabilities		94	551
TOTAL NON-CURRENT LIABILITIES		**506,392**	**451,585**
CURRENT LIABILITIES			
Provisions for risks and charges, current	14	9,641	6,392
Trade payables and contract liabilities	16	387,199	405,950
Current tax payables		2,443	1,280
Other current liabilities	16	105,987	192,465
Bank borrowings, including current portion of long-term debt, and other financial liabilities	12	82,094	71,830
TOTAL CURRENT LIABILITIES		**587,364**	**677,917**
Liabilities directly associated with assets held for sale	17	0	26,851
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**0**	**26,851**
TOTAL LIABILITIES		**1,166,025**	**1,309,159**

CONSOLIDATED HALF-YEAR STATEMENT OF PROFIT OR LOSS

(in thousands of Euro)	NOTES	For the half-year ended	
		30 June 2020	30 June 2019 restated
REVENUES			
Revenues from contracts with customers		508,738	470,094
Other revenues		940	949
TOTAL REVENUES		**509,678**	**471,043**
OPERATING COSTS			
Costs of raw materials and consumables		(91,072)	(79,236)
Change in inventories of finished and semi-finished products		289	725
Costs for services and use of third-party assets		(148,961)	(141,030)
Personnel costs		(208,212)	(199,488)
Other operating costs		(6,938)	(3,219)
Capitalisation of lower internal construction costs		448	1,361
Amortization, depreciation, write-downs and write-backs of assets	4-5-6	(20,770)	(18,422)
Accrual of provisions for risks and charges	14	(86,556)	(735)
TOTAL OPERATING COSTS		**(561,772)**	**(440,044)**
OPERATING INCOME		**(52,094)**	**30,999**
FINANCIAL INCOME AND EXPENSES			
Share of net profit of associates	8	(143)	708
Dividends and income (loss) from sale of investments		72	776
Financial income		1,523	2,238
Financial charges		(23,884)	(22,639)
Profit (loss) on exchange rate		137	(35)
Profit (loss) before tax		**(74,389)**	**12,047**
Income taxes, current , prepaid and deferred		(8,747)	(9,251)
Net profit (loss) from continuing operations		**(83,136)**	**2,796**
Profit (loss) from discontinued operations	17	2,540	979
Profit (loss) for the period		**(80,596)**	**3,775**
Net profit (loss) for the period attributable to non- controlling interests		(625)	(44)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE GROUP		**(81,221)**	**3,731**

	For the half-year ended	
	30 June 2020	30 June 2019 restated
Basic earnings per share	(0.744)	0.034
Diluted earnings per share	(0.744)	0.034
Basic earnings per share from continuing operations	(0.767)	0.025
Diluted earnings per share from continuing operations	(0.767)	0.025

CONSOLIDATED HALF-YEAR STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the half-year ended	
		30 June 2020	30 June 2019 restated
NET RESULT FOR THE PERIOD		**(80,596)**	**3,775**
Other components of the comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Differences from translation of foreign financial statements		471	(120)
Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year	8	(83)	(163)
Other components of the comprehensive income for the period, which will be subsequently reclassified under profit/loss for the year		**388**	**(284)**
Other components of the comprehensive income, which will not be subsequently reclassified under profit/loss for the year:			
Actuarial gains (losses) on defined benefit plans	9	**12**	(475)
Income taxes		53	16
Net effect on actuarial gains (losses)		**65**	**(459)**
Share of other comprehensive income of entities accounted for using the equity method, which will not be subsequently reclassified under profit/loss for the year	**8**	(17)	(29)
Other components of the comprehensive income for the period, which will not be subsequently reclassified under profit/loss for the year		**48**	**(488)**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**436**	**(772)**
COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**(80,160)**	**3,003**
Equity holders of the Parent		(80,663)	3,023
Non-controlling interests		503	(20)

CONSOLIDATED HALF-YEAR STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the half-year ended	
		30 June 2020	30 June 2019 restated
Net result from continuing operations		**(83,136)**	**2,796**
Income taxes for the period		8,747	9,251
Profit before tax for the period		**(74,389)**	**12,047**
Profit (loss) from discontinued operations for the period		2,540	979
Capital gains (losses) from disposal on equity investments		(13,599)	0
Other unrealised write-downs on discontinued operations		405	0
Amortization, depreciation, write-downs and (write-backs) of assets		20,962	19,097
Accrual (reversal) of provisions for risks and charges		86,564	721
Employee termination indemnity provision		350	512
Payments of employee termination indemnity		(1,191)	(1,310)
Utilization of provisions		(3,421)	(2,639)
Share of net profit of associates, net of dividends collected		143	(708)
Financial charges (income) for the period		22,599	20,580
Operating cash flows before movements in Working Capital		**40,964**	**49,278**
Of which relating to discontinued operations		*(8,004)*	*808*
Of which relating to continuing operations		*48,968*	*48,470*
Decrease (increase) of inventories		(1,729)	(1,408)
Decrease (increase) of trade receivables and advances to suppliers		(8,008)	(8,653)
Decrease (increase) of other current assets		1,029	(6,020)
Increase (decrease) in trade payables		(18,605)	4,054
Increase (decrease) of other current liabilities		5,246	15,363
Change in Working Capital		**(22,067)**	**3,336**
Net interests received (paid) in the period		(19,174)	(19,067)
Income taxes paid in the period		(2,016)	331
Net cash flow from operating activities		**(2,293)**	**33,878**
(Purchase of intangible assets, net of sales)	6	(2,263)	(3,233)
(Purchase of property, plant and equipment)	4-5	(11,828)	(14,687)
Proceeds from sale of property, plant and equipment	4-5	333	241

(in thousands of Euro)	NOTES	For the half-year ended	
		30 June 2020	30 June 2019 restated
Disposal (acquisition) of investments		(1,998)	7,991
Decrease (increase) of financial assets		(36)	1,141
Discontinuing operations	17	55,245	45
Net cash flow from (used in) investing activities		**39,454**	**(8,503)**
Change in finance lease debt	12	214	53
New (repayment of) operating leases	12	(4,293)	(3,869)
Opening of medium- and long-term borrowings	12	52,895	1,546
Repayment of medium- and long-term borrowings	12	(24,825)	(11,495)
Net opening (repayment) of short-term bank credit lines	12	105	(4,673)
Other net changes in borrowings	12	(29,717)	(4,847)
Dividends distributed		(13,000)	0
(Purchase) /sale of subsidiaries' minority shareholdings		376	(1)
Differences arising from translation of financial statements in foreign currency		677	(91)
Net cash flow from / (used in) financing activities		**(17,569)**	**(23,377)**
Change in cash and cash equivalents		**19,593**	**1,998**
Cash and cash equivalents at the beginning of the period		97,143	94,733
Change in cash and cash equivalents		19,593	1,998
Translation differences on cash and cash equivalents		(206)	(29)
Cash and cash equivalents at the end of the period		**116,531**	**96,702**
Details of cash and cash equivalents:			
Cash and bank current accounts		116,531	96,702
TOTAL CASH AND CASH EQUIVALENTS		**116,531**	**96,702**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the half-year ended	
	30 June 2020	30 June 2019 restated
Interest paid	(20,760)	(21,304)
Interest received	1,520	2,237
Dividends paid	(13,000)	0
Dividends received	72	197

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Reserves	Retained Earnings	Net Result of the period	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholder s' equity
1 January 2020	**109,150**	**5,710**	**33,824**	**3,285**	**151,970**	**836**	**152,806**
Allocation of prior year result		882	2,403	(3,285)	**0**		**0**
Acquisition/sale of minority interests in subsidiaries			(222)		**(222)**	(154)	**(376)**
Total comprehensive income (loss) for the period		558		(81,221)	**(80,664)**	503	**(80,161)**
30 June 2020	**109,150**	**7,150**	**36,005**	**(81,221)**	**71,084**	**1,185**	**72,269**

	Share Capital	Reserves	Retained Earnings	Net Result of the period	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholder s' equity
1 January 2019	**109,150**	**5,029**	**34,911**	**15,734**	**164,824**	**668**	**165,492**
Effects of changes in accounting standards		(1,784)	**(704)**		**(2,488)**	(9)	**(2,497)**
1 January 2019 Restated	**109,150**	**3,245**	**34,207**	**15,734**	**162,336**	**659**	**162,995**
Allocation of prior year result		16,165	(429)	(15,734)	**0**	2	**2**
Total comprehensive income (loss) for the period		(841)	(15)	3,731	**2,877**	(20)	**2,857**
30 June 2019	**109,150**	**18,569**	**33,763**	**3,731**	**165,213**	**641**	**165,854**

EXPLANATORY NOTES

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 half-year ended 30 June 2020 consists of the Interim Report on Operations and of the condensed Consolidated Interim Financial Statements at 30 June 2020, which were prepared in the application of 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' meeting of 27 August 2020.
On 30 June 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 STANDARDS AND BASIS OF PRESENTATION

The condensed consolidated interim Financial Statements at 30 June 2020 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss, the Consolidated Statement of other comprehensive income, the Consolidated Statement of cash flows, the Consolidated Statement of changes in Shareholders' Equity and the Condensed explanatory notes. After assessing the possible uncertainties regarding the Company's ability to continue as a going concern, including liquidity and other market risks associated with the proceedings in progress described in the explanatory notes, the directors decided to prepare the financial statements on a going-concern basis.

The amounts presented in the Statements and in the explanatory Notes are compared with those as at 31 December 2019, while the economic values included in the Statement of other Comprehensive Income and in the Statement of Cash Flows are compared with those in the first six months 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 30 June 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 condensed consolidated interim Financial Statements at 30 June 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 ones. The Consolidated Statement of profit or loss is classified by nature and the Consolidated Statement of other comprehensive income sets forth the result for the period 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 condensed consolidated interim Financial Statements at 30 June 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 standards (IFRS)

The condensed consolidated interim Financial Statements at 30 June 2020 have been prepared in compliance with IAS 34 - Interim Financial Reporting. The condensed consolidated interim Financial Statements do not include all the information required for the complete annual financial statements prepared according to IAS 1, and must be read together with the Consolidated Financial Statements at 31 December 2019.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the condensed consolidated interim Financial Statements at 30 June 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

The IASB has issued amendments to some existing standards, applicable from 1 January 2020:

- *IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates.* The IASB has clarified the definition of "materiality" in order to support the application of the standard. The amendments will become applicable from the financial periods ending after 1 January 2020, with early adoption permitted;
- *IFRS 3 - Business Combinations.* The amendments are aimed at clarifying the definition of a business. The entities shall apply the amendments from the financial periods ending after 1 January 2020;IFRS 7 - Financial Instruments: Disclosures, IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement. On 26 September 2019 the International Accounting Standards Board published the Interest Rate Benchmark Reform (amendments to IFRS 9, IAS

39 and IFRS 7) in order to take account of the consequences of the reform on financial reporting in the period preceding the replacement of an existing interest rate benchmark with an alternative reference rate. The amendments provide for temporary and limited exceptions to the provisions governing hedge accounting. The entities shall apply the amendments from the financial periods ending after 1 January 2020.

- *Amendments to references to the Conceptual Framework in IFRS Standards*. On 29 March 2018 the IASB published these amendments with the aim of improving both the definitions of "assets" and "liabilities" and the process for their measurement, derecognition and reporting. The document also clarifies key concepts such as the identification of the users of financial statements and the objectives that the financial statements are intended to achieve, as well as deals with the issue of prudence and uncertainty in measurements for disclosures in financial statements;
- *Amendment to IFRS 16 Leases - Covid 19-Related Rent Concessions*. On 28 May 2020 the IASB published an amendment clarifying that the lessee may consider, as a practical expedient, that specific rent reductions (as a direct consequence of Covid-19 virus) may not be regarded as lease modifications and therefore account for them accordingly. This amendment will be applicable from 1 June 2020. Lessees may apply it in advance from 1 January 2020; however, the endorsement by the European Union is expected by the end of 2020.

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

New accounting standards and amendments not yet applicable and not early adopted by the Group

Amendments to IAS 1 - "Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current. On 23 January 2020 the IASB published these amendments in order to clarify the presentation of liabilities in the financial statements of entities. Specifically they: (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and in particular on the right to defer settlement by at least twelve months; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The new amendments will be applicable from 1 January 2023 (with the IASB's decision to postpone the date of first-time adoption, which was previously scheduled on 1 January 2022).

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

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

The new amendments will become applicable from 1 January 2022.

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

IFRS17 – Insurance Contracts: On 18 May 2017 the IASB published IFRS 17 - Insurance contracts. The new accounting standard aims to help investors, but not only investors, to better understand the insurers' risk exposure, profitability and financial position. On 25 June 2020 the IASB amended the IFRS 17, which had been issued in May 2017, in order to facilitate the implementation of the standard and make it easier to describe financial results. 'IFRS 17, including its amendments, will be applicable to annual financial statements for financial periods commencing after 1 January 2023. No significant impact is expected from the application of the new standard on the 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 acquired entity and 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 condensed consolidated interim Financial Statements are detailed below.

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 30 June 2020 the carrying amount of the goodwill stood at € 388,083 thousand (€ 387,788 thousand at 31 December 2019); more details are given in note 7.

Recognition of revenues and costs relating to contract assets with customers

The Group uses the percentage of completion method to account for assets on long-term contracts concerning the construction and upgrading of properties or technological systems for which it carries out construction works. The amount of profit margins recognised in the income statement depends on both the progress of work on the contract and the profit margins which it is believed will be recognised on the entire work upon its completion; therefore, the correct recognition of work in progress and profit margins relating to works that have not yet been completed assumes the Directors' correct estimate of final costs and the expected increases, as well as of the delays, additional costs and penalties which could reduce the expected margin. The use of the percentage of completion method requires the Group to estimate completion costs, which involves making estimates that depend on factors that may change over time and could therefore have a significant impact with respect to present values. If the actual cost differs from the estimated cost, this change will have an impact on the results of future financial periods.

Deferred tax assets and their probable future reversal

Deferred tax assets are recognised to the extent that it is probable that in the future there will be a taxed profit such as to allow the use of losses. A significant estimation activity is required of the management staff to calculate the amount of tax assets that can be recognised based on future taxable profits, the timing of their occurrence and tax planning strategies.

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

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

Income taxes for the period

The income taxes for the period have been recognized by applying the best estimate of the expected weighted-average tax rate for the entire current financial year to the results for the period. A separate estimate is determined for IRES 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 position items

Management also needed to use estimates in determining:

- main assumptions applied to the actuarial valuation of the TFR (employee benefits), such as the future turnover rate and discount financial rates;
- assumptions applied to the valuation of the Right of Use obligations.

Consolidation principles

The Condensed Consolidated Interim Financial Statements include the financial statements of Rekeep S.p.A. ("the Parent Company", "Rekeep S.p.A." or simply "Rekeep") and its subsidiaries, prepared as at 30 June 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 and losses arising from intra-Group transactions, which are recognized under assets, are eliminated in full.

Subsidiaries are fully consolidated 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 common 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 company acquired starting from the date of acquisition until the end of the fiscal year. If the Group loses control over an investee company, it eliminates the related assets (including goodwill), liabilities, minority interests and other equity components, while any profit or loss is recognised in the income statement. Any equity investment retained is recognised at fair value.

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 and in the Consolidated Statement of Financial Position under Equity items, separately from the Group's Equity.

Conversion of financial statements of foreign companies

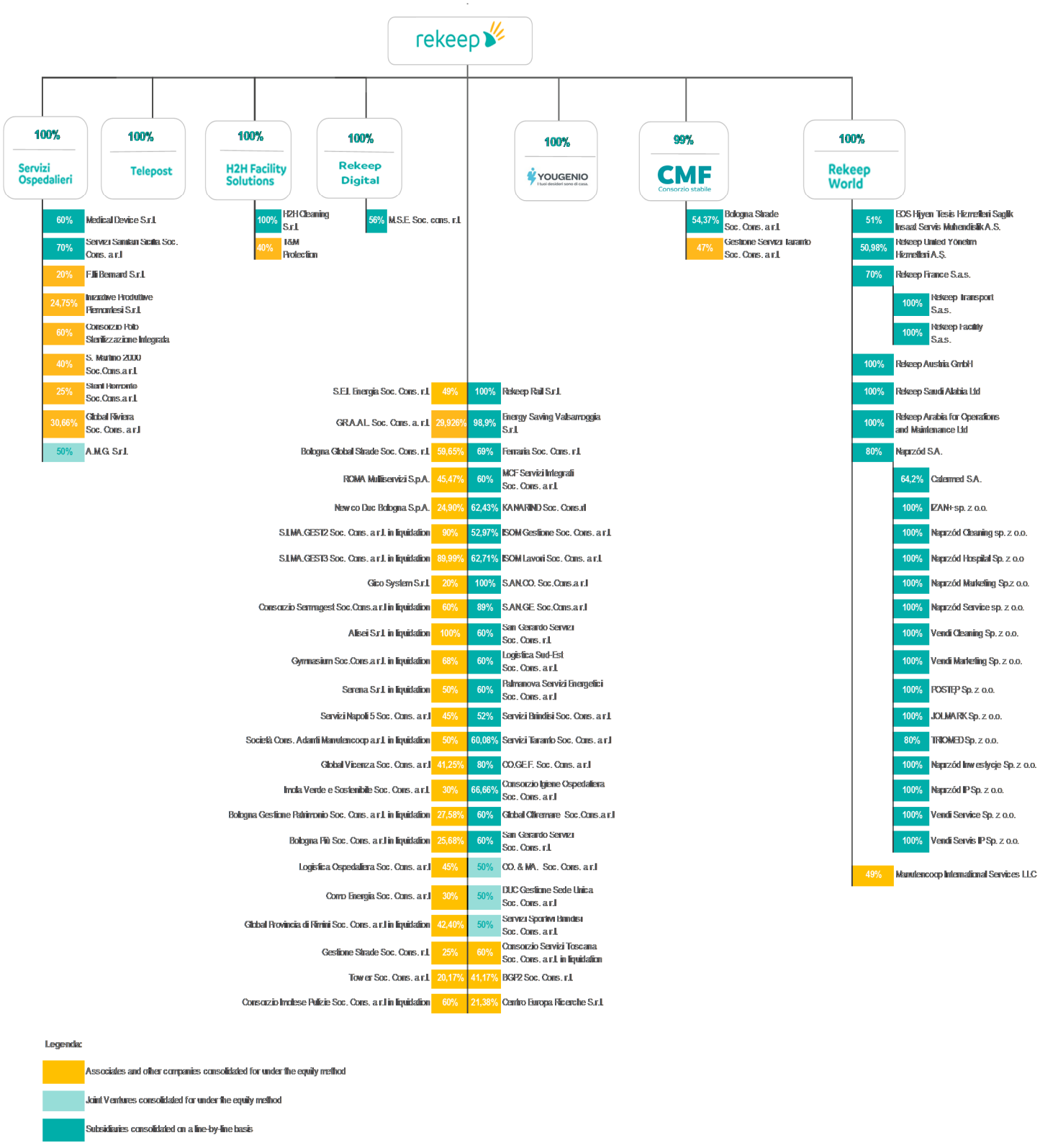
The financial statements have been presented in Euro, which is the functional and reporting currency adopted by the Group. The income statements and balance sheets expressed in foreign currency are converted into Euros applying the year-end exchange rates for the items in the Statement of financial position and average exchange rates for the 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 30 June 2020	Average Exchange rate for the half-year ended 30 June 2020
PLN	Zloty - Poland	4.4560	4.3552
QAR	Qatar Riyal - Qatar	4.0761	4.0752
SAR	Saudi Arabian Riyal – Saudi Arabia	4.1993	4.1984
TRY	Turkish Lira - Turkey	7.6761	7.1730

The consolidation area as at 30 June 2020 is shown below.


rekeep
100% Servizi Ospedalieri
60% Medical Device S.r.l.
70% Servizi Sanitari Sicilia Soc. Cons. a r.l.
20% Filli 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% Stent Horizonte 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.
47% Gestione Servizi Taranto Soc. Cons. a r.l.
100% Rekeep World
51% EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.
50,98% Rekeep United Yonetim 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 Alahia Ltd
100% Rekeep Arabia for Operations and Maintenance Ltd
80% Naprzód S.A.
64,2% Caternet S.A.
100% IZAN+ sp. z o.o.
100% Naprzód Cleaning sp. z o.o.
100% Naprzód Hospital Sp. z o.o
100% Naprzód Marketing Sp.z o.o.
100% Naprzód Service sp. z o.o.
100% Vendi Cleaning Sp. z o.o.
100% Vendi Marketing Sp. z o.o.
100% POSTEP Sp. z o.o.
100% JOLMARK Sp. z o.o.
80% TROMED Sp. z o.o.
100% Naprzód Inwestycje Sp. z o.o.
100% Naprzód IP Sp. z o.o.
100% Vendi Service Sp. z o.o.
100% Vendi Servis IP Sp. z o.o.
49% Manutencoop International Services LLC
S.E.I. Energia Soc. Cons. r.l. 49% 100% Rekeep Rail S.r.l.
G.R.A.A.L. Soc. Cons. a. r.l. 29,926% 98,9% 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.
New co 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.AN.CO. Soc.Cons.a r.l.
Consorzio Semmagest Soc.Cons.a r.l. in liquidation 60% 89% S.AN.GE. Soc.Cons.a r.l.
Alisei S.r.l. in liquidation 100% 60% San Gerardo Servizi Soc. Cons. r.l.
Gymnasium Soc.Cons.a r.l. in liquidation 68% 60% Logistica Sud-Est Soc. Cons. a r.l.
Serena S.r.l. in liquidation 50% 60% Palmanova Servizi Energetici Soc. Cons. a r.l.
Servizi Napoli 5 Soc. Cons. a r.l. 45% 52% Servizi Brindisi Soc. Cons. a r.l.
Società Cons. Adamfi 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 Cimiteri Soc.Cons.a r.l.
Bologna Fili 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.
Corro 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 Riminesi 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% BGP2 Soc. Cons. r.l.
Consorzio Imolese Pulizie Soc. Cons. a r.l. in liquidation 60% 21,38% Centro Europa Ricerche S.r.l.
Legenda:
Associates and other companies consolidated for under the equity method
Joint Ventures consolidated for under the equity method
Subsidiaries consolidated on a line-by-line basis

During the first half-year of 2020 note the following events:

- on 31 January 2020 the company Rekeep Austria GmbH was established, which is based in Wiener Neudorf (Austria) and is wholly owned by Rekeep World S.r.l.;
- on 28 February 2020 there was 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.
- on 4 June 2020 Rekeep S.p.A. acquired an additional 35.9% quota in Energy Saving Valsamoggia S.r.l. (in which it already held a majority interest).

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 30 June 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 at 30 June 2019 recognized in the Interim Condensed Consolidated Financial Statements at 30 June 2019 and the corresponding balances restated in application of IFRS5:

	30 June 2019	Effects of adoption of IFRS 5	30 June 2019 restated
Revenues			
Revenues from contracts with customers	489,046	(18,952)	470,094
Other revenues	1,004	(55)	949
Total revenues	**490,050**	**(19,007)**	**471,043**
Operating costs			
Costs of raw materials and consumables	(83,109)	3,873	(79,236)

	30 June 2019	Effects of adoption of IFRS 5	30 June 2019 restated
Change in inventories of finished and semi-finished products	725	0	725
Costs for services and use of third-party assets	(147,320)	6,290	(141,030)
Personnel costs	(205,930)	6,442	(199,488)
Other operating costs	(3,339)	120	(3,219)
Capitalisation of lower internal construction costs	1,361	0	1,361
Amortization, depreciation, write-downs and write-backs of assets	(19,097)	675	(18,422)
Accrual of provisions for risks and charges	(721)	(14)	(735)
Total operating costs	**(457,430)**	**17,386**	**(440,044)**
Operating income	**32,620**	**(1,621)**	**30,999**
Financial income and expenses			
Share of net profit of associates	708	0	708
Dividends and income (loss) from sale of investments	776	0	776
Financial income	2,240	(2)	2,238
Financial charges	(22,785)	146	(22,639)
Profit (loss) on exchange rate	(35)	0	(35)
Profit (loss) before tax	**13,524**	**(1,477)**	**12,047**
Income taxes, current , prepaid and deferred	(9,749)	498	(9,251)
Net profit (loss) from continuing operations	**3,775**	**(979)**	**2,796**
Profit (loss) from discontinued operations	0	979	979
Profit (loss) for the period	**3,775**	**0**	**3,775**
Net profit (loss) for the period attributable to non- controlling interests	(44)	0	(44)
Net profit (loss) for the period attributable to the Group	**3,731**	**0**	**3,731**

The table below reports a reconciliation between the values shown in the interim condensed Consolidated Financial Statements at 30 June 2019 and the corresponding values restated to take account of the application of IFRS5 on comparative data relating to the items of the consolidated Statement of Cash Flows:

(thousands of Euro)	For the half-year ended 30 June 2019	Effects of adoption of IFRS 5	For the half-year ended 30 June 2019 restated
Net profit (loss) from continuing operations	**3,775**	(979)	2,796
Income taxes for the period	9,749	(498)	9,251
Profit before tax	**13,524**	**(1,477)**	**12,047**
Profit (loss) from discontinued operations for the period	*0*	*979*	*979*

(thousands of Euro)	For the half-year ended 30 June 2019	Effects of adoption of IFRS 5	For the half-year ended 30 June 2019 restated
Capital gains (losses) on disposal on equity investments	*0*		*0*
Amortization, depreciation, write-downs and (write-backs) of assets	19,097		19,097
Accrual (reversal) of provisions for risks and charges	721		721
Employee termination indemnity provision	512		512
Payments of employee termination indemnity	(1,310)		(1,310)
Utilization of provisions for risks and charges	(2,639)		(2,639)
Share of net profit of associates, net of dividends collected	(708)		(708)
Financial charges (income) for the period	20,580		20,580
Operating cash flows before movements in working capital	**49,776**	**(498)**	**49,278**
Of which relating to discontinued operations	*808*	*(498)*	*808*
Of which relating to continuing operations	*48,968*	*0*	*48,470*
Decrease (increase) of inventories	(1,408)		(1,408)
Decrease (increase) of trade receivables	(8,653)		(8,653)
Decrease (increase) of other current assets	(6,020)		(6,020)
Increase (decrease) of trade payables	4,054		4,054
Increase (decrease) of other current liabilities	15,363		15,363
Change in Working Capital	**3,336**	**0**	**3,336**
Net interest received (paid) in the period	(19,067)		(19,067)
Income taxes paid in the period	(167)	498	331
Net cash flow from operating activities	**33,878**	**0**	**33,878**
(Purchase of intangible assets, net of sales)	(3,233)		(3,233)
(Purchase of property, plant and equipment)	(14,687)		(14,687)
Proceeds from sales of property, plant and equipment	241		241
(Acquisition of investments)	7,991		7,991
Decrease (increase) of financial assets	1,141		1,141
Discontinued operations	45		45
Net cash flow from (used in) investing activities	**(8,503)**	**0**	**(8,503)**
Change in finance lease debt	53		53

(thousands of Euro)	For the half-year ended 30 June 2019	Effects of adoption of IFRS 5	For the half-year ended 30 June 2019 restated
New (repayment of) operating leases	(3,869)		(3,869)
Proceeds from non-current borrowings	1,546		1,546
Repayment of non-current borrowings	(11,495)		(11,495)
Proceeds from/(repayment of) current borrowings	(4,673)		(4,673)
Other net changes in borrowings	(4,847)		(4,847)
(Acquisition)/sale of minority interests in subsidiaries	(1)		(1)
Differences from financial statements translation in foreign currency	(91)		(91)
Net cash flow from / (used in) financing activities	**(23,377)**	**0**	**(23,377)**
Changes in cash and cash equivalents	**1,998**	**0**	**1,998**
Cash and cash equivalents at the beginning of the period	94,733		94,733
Changes in cash and cash equivalents	1,998		1,998
Translation differences on cash and cash equivalents	(29)		(29)
Cash and cash equivalents at the end of the period	**96,702**	**0**	**96,702**
Details of cash and cash equivalents:			
Cash and bank current accounts	96,702		96,702
TOTAL CASH AND CASH EQUIVALENTS	**96,702**	**0**	**96,702**

4. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in the company-owned property, plant and equipment in the period ended 30 June 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	206	10,641	10,847
Disposals		(333)	(333)

	Property	Plant and equipment	Total
Depreciation for the period	(516)	(9,550)	(10,066)
Others	1,842	(2,859)	(1,017)
At 30 June 2020	**18,564**	**60,212**	**78,776**
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 30 June 2020			
Historical cost	22,480	406,258	428,738
Accumulated depreciation and impairment losses	(3,916)	(346,047)	(349,962)
NET BOOK VALUE	**18,564**	**60,212**	**78,776**

The additions from acquisitions in the first half of the year mainly relate to the linen in the *Laundering&Sterilization* segment for € 7,041 thousand and to the purchases of other machinery and specific equipment for € 3,600 thousand. Disposals were also made for € 333 thousand.

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

5. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

The table below shows the changes in property, plant and equipment under a financial lease in the period ended 30 June 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	0	981	441	1,749	3,171
Early termination			(558)	(295)	(853)
Depreciation for the period	(67)	(578)	(1,993)	(1,435)	(4,073)
Others	(1)	(210)	87	(8)	(132)

	Property under finance lease	Plant and equipment under finance lease	Rights of use of properties	Rights of use of plant and machinery	Total
At 30 June 2020	**4,382**	**4,209**	**29,533**	**7,135**	**45,259**
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 30 June 2020					
Historical cost	4,991	8,917	50,145	28,048	92,102
Accumulated depreciation and impairment losses	(609)	(4,708)	(20,612)	(20,913)	(46,843)
NET BOOK VALUE	**4,382**	**4,209**	**29,533**	**7,135**	**45,259**

Property, plant and equipment under finance leases reported changes during the first half 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 € 981 thousand, of which an amount of € 476 thousand relates to elevators used by Rekeep under a contract gained in the period.

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 half of the year following the execution of new property lease agreements for € 441 thousand and new long-term hire of vehicles that make up the corporate fleets and equipment of the Group for € 1,749 thousand. Furthermore, there was the early termination of some lease and long-term hire agreements for a total of € 853 thousand.

6. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the period ended 30 June 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	2,263		2,263
Amortization for the period	(4,096)	0	(4,096)
Impairment losses	(14)	0	(14)
Others	7	305	313

	Other intangible assets	Goodwill	Total
At 30 June 2020	**24,983**	**388,083**	**413,066**
At 1 January 2020			
Cost	125,238	390,096	515,334
Accumulated Amortization and impairment losses	(98,415)	(2,318)	(100,733)
NET BOOK VALUE	**26,823**	**387,778**	**414,601**
At 30 June 2020			
Cost	127,508	390,401	517,909
Accumulated Amortization and impairment losses	(102,525)	(2,318)	(104,843)
VALORE CONTABILE NETTO	**24,983**	**388,083**	**413,066**

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

Other intangible assets, amounting to € 24,983 thousand at 30 June 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 made in the period (€ 2,263 thousand) were mainly attributable to the Parent Company Rekeep S.p.A. (€ 1,551 thousand) and related to the implementation and upgrading of software platforms used by the Group.

7. IMPAIRMENT OF GOODWILL

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

SBU – Facility management

The SBU is identified with:

- Rekeep S.p.A.
- H2H Facility Solutions S.p.A.
- Telepost S.p.A., specialist in internal mailing services
- Rekeep Digital S.r.l., active in high-tech services to companies
- Rekeep World S.r.l. and its foreign subsidiaries, dedicated to international business development
- other minor investee companies operating in the same segment.

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

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 specialising in the production of disposable kits containing all the devices needed to support the healthcare team in performing surgical procedures
- other minor investee companies operating in the same sector In Italy.

The table below sets forth the carrying amounts of the goodwill recognized in the condensed consolidated interim Financial Statements as at 30 June 2020, broken down into the different CGUs.

	30 June 2020	31 December 2019
Goodwill allocated to Facility Management CGU	374,274	373,969
of which International markets	*20,269*	*19,965*
Goodwill allocated to Laundering & Sterilization CGU	13,809	13,809
CONSOLIDATED GOODWILL	**388,083**	**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.

At 30 June 2020 the Directors did not report any risk of impairment on the value of the cash generating units, including after considering the headroom noted in the sensitivity analyses and the stress tests conducted at the reporting date of the Consolidated Financial Statements at 31 December 2019, which ensure the recoverability of consolidated assets even in the presence of any possible risk of significant amount. Therefore, they did not proceed with any formal updating of the impairment tests at 31 December 2019.

8. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

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

At 30 June 2020, the investments valued at Equity amounted to a net amount of € 9,414 thousand, against a net amount of € 10,289 thousand at the end of the previous year.

	Net assets 30 June 2020	Net assets 31 December 2019
Investments accounted for under the equity method	10,053	10,376

	Net assets 30 June 2020	Net assets 31 December 2019
Provision for risks on investments	(639)	(87)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**9,414**	**10,289**

Details of changes during the period are shown in Annex II attached to the consolidated Half-Year Financial Report, to which reference should be made. As from the first quarter of 2020, the Qatari subsidiary Manutencoop International Services LLC was consolidated at equity following the initiation of the winding-up procedure due to the failure to start operations in the country.
In the first half of 2020 investments accounted for under the equity method recorded a negative result equal to € 143 thousand, for the share attributable to the Group, as a result of the recording of income from equity investments of € 356 thousand and write-downs of € 499 thousand. Furthermore, negative effects were recognised directly under consolidated equity for a total of € 100 thousand.

9. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets as at 30 June 2020 and as at 31 December 2019:

	30 June 2020	31 December 2019
Other investments	6,958	4,966
Non-current financial assets	4,432	4,819
Other non-current assets	5,966	97,941
IFRS5 Reclassification	0	(149)
OTHER NON-CURRENT ASSETS	**17,356**	**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 laundry services performed by minor companies that may also act as sub-contractors.
Other investments are measured at purchase or establishment cost, as the best estimate of the fair value, since there is no active market in the securities concerned, which for the most part cannot be freely transferred to third parties due to limitations and restrictions preventing their free circulation.

Non-current financial assets, amounting to € 4,432 thousand as at 30 June 2020 (€ 4,819 thousand as at 31 December 2019), are composed of:

- € 1,581 thousand of Non-current financial receivables due from associates, affiliates or joint-ventures (€ 1,651 thousand at 31 December 2019). The face value of these receivables is € 1,615 thousand, while the discounting fund amounts to € 34 thousand. Some of these are non-interest bearing since they were drawn down from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread;
- € 2,750 thousand of Non-current financial receivables from third parties (€ 3,067 thousand at 31 December 2019). During the year, following a settlement agreement, there was the partial collection of the remaining receivable claimed by the Parent Company for the sale of Energyproject S.r.l., which took place in 2014 (€ 408 thousand);
- € 101 thousand of securities held to maturity (unchanged compared to 31 December 2019).

At 30 June 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).

At 31 December 2019 *Other non-current assets* included € 94,611 thousand relating to the the deposit to be paid to AGCM in relation to the FM4 dispute. As at the same date, the Company had recognised 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 was expected to be paid off through the payment of the 72 instalments set in the instalment payment plan of the notice itself: in the meantime the plan has been suspended according to the provisions of Decree Law no. 18 of 17 March 2020, governing “Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID 19 epidemic emergency" ("Cure Italy Decree"), which has provided, among others, for the possibility of suspending the payment of instalment payment plans already granted by the Revenue Agency.

Following the developments of this dispute, which only partially granted the Parent Company's appeal and provided for new methods of calculating the fine imposed by the Competition Authority, a specific provision for risks of € 82,194 thousand has been recorded in the condensed consolidated half-year financial statements, at the same time as the write-off of the guarantee itself and of the residual debt for instalment payments. With the settlement of the proceedings on the merits, the amount corresponding to the instalments already paid under the instalment payment plan, equal to Euro 3,010 thousand, is still stated at present among "Other non-current assets", pending the assessment of the methods of recovering these amounts.

Furthermore, the item is made up of security deposits related to long-term income-generating manufacturing contracts (€ 1,882 thousand) and long-term deferrals relating to some contracts (€ 820 thousand).

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

The following table includes the breakdown of Trade receivables, advances to suppliers and Other current operating receivables at 30 June 2020 and 31 December 2019:

	30 June 2020	of which from related parties	31 December 2019	of which from related parties
Contract assets	26,676		27,284	
Trade receivables, gross	404,999		411,299	
Allowance for doubtful accounts	(28,940)		(31,617)	
Trade receivables due from third parties	**402,735**	**0**	**406,966**	**0**
Trade receivables from Manutencoop Società Cooperativa	95	95	65	65
Trade receivables from Rekeep Group Companies	5,690	5,690	9,270	9,270
Trade receivables from Affiliates and Joint Ventures	4,009	4,009	4,293	4,293
Trade receivables from Group	**9,794**	**9,794**	**13,628**	**13,628**
Advances to suppliers	6,879	0	7,403	3
IFRS5 Reclassification	0		(15,425)	(9)
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**419,408**	**9,794**	**412,572**	**13,622**
Current tax assets within 12 months	15,425		18,393	
Other current assets due from third parties	6,891		8,718	
Due from social security institutions	2,573		1,261	
Due from employees	329		195	
Other current assets from third parties	**25,218**	**0**	**28,567**	**0**
Current assets from Manutencoop Società Cooperativa	18	18	8	8
Current assets from associates	170	170	166	166
Current assets from affiliates	0	0	0	0
Other current assets from the Manutencoop Group	**188**	**188**	**174**	**174**
Accrued income	296		228	
Prepaid expenses	4,046		2,480	
Accrued income and prepaid expenses	**4,342**	**0**	**2,708**	**0**
IFRS5 Reclassification	0		(395)	
OTHER CURRENT ASSETS	**29,748**	**188**	**31,054**	**174**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 419,408 thousand at 30 June 2020, up by € 6,836 thousand compared to 31 December 2019 (€ 412,572 thousand).

The change in question was due to an increase of € 11,032 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 half-year 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 contract with Banca IFIS, intended for the assignment without recourse of trade receivables specifically accepted for each transaction carried out.
Finally, on 18 December 2018 the Parent Company obtained an additional credit line for assignments without recourse of up to € 20 million on a revolving basis with Unicredit Factoring S.p.A., which was also aimed at the disinvestment of credit positions specifically agreed with the factor.
Finally, the Parent Company also signed an uncommitted factoring agreement with Carrefour Italia Finance S.r.l. on 22 March 2019 for the assignment without recourse of trade receivables claimed from the Carrefour Group companies 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 summarised below:

	Assignments made at 30 June 2020	**Balance of trade receivables assigned without recourse and not yet collected by the Factor**
Banca Farmafactoring S.p.A.	77,704	34,638
Banca IFIS S.p.A.	20,527	9,276
Unicredit Factoring S.p.A	10,840	4,185
Carrefour Italia Finance S.r.l.	1,753	848
MB FACTA S.p.A.	11,093	4,823
TOTAL ASSIGNMENTS WITHOUT RECOURSE	**121,917**	**53,771**

In all assignments made, the assigned trade receivables were subject to derecognition pursuant to IFRS 9 in consideration of the features of the transactions and involved total interest discount costs of € 1,673 thousand.
Finally, trade receivables from the Group amounted to € 9,794 thousand (€ 15,628 thousand at 31 December 2019, plus advances of € 3 thousand). For more details, reference should be made to Annex III – Related-Party transactions.

A specific provision for bad debts was recorded against non-performing loans, which are difficult to fully recover, amounting to € 28,940 thousand at 30 June 2020 (at 31 December 2019: € 30,464 thousand). Changes in the provision during the period are detailed as follows:

	31 December 2019	Increases	Uses	Reversals	30 June 2020
Allowance for doubtful accounts	**30,464**	1,300	(2,704)	(120)	**28,940**

Other current assets of € 29,748 thousand (€ 31,054 thousand at 31 December 2019) showed a total decrease of € 1,306 thousand for the period.

In analysing the item in detail, 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 (€ 13,126 thousand compared to € 15,830 thousand at 31 December 2019), which continue to show a credit balance given the widespread application of the regulations governing "Split-payment" and "Reverse charge" to the cycle of purchasing and sales invoicing. Assignments without recourse of VAT receivables held by some Group companies were made during the first half-year of 2020 for a total nominal amount of € 22,250 thousand and an interest discount of € 678 thousand.

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

11. SHARE CAPITAL AND RESERVES

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

Ordinary shares have a nominal value of € 1 each. Ordinary shares issued and fully paid up at 30 June 2020 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and retained Earnings

The table below shows changes in shareholders' equity reserves in the period.

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

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

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
31 December 2018	**145,018**	**20,124**	**3,469**	**(309)**	**(4,912)**	**(158,361)**	**5,029**
Effects of the change in accounting standards						(1,617)	(1,617)
1 January 2019	**145,018**	**20,124**	**3,469**	**(309)**	**(4,912)**	**(159,978)**	**3,412**
Allocation of prior year result		799		309	(117)	15,173	16,163
Distribution of reserves		907				(13,907)	(13,000)
Economic effects on shareholders' equity			67	16	(949)		(866)
31 December 2019	**145,018**	**21,830**	**3,536**	**16**	**(5,977)**	**(158,713)**	**5,710**
Allocation of prior year result				6	876		882
Economic effects on shareholders' equity			(100)	590	68		558
30 June 2020	**145,018**	**21,830**	**3,436**	**612**	**(5,034)**	**(158,713)**	**7,150**

The table below shows changes in *Retained earnings*:

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

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
Allocation of prior year result	5,741	(3,338)	2,403
Change in consolidation area		(222)	(222)
30 June 2020	**9,550**	**26,455**	**36,005**

This item includes the transition reserve of the companies controlled by Rekeep, which was generated following the adoption of the new IFRS 16 – *Leases*, accounted for according to the abovementioned "Modified retrospective approach" that entailed a negative adjustment to the balance of equity reserves of each company at 1 January 2019, for a total of € 657 thousand.

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

	30 June 2020	31 December 2019
Equity attributable to non-controlling interests	**1,185**	**836**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	(109)	19
Other subsidiaries and consortia	1,293	817

	30 June 2020	31 December 2019
Profit for the year attributable to non-controlling interests	**625**	**65**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	(91)	(70)
Other subsidiaries and consortia	716	136

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

Rekeep World S.r.l., which is the Group's sub-holding company active in the development of international markets, holds a stake of 70% of the share capital of Rekeep France S.a.s. (formerly Manutencoop France S.a.r.l.). However, there is no recognition of equity attributable to minority shareholders since there is a put option in favour of the minority shareholders and recognised 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 favour 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 as of 30 June 2020 amounted to € 332,354 thousand, compared to € 366,627 thousand at 31 December 2019. Below is the related breakdown by balance sheet lines:

	30 June 2020	31 December 2019
Long-term financial debt	372,179	403,487
Bank borrowings, including current portion of long-term debt, and other financial liabilities	82,094	73,465
Financial liabilities	**454,273**	**476,952**
Derivatives	0	0
Gross financial indebtedness	**454,273**	**476,952**
Cash and cash equivalents	(116,531)	(100,129)
Current financial assets	(5,388)	(4,819)
IFRS5 Reclassification	0	(5,377)
Net financial indebtedness	**332,354**	**366,627**

Current and non-current financial liabilities

The tables below set forth the qualitative breakdown of current and non-current financial liabilities at 30 June 2020 and 31 December 2019.

	30 June 2020	within 1 year	from 1 to 5 years	after 5 years
Senior Secured Notes	326,259	0	326,259	
Revolving Credit Facility (RCF)	50,000	50,000		
Artigiancassa loan	1,437	239	1,197	

	30 June 2020	within 1 year	from 1 to 5 years	after 5 years
ETNO Bank Spółdzielczy mortgage loan	72	23	49	
Other bank loans	4,900	35	4,865	
Prepaid interest expenses	(548)	(545)	(3)	
Accrued interest expenses	1,912	1,912		
Long-term bank borrowings and current portion of long-term bank borrowings	**384,032**	**51,665**	**332,367**	**0**
Current bank overdraft, advance payments and hot money	2,551	2,551		
Obligations arising from finance lease	6,067	1,461	3,401	1,205
Financial liability for operating leases	40,817	6,210	21,214	13,393
Loans from syndicated shareholders	938	581	348	9
Loan from Parent Company Manutencoop Società Cooperativa	109	109		
Other financial liabilities	1,951	1,951		
Obligations from assignments with recourse of trade receivables	5,193	5,193		
Collections on behalf of assignees of trade receivables	4,156	4,156		
Options on subsidiaries' minority shareholdings	240	0	240	
Debt for the acquisition of investments/business units	8,215	8,215		
Share capital to be paid into investee companies	3	3		
TOTAL FINANCIAL LIABILITIES	**454,273**	**82,094**	**357,571**	**14,608**

	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**

	31 December 2019	within 1 year	from 1 year to 5 years	after 5 years
Current bank overdraft, advance payments and hot money	2,446	2,446		
Obligations arising from finance lease	5,853	1,451	3,114	1,288
Operating lease liabilities	42,920	6,086	21,157	15,676
Loans from syndicated shareholders	893	554	16	323
Loan from Parent Company Manutencoop Società Cooperativa	165	165		
Other financial liabilities	1,970	30	1,940	
Obligations from assignments of trade receivables with recourse	28,174	28,174		
Collections on behalf of assignees of trade receivables	7,558	7,558		
Options on subsidiaries' minority shareholdings	231		231	
Debt for the acquisition of investments/business units	9,929	9,929		
Payables for dividends to sole shareholder	13,000	13,000		
Share capital to be paid into investee companies	3	3		
TOTAL FINANCIAL LIABILITIES	**468,589**	**71,830**	**379,471**	**17,288**
IFRS5 Reclassification	8,363	1,635	4,350	2,378
TOTAL FINANCIAL LIABILITIES BEFORE IFRS5 RECLASSIFICATION	**476,952**	**73,465**	**383,821**	**19,666**

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

On 6 July 2017 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 fulfilment 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. formalised the purchase of portions of its bond issue on the open market for a nominal total of € 10,300 thousand, which were subsequently cancelled. An additional purchase on the open market for an overall nominal amount of € 15,800 thousand was formalised in the second quarter of 2020; in the latter case, the Notes were not subject to cancellation, but were deposited in a securities account with Deutsche Bank S.p.A. and shown in the Statement of Financial Position as a direct reduction in the overall financial debt, as this is a debt repayment in accounting terms. The weighted average repurchase price was in any case less than the 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 amortised cost method, which, during the first half of 2020, entailed, in accordance with IFRS 9, the recognition of financial Amortization charges of € 2,154 thousand, of which an amount of € 402 thousand related to the write-off of the portion relating to the repurchased Notes.

Super Senior Revolving Credit Facility (RCF)

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

The 5-year credit facility (expiring on 15 December 2021) provides for a credit line at sight, in a maximum nominal amount of € 50 million, for the entire term. The facility was activated in order to meet temporary cash requirements (if any) and therefore ensures greater financial flexibility.

After the merger of CMF S.p.A. by incorporation into subsidiary Rekeep S.p.A., Servizi Ospedalieri S.p.A. may also access the Super Senior Revolving credit facility, providing a specific personal security.

The Super Senior Revolving loan agreement provides for compliance with a financial covenant, which is preliminary to the possible use of the line granted. This financial covenant is in line with the market practice for similar financing transactions and is recognised on a quarterly basis on the basis of the data relating to the last 12 months, as resulting from the financial position,

results of operations and cash flows approved during the quarter prior to the date of the application for use of the credit facility. On the reporting date of these financial statements the financial covenants had been complied.
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 30 June 2020 the Group recognised prepaid interest expenses of € 548 thousand. The item mainly relates to the arrangement fees initially incurred by CMF S.p.A. for the execution of the Super Senior Revolving (RCF). 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 amortised on a straight-line basis throughout the term of the credit line and showed a remaining balance of € 349 thousand at 30 June 2020.

Accrued interest expenses

At 30 June 2020 the Group also recognised accrued interest expense for € 1,912 thousand, of which € 1,336 thousand relating to the amount accrued on the coupon of the Senior Secured Notes due 15 December 2020 and € 576 thousand relating to the interest amount accrued on the RCF exposure.

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

The C.C.F.S. loans was early repaid on 29 June 2020.
The related agreement had been signed on 14 November 2017 by the Parent Company Rekeep S.p.A. with CCFS for a total amount of € 10 million, including two lines of credit, the first of which, amounting to € 5,000 thousand, was disbursed at the same time as the execution and expired 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 a repayment in six-monthly instalments, 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 and the loan, which was backed by a pledge on the shares of subsidiary H2H Facility Solutions S.p.A., was paid off on 9 July.

ETNO Bank Spółdzielczy (Naprzód Group) Mortgage Loan

The amount of € 72 thousand consists of the remaining value of a mortgage loan which was taken out by subsidiary Jol-Mark of the newly-acquired Polish Naprzód group, due to expire on 31 July 2023.

Artigiancassa loan (Rekeep S.p.A.)

As at 21 June 2018 the Parent Company obtained a soft loan from the "Energy and Mobility Fund" operated by the Regional Government of Marche, aimed at supporting the energy efficiency development of healthcare units. This loan was partly disbursed by Artigiancassa S.p.A. in the form of a 8-year financing of € 1,676 thousand, with a pre-amortization period of 12 months. This loan does not bear interest and provides for the payment of 14 six-monthly instalments, falling due on 31 March and 30 September of each year.
As at 30 June 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 € 4,900 thousand at 30 June 2020, consisting of loans taken out by the companies in the newly-acquired Naprzód sub-group with bank counterparties for € 4,845 thousand.

Current account overdraft, advance payments and hot money

At 30 June 2020 this item showed a balance of € 2,551 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 the Parent Company Rekeep S.p.A. and subsidiaries Servizi Ospedalieri S.p.A., Medical Device S.r.l., the Turkish subsidiary EOS and some companies in the Polish Naprzód sub-group. They refer to motor vehicles and plant and machinery mainly referable to Servizi Ospedalieri S.p.A., which uses them in the laundering and sterilization production processes, and to the Naprzód Group. During the first half of 2020 new finance lease agreements were entered into for € 981, of which an amount of € 476 thousand related to the purchase of equipment on the part of the Parent Company.

Financial liability for operating leases

As at 30 June 2020 the financial liability for operating leases amounted to € 40,817 thousand, showing a decrease of € 1,024 thousand compared to € 42,920 thousand at 31 December 2019.

Specifically, during the first half of 2020, there were early termination transactions for € 853 thousand and increases for the execution of new agreements concerning property leases and the long-term hire of vehicles and equipment, equal to € 2,190 thousand, in addition to the payment of lease and hire rentals.

Syndicated loans

This item refers to financing provided by third-party syndicated shareholders to consortium companies included within the scope of consolidation as they are controlled or held under a joint venture (50%). In certain cases, these loans are non-interest-bearing loans and are repayable on request. In other cases, they have a contractually defined maturity and, in others still, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract, on the basis of which the consortium company was established. At 30 June 2020 the overall balance of these loans amounted to € 938 thousand, recording an increase compared to 31 December 2019, when it amounted to € 893 thousand.

Collections on behalf of assignees of trade receivables

The item included receipts from customers on assigned receivables as part of the factoring without recourse transaction of trade receivables. The receipts, equal to € 4,156 thousand at 30 June 2020, are transferred to the factor in the month after the end of the financial year. Of these, an amount of € 2,538 thousand pertain to the Parent Company Rekeep.

Obligations from assignments of receivables with recourse

During 2015 the Parent Company Rekeep S.p.A. entered into an agreement for the assignment with recourse (*pro-solvendo*) of trade receivables with Unicredit Factoring S.p.A., concerning receivables from Public Authorities. During the second half of 2020 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 12,750 thousand. As at 30 June 2020 the Group had obligations in place arising from assignments of receivables with recourse of € 5,193 thousand (€ 28,174 thousand at 31 December 2019).

Options on subsidiaries' minority shareholdings

The options on subsidiaries' non-controlling interests were recognised for an amount of € 240 thousand at 30 June 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 30 June 2020 related to the estimated liability concerning the Put option held by the minorities of Rekeep France S.a.s. (formerly Manutencoop France S.a.r.l.), whose quota of 30% was transferred to third parties on 15 January 2018, under an Investment Agreement signed in 2017. This option may be exercised between 30 June 2021 and 30 June 2023.

Debts for the acquisition of investments/business units

This item amounted to € 8,215 thousand at 30 June 2020 and showed a total decrease of € 1,714 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 € 6,985 thousand, down by € 177 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 € 1,164 thousand, down by € 1,537 thousand following the partial payment of a portion of the debt, as well as fluctuations in exchange rates.

Other financial liabilities

As at 30 June 2020 other financial liabilities were recorded for € 1,951 thousand, against € 1,970 thousand at 31 December 2019. They mainly consist of the debt related to the negative adjustment to the sale price of Sicura, estimated at € 1,726 thousand. Other loans to non-banking counterparties that had been taken out by companies in the Naprzód sub-group were instead paid off in full.

Current and other financial assets

At 30 June 2020, *Current and other financial assets* amounted to € 5,388 thousand (€ 4,819 thousand at 31 December 2019). At the end of the half-year the following items were mainly recognised:

- the remaining 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 € 1,126 thousand (€ 821 thousand at 31 December 2019);
- an overall amount of € 543 thousand of receivables from short-term loans and financial accounts held with non-consolidated Group companies (€ 181 thousand at 31 December 2019).

13. EMPLOYEE TERMINATION INDEMNITY

Changes in employee termination indemnity ("T.F.R.") occurred during the first six months of 2020 are shown below, compared with changes in the same period of the last year.

	For the half-year ended	
	30 June 2020	30 June 2019 restated
AT 1 JANUARY	**12,443**	**14,730**
Additions for business combinations	0	964
Current service cost	248	379
Interest costs on benefit obligations	24	133
Benefits paid	(1,191)	(1,304)
Net actuarial (gains)/ losses	(12)	647
Other changes	158	15
IFRS5 Reclassification	0	(3,182)
AT 30 JUNE	**11,670**	**12,382**

Below is reported the breakdown of the net cost of employee benefits relating to the Employee Termination Indemnity (TFR):

	For the half-year ended	
	30 June 2020	30 June 2019 restated
Current service cost	248	169

	For the half-year ended	
	30 June 2020	30 June 2019 restated
Interest costs on benefit obligation	24	107
Net cost of the benefit recognized in the statement of profit or loss	**272**	**276**
Net actuarial (gains)/ losses recognized in the period (on shareholders' equity)	(12)	454
TOTAL COST OF THE BENEFIT	**260**	**729**

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 half-year ended	
	30 June 2020	30 June 2019
Executives	76	57
Office workers	1,725	1,259
Manual workers	25,522	16,152
AVERAGE STAFF	**27,323**	**17,468**

The average number of leased employees provided to the Group by Manutencoop Società Cooperativa was equal to no. 351 units at 30 June 2020 (30 June 2019 restated: no. 401 units).

14. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the period ended 30 June 2020:

	Risks on Investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance provisions	Other provisions	Total
At 1 January 2020	**87**	**5,038**	**24,597**	**538**	**262**	**358**	**952**	**31,831**
Accruals	15	3,155	83,473				33	**86,675**
Uses		(485)	(2,894)	(23)			(20)	**(3,421)**
Reversals			(119)					**(119)**

	Risks on Investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance provisions	Other provisions	Total
Others	537							**537**
At 30 June 2020	**639**	**7,708**	**105,057**	**515**	**262**	**358**	**965**	**115,503**
At 30 June 2020:								
Current	*639*	*7,615*	*295*	*447*		*358*	*287*	**9,641**
Non-current		*92*	*104,762*	*68*	*262*		*678*	**105,862**
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 30 June 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 projects

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 was equal to € 7,708 thousand, showing an increase of € 2,670 thousand against accruals of € 3,155 thousand and uses and releases totalling € 485 thousand.

Provision for pending disputes

At the end of the financial year, the company assesses the risk of having to pay future compensation in the event of unsuccessful legal disputes with customers, suppliers, employees and others. During the period ended 30 June 2020 the provision, totalling € 105,056 thousand, reported increases for accruals for € 83,473 thousand and decreases for uses and releases totalling € 3,013 thousand.

Accruals were mainly recognized to cover risks of the Parent Company Rekeep S.p.A. for € 83,166 thousand. Utilization and reversal in the period, an amount of € 2,500 thousand of which is attributable to the Parent Company, refer to the use of provisions recorded in previous years due to the settlement of disputes with suppliers and legal proceedings with other parties.

On 20 January 2016, the Competition Authority (the "Authority"), 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. (previously:

Manutencoop Facility Management S.p.A.). On 23 December 2016, following a number of rulings handed down by the Regional Administrative Court and by the Council of State, the Authority adopted a measure that definitively redetermined the fine at € 14.7 million. Against the Council of State's judgment that had confirmed the existence of the understanding established by the Competition Authority, the Company filed an appeal with the Supreme Court for jurisdiction reasons, which was declared as inadmissible on 18 January 2019. The Competition Authority's order for the redetermination of the fine has also been appealed against before the Lazio Regional Administrative Court and the hearing for the discussion of the merits has been scheduled on 7 October 2020.
The Company is regularly paying this fine, for which the payment has been obtained in 30 monthly instalments at the legal interest rate. The debt was paid off in full during 2019 and, therefore, no amount had been set aside against this dispute at 30 June 2020.

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 and to the Public Prosecutor's Office.
On the other hand, between 2018 and 2017 various regulatory measures repeatedly established, 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") had been terminated, the continuation of the acquisition of cleaning services and other auxiliary services. Finally, 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 as 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 reported to the ANAC, the facts challenged to Rekeep S.p.A., as announced in the termination letter of the Agreements together with the intention of reporting to the Public Prosecutor's Office. On 7 January 2017, the Company served to the entity a summons before the Court of Rome in order to verify the unlawfulness of the termination of the agreements and to order Consip S.p.A. to pay compensation for damages suffered by the company itself. The next hearing for specifying conclusions has been set at 27 October 2020.
Any adverse outcome of the legal proceedings brought against Consip S.p.A. could also result in the actual partial enforcement of the performance bond issued during the tender (originally € 24.5 million). ANAC 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 computerised records. As regards the latter appeal, the Supreme Court declared it inadmissible on 18 January 2019. The Company has then filed an appeal with the European Court of the Human Rights to seek compensation for damages arising from the events described above, which was rejected on 14 November 2019.

However, on 16 June 2017, Consip officially informed Rekeep S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks ("Consip Caserme") and cleaning with health service providers ("Consip Sanità"), with the intention also to 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 14 September 2017 respectively, the Lazio Regional Administrative Court ordered the stay of the measure of exclusion, deferring the decision on the merits of the appeal to the hearing scheduled on 21 February 2018. In this venue the Company had its appeal rejected and on 10 March 2018 the appeal was served before the Council of State, while submitting a request for precautionary decree from a single-member court and for suspension of the enforcement of the challenged order.

Furthermore, on 30 March 2018 Consip informed Rekeep S.p.A. that it had submitted a request to the competent insurance company to enforce the Company's warranty provided in relation to the Consip Caserme tender. However, the insurance company did not grant the request following the Council of State's decision handed down on 5 April 2018 whereby both the execution of the Lazio Regional Administrative Court's decision on the exclusion of Consip Caserme and Consip Sanità tenders and the related effects (also in relation to the enforcement of sureties) have been suspended and the hearing on the merits of the Company's appeal has been scheduled for 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"). 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 granted limited to the non-existence of a false declaration in the Consip Sanità tender. 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 is still in progress.

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 hearing for the discussion of the merits scheduled for 1 July 2020 and for which the Company is still waiting for the filing of the judgment. Finally, on 28 July 2020, one of the guarantors (Atradius) served on Rekeep an appeal before the Civil Court of Rome under Article 702-*bis* in order to obtain the payment of the sums relating to the sureties issued for the participation in the Consip Sanità tender. The first appearance hearing is scheduled on 24 March 2021.

In relation to the above-mentioned exclusions, ANAC decided to open two proceedings concerning their 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. The hearing for the appearance of the parties before ANAC was held on 16 July.

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 of only the enforcement of the sureties 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 30 June 2020 and were not included in the Group's backlog at 30 June 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.

On 23 March 2017, the Competition Authority notified Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) of the start of an investigation procedure against the Company itself, as well as against CNS – Consorzio Nazionale Servizi Società Cooperativa, Dussmann Service, S.r.l., Engie Servizi S.p.A. (formerly Cofely Italia S.p.A.), Manitalldea S.p.A., Romeo Gestioni S.p.A. and STI S.p.A. and subsequently extended to Exitone S.p.A, Manital Società Consortile per i Servizi Integrati per Azioni Consorzio Stabile, Manital S.c.p.a, Gestione Integrata S.r.l, Kuadra S.r.l in Liquidation, Esperia S.p.A, Engie Energy Services International SA, Veolia Energie International SA, Romeo Partecipazioni S.p.A, Finanziaria Bigotti S.p.A, Consorzio Stabile Energie Locali Scarl to ascertain whether those companies put in place a possible anti-competitive agreement whose subject matter consisted of the coordination of the procedures for taking part in the tender called by Consip in 2014 for awarding the Facility Management services intended for properties mainly for office use of the Public Administration (known as "FM4 Tender"). On 9 May 2019, after the completion of the abovementioned proceedings, the Authority served the final order, considering the existence of the agreement restricting competition between some of the abovementioned companies and imposing a sanction of € 91.6 million on the Company.
The hearing for discussing the merits on the appeal filed with the Lazio Regional Administrative Court on 3 July 2019, 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 Lazio Regional Administrative Court's judgment of 27 July 2020 partially granted the appeal submitted by the Company, albeit confirming the Competition Authority's Order as regards the merits, in relation to reasons related to the calculation of the fine and set the parameters for its redetermination. The Regional Administrative Court then remanded the case to the Competition Authority for the calculation of the actual amount of the fine, based on the abovementioned parameters. The Company will,

however, be entitled to challenge the Regional Administrative Court's judgment before the Council of State and the new sanction, as redetermined in this manner, before the Lazio Regional Administrative Court within the time limits prescribed by law.
Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified and declares that it is sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender. While continuing to have confidence in the reasonableness of the defence arguments, the Directors have considered that there will a probable future financial outlay and have therefore set aside a specific provision for risks in the interim Consolidated Financial Statements at 30 June 2020 for a fair amount in accordance with the instructions provided in the abovementioned judgment, equal to € 79,800 thousand, even in consideration of the uncertainty surrounding the actual outcome of the appeal on the merits concerning the Competition Authority's new order. Furthermore, the Company believes that the payment of any sum entered in the taxpayers' list will take place, as already occurred for the sums owed as a deposit in the first stage of the litigation, in instalments and within the time limits and according to the methods prescribed by law, also pursuant to Article 19 of Presidential Decree 602/1973 and Ministerial Decree of 6 November 2013, as supplemented by the Directives issued by the Revenue Agency – Collection. Therefore, the amount set aside has been increased by 3% to take account of the estimated collection costs (equal to € 2,394 thousand) and is equal to a total of € 82,194 thousand.
On 18 July 2019, in fact, the Lazio Regional Administrative Court granted the preliminary 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; it also ordered for a deposit to be provided, including through a surety policy, in favour of the Authority itself for an amount equal to the fine imposed on the Company, within 60 days from the date of the order. This judgment, although appealed against, was confirmed by the Council of State on 12 September 2019; on 17 September 2019 the Company informed the market that it had not provided any security deposit in favour of the Competition Authority, which on 29 October formally requested the provision of the security itself, while also notifying that, if the Company had not complied with this obligation, it would proceed with the entry of the amounts due in the taxpayers' list. This entry of the sums in the taxpayers' list was made enforceable by the Revenue Agency following the issue of a notice of payment on 18 December 2019 for an amount equal to € 94,611 thousand, including collection charges of € 2.8 million (equal to 3% of the amount of the debt entered in the taxpayers' list). On 23 December 2019 the Company submitted a request for payment of these sums in instalments, which was formally granted on 10 January 2020. This order provides for the payment of 72 monthly instalments, at an interest rate of 4.5% as from 24 January 2020.
However, on 31 December 2019, even while pending the judgment on the merits mentioned above, 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). Furthermore, the deposit subject to instalment payment was stated among the balance sheet assets, since it constitutes a receivable against sums that are potentially subject to return following the settlement of the existing dispute, and that cannot however be claimed automatically, even following the repayment of the entire debt. For this reason, this receivable was recognized among "Other non-current assets".
The Company has started to pay these instalments on a regular basis, waiting for the developments of the legal action expected in the trial proceedings. Decree Law no. 18 of 17 March 2020, governing "Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID 19 epidemic emergency" ("Cure Italy Decree") has however provided, among others, for the possibility of suspending the payment of instalment 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 instalments have been duly paid until 30 June 2020, equal to € 3,010 thousand. After the settlement of the trial proceedings, this amount is still stated to date among "Other non-current assets" and the Company is assessing the methods of recovering these sums, through repayment or any possible set-off against the amount stated in the Competition Authority's new order which is expected in the coming months.

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 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 11 September 2019 the administrative court ordered for the suspension of only the enforcement of the sureties and set the hearing to discuss the merits for 15 July 2020. This hearing has then been postponed to 2 December 2020. 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 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).

The Company continues to hold that it considers the Competition Authority's order unjustified and disproportionate and will continue to take any necessary action against it to protect its rights and interests. While having full confidence in the arguments discussed with their lawyers and after verifying the consolidated financial planning and the actual conditions to be able to meet non-recurring cash outflows (if any), the Directors do not see any uncertainties for the purposes of assessing the going-concern assumption.
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 call 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 lots 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 Consolidated Half-Year Report on Operations at 30 June 2020 contingent liabilities had arisen for the Rekeep Group which had not been recognised in the accounts, for which the Management believes that the related financial risks can be regarded as possible but unlikely.

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

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

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 20 October 2020 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. in 2019

On 10 April 2019, the Italian Tax Police (*Guardia di Finanza*) - Bologna Economic and Financial Police Unit – started a tax audit involving Rekeep S.p.A.. The audit was completed on 25 July 2019 with the service of the report of findings (*Processo Verbale di Constatazione*, PVC), which reported some remarks regarding VAT on some specific supply contracts, as well as remarks regarding VAT, IRES and IRAP tax for the 2017 financial year, for a higher tax due totalling € 1.7 million. On 4 May 2020, the Revenue Agency served a notice of invitation to a discussion on the 2017 tax period and following a confrontation with the Office, the Company and its consolidating company Manutencoop Società Cooperativa settled their respective IRES, IRAP and VAT debt in relation to the 2017 tax period by means of a voluntary correction of tax return. Similarly, a settlement by agreement procedure was carried out in relation to the 2014, 2015, 2016 and 2018 tax periods.

16. TRADE PAYABLES, CONTRACT LIABILITIES AND OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item at 30 June 2020 and 31 December 2019:

	30 June 2020	of which to related parties	31 December 2019	of which to related parties
Trade payables	339,528		372,557	
Trade payables due to third parties	**339,528**	**0**	**372,557**	**0**
Trade payables to Manutencoop Società Cooperativa	11,499	11,499	8,924	8,924
Trade payables to Group companies within 12 months	14,641	14,641	13,079	13,079
Trade payables to Manutencoop Group	**26,140**	**26,140**	**22,003**	**22,003**
Advances from customers, including contract liabilities	21,531	1	21,309	1
IFRS5 Reclassification	0	0	(9,919)	(36)
Trade payables and contract liabilities	**387,199**	**26,141**	**405,950**	**22,004**
Fees due to directors and statutory auditors	360		293	
Tax payables	9,150		8,643	
Payables to social security institutions within 12 months	22,473		15,059	
Other payables to TJA ("*Associazione temporanea di imprese*")	8,938		12,382	
Payables to employees within 12 months	55,626		53,850	
Other payables within 12 months	6,979		102,126	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**105,702**	**0**	**194,529**	**0**
Other current payables to Manutencoop Società Cooperativa	18	18	68	68
Other payables to Group companies	7	7	2	2
Other current payables to Manutencoop Group	**25**	**25**	**70**	**70**
Accrued expenses	248		251	
Deferred income	12		1,104	
Accrued expenses and deferred income	260	0	**1,355**	**0**
IFRS5 Reclassification	0	0	(3,489)	0
Other current liabilities	**105,987**	**25**	**192,465**	**70**

Trade payables do not accrue interest and are settled for, on average, 90/120 days from the invoice date. The other payables are non-interest bearing and are settled, on average, after 30 days, excluding payables due to employees for accrued year-end and summer bonuses and holidays paid at 6 months on average, and the amounts due to the Tax Authorities for VAT payments.

Trade payables and contract liabilities at 30 June 2020 amounted to € 387,199 thousand against a balance of € 405,950 thousand at 31 December 2019, showing a decrease of € 18,751 thousand.

Other current operating payables showed a balance of € 105,987 thousand at 30 June 2020 (€ 192,465 thousand at 31 December 2019) and are mainly made up of the following items:

- payables to employees of € 55,626 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 salary to be paid (a portion of the 14th salary, to be paid every year in the month of July, and of the 13th salary, to be paid every year in December). Furthermore, the corresponding payables to social security institutions were recognized for € 22,473 thousand (€ 15,059 thousand at 31 December 2019);
- payables due to tax authorities for € 9,150 thousand mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF (Personal Income) tax payable for employees (€ 8,643 thousand at 31 December 2019);
- collections on behalf of Temporary Associations of Companies (TJA) for € 8,938 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 12,382 thousand at 31 December 2019).

As at 31 December 2019, *Other payables within 12 months* included the payable relating to the deposit for the fine imposed by the Competition Authority in relation to the Consip FM4 Tender (see note 15 “Contingent liabilities”), which was recognized by the Parent Company Rekeep S.p.A. for € 94,611 thousand. This liability was expected to be paid off through the payment of the 72 instalments set in the instalment payment plan of the notice itself, which has in the meantime been suspended according to the provisions of Decree Law no. 18 of 17 March 2020, governing “Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID 19 epidemic emergency" ("Cure Italy Decree"), which provided, among others, for the possibility of suspending the payment of instalment payment plans already granted by the Revenue Agency. Following the developments of this dispute, which only partially granted the Parent Company's appeal and provided for new methods of calculating the fine imposed by the Competition Authority, a specific provision for risks of € 82,194 thousand has been recorded in the condensed consolidated half-year financial statements, at the same time as the write-off of the residual debt for instalment payment and of the guarantee itself. With the settlement of the proceedings on the merits, the amount corresponding to the instalments already paid under the instalment payment plan, € 3,010 thousand, is still stated at present among "Other non-current assets", pending the assessment of the methods of recovering these amounts.

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 half-year ended 30 June 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.

Non-current assets held for sale

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

	30 June 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:

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

Profit/(loss) from discontinued operations

	30 June 2020	30 June 2019 restated
Revenues	5,060	19,007
Operating costs	(7,082)	(16,725)
GROSS MARGIN	**(2,022)**	**2,282**
Amortization, depreciation, write-downs and write-backs of assets	(194)	(675)
Accrual (reversal) to provisions for risks and charges	(8)	14
Net financial income (expenses)	(375)	144
Gross capital gains on discontinued operation	6,105	0
Capital loss on sale of Energyproject S.r.l. (2013)	(204)	0
Capital loss on sale of MIA S.p.A. (2014)	(200)	0
Profit (loss) before tax from discontinued operations	**3,101**	**1,477**
Income taxes from discontinued operations:		
- related to profit (loss) for the period	(561)	(498)
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**2,540**	**979**
Basic earnings per share from discontinued operations	*0.0233*	*0.0009*
Diluted earnings per share from discontinued operations	*0.0233*	*0.0009*

As at 30 June 2020 the result from discontinued operations consisted of a profit equal to € 2,540 thousand, including the Sicura S.p.A. sub-group's results of operations for the 2020 financial year until the date of sale (a net loss of € 2,590 thousand), in addition to the capital gain generated by the disposal of € 3,506 thousand (net of additional transaction costs and price adjustments upon closing which is being settled with the counterparty), which was obtained by comparing the carrying amount of the sub-group disposed of and the consideration for the sale itself. It should be noted that the net capital gain recognised in the separate financial statements of Rekeep S.p.A. is equal to € 11,603 thousand.

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

As at 30 June 2019, the restated values showed a result from discontinued operations equal to a net profit of € 979 thousand, fully attributable to the Sicura sub-group.

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:

	30 June 2020	31 December 2019
Collection of deferred consideration for the sale of from Energyproject S.r.l. (2014)	204	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	**55,245**	**(2,941)**

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

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 financial leases primarily for plant and machinery used in the production processes of the Laundering&Sterilzsation SBU and for motor vehicles and equipment. In 2017, moreover, a property lease agreement was signed by the subsidiary Servizi Ospedalieri S.p.A. to acquire the factory of Lucca, while the acquisitions of EOS and Medical Device S.r.l. in 2018 and Naprzód in 2019 contributed additional leases for capital goods and for the use of a property. Finally, in the first half-year of 2020 the Parent Company Rekeep signed two finance lease agreements relating to specific equipment for € 476 thousand.

Furthermore, the Group holds commitments to the execution of property lease agreements for the Group's offices, as well as long-term hire agreements for the Group companies' corporate fleets and agreements for the hiring of equipment used in performing some work contracts, accounted for in accordance with the new IFRS16 as from 1 January 2019.
The tables below report the breakdown of the amount of future payments under finance lease agreements and their present value at 30 June 2020 and 31 December 2019:

	30 June 2020			
	Finance Lease		Operating Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	1,531	1,461	7,922	6,210
From one year to five years	3,573	3,401	25,501	21,214
After 5 years	1,710	1,205	15,958	13,393
TOTAL LEASE PAYMENTS	**6,815**	**6,067**	**49,380**	**40,817**
Financial charges	(747)		(8,564)	
PRESENT VALUE OF LEASE	**6,067**	**6,067**	**40,817**	**40,817**

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

Furthermore, as at 30 June 2020, the Group granted sureties to third parties for:

› guarantees for financial obligations of € 13,551 thousand (€ 21,680 thousand compared to 31 December 2019), of which € 2,975 thousand issued in the interest of associates for overdrafts and other financial obligations (€ 3,099 thousand at 31 December 2019);

- sureties issued to third parties to ensure the correct fulfilment of contract obligations in place with customers amounting to € 315,172 thousand (€ 306,134 thousand at 31 December 2019), of which € 1 thousand issued in the interest of associates;
- other guarantees issued by third parties in favour of associates, joint ventures and other shareholdings amounting to € 8,866 thousand (€ 12,545 thousand at 31 December 2019);
- other guarantees granted to third parties to replace security deposits required to activate utilities or for lease contracts, as well as to the Inland Revenue Agency for VAT refunds, for a total amount of € 37-715 thousand (€ 25,316 thousand at 31 December 2019).

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

CMF S.p.A., which was established by Parent Company Manutencoop Società Cooperativa in 2017, launched a Senior Secured Notes bond issue in 2017, due 2022. On 29 June 2017 CMF also signed, as the Parent Company, a Super Senior Revolving loan agreement for € 50 million, governed by English law, to which Rekeep S.p.A. became a party as Borrower.
CMF S.p.A. was merged by incorporation into Rekeep S.p.A. with statutory, accounting and tax effects running from 1 July 2018, thus executing the provisions of the Indenture signed on 13 October 2017. After the merger, the indirect subsidiary Servizi Ospedalieri S.p.A. may also access the revolving credit facility, since it has provided a specific personal security.

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

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

The Parent Company Rekeep S.p.A. has also provided, in favour of the subscribers of the Super Senior Revolving facility only, a special lien pursuant to Article 46 of Legislative Decree 385 of 1 September 1993 on some of the personal properties held by it.
The guarantees listed above may be enforced by the counterparties only in the case that one of the events of default envisaged in the above mentioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Group. At 30 June 2020 no events of default had occurred.

19. FINANCIAL RISK MANAGEMENT

The management of borrowing and the relative risks (mainly interest rate and liquidity risks) is carried out centrally by the financial department of the Group on the basis of guidelines that are approved by the Parent Company's Board of Directors and which are

reviewed periodically. The main aim of these guidelines is to ensure that the liabilities structure is in line with the composition of the balance sheet assets in order to maintain a high degree of financial solidity.

During the last quarter of the 2017 financial year the parent company Manutencoop Società Cooperativa carried out a corporate reorganisation and refinancing of the entire Manutencoop Group. The corporate reorganisation involved the transfer of the shares held by Manutencoop Società Cooperativa in the Parent Company Rekeep S.p.A. to a newly-established corporate SPV named CMF S.p.A., which 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.
Following the repurchase transactions which took place in 2019 and 2020 the remaining nominal value of the bond issue was equal to € 333,900 thousand.

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

- short-term loans and revolving assignments of trade receivables without and with recourse with the aim of funding working capital;
- very short-term credit lines used for contingent cash requirements;
- medium and long-term loans with long-term amortization plans to cover investments in non-current assets and in acquisitions of companies and business units.

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

The Group's financial instruments involve a classification at the three levels stated in IFRS 7. The fair value hierarchy has the following three levels:

- Level 1: prices quoted on active markets for similar liabilities and assets.
- Level 2: prices calculated through information obtained from observable market data.
- Level 3: prices calculated through information other than observable market data.

The table below shows the hierarchical levels for each class of financial asset measured at fair value on 30 June 2020 and 31 December 2019, as restated.

		Hierarchy Levels				Hierarchy Levels		
	30 June 2020	**Level 1**	**Level 2**	**Level 3**	**31 December 2019**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss								
Financial assets, securities and other non-current financial assets	**101**	101			**101**	101		
- of which securities	**101**	101			**101**	101		
Available for sale financial assets								
Financial assets and other current financial assets	**0**	0			**0**	0		
- of which securities					**0**	0		
- of which hedging derivatives					**0**	0		
- of which non-hedging derivatives					**0**	0		
TOTAL FINANCIAL ASSETS	**101**	**101**			**101**	**101**		

Any additional financial assets resulting from the Statement of Financial Position were not measured at fair value. The Group had no financial liabilities measured at fair value as at 30 June 2020 and 31 December 2019. During the period in question, there were no transfers from one fair value measurement level to another.

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

Management of capital

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

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

The Group checks its indebtedness ratio comparing its net debt with the sum of its total assets and its net liabilities: interest-paying loans, trade payables, other payables and the employee termination indemnity, net of cash and cash equivalents.

	30 June 2020	31 December 2019
Employee termination indemnity	11,670	12,443
Interest-bearing financial loans	406,301	405,727
Trade payables and contract liabilities	387,199	405,950
Other current liabilities	105,987	192,465
Other current financial liabilities	47,972	62,862
Cash and cash equivalents	(116,531)	(97,143)
Other current financial assets	(5,388)	(4,819)
Net financial indebtedness	**837,210**	**977,485**
Equity attributable to the Group	71,084	151,970
Undistributed net result	81,221	(3,285)
Total capital	**152,305**	**148,685**
EQUITY AND NET DEBT	**989,515**	**1,126,170**
Indebtedness ratio	**84.6%**	**86.8%**

A slight decrease was recognised in the debt ratio compared to the value at 31 December 2019 following a decrease in net debt referred to in the paragraphs above and in the capital, following the Group's loss posted in the second half of 2020.

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 channelled. 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 summarised below.

SBU Facility Management

The facility management Segment offers a collection of logistic and organizational support services targeted at users of properties and aimed to optimize the management of property-related activities.

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

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

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

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

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 spaces, which includes both the design and 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 building security;
- mail services;
- document management.

SBU Laundering & Sterilization

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 mattresses (linen rental and industrial laundering), (ii) sterilization of linen and (iii) sterilization of surgical equipment.

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

- collection and distribution of linen in the individual departments;

- management of the linen rooms in 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 table below shows the results of operations by segment for the periods ended 30 June 2020 and 30 June 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	435,938	75,961	(2,221)	509,678
Segment costs	(496,149)	(67,845)	2,221	(561,772)
Operating income (loss) by segment	**(60,211)**	**8,117**	**(0)**	**(52,094)**
Share of net profit of associates	68	(212)	0	(143)
Net financial income (charges)				(22,152)
Profit before tax				**(74,389)**
Income taxes				(8,747)
Profit (loss) from discontinued operations	2,540		0	2,540
NET RESULT FOR THE PERIOD ENDED 30 JUNE 2020				**(80,596)**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment Revenues	404,958	67,289	-1,204	471,043
Segment costs	-381,968	-59,280	1,204	-440,044
Operating income (loss) by segment	**22,990**	**8,009**	**0**	**30,999**
Share of net profit of associates	638	70		708
Net financial income (charges)				-19,660
Profit before tax				**12,047**
Income taxes	404,958	67,289	-1,204	471,043
Profit (loss) from discontinued operations	979			979

	Facility Management	Laundering & Sterilization	Eliminations	Total
NET RESULT FOR THE PERIOD ENDED 30 JUNE 2019 RESTATED				**3,775**

Below are reported the data related to assets and liabilities by operating segments of the Group at 30 June 2020 and 31 December 2019:

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	483,809	125,910	(1,907)	607,812
Goodwill	374,273	13,810		388,083
Investments	11,512	5,499		17,012
Other assets not allocated and related taxes				153,118
SEGMENT ASSETS AT 30 JUNE 2020	**869,594**	**145,218**	**(1,907)**	**1,166,025**
Liabilities allocated to the segment	562,671	59,594	(1,907)	620,358
Other liabilities not allocated and related taxes				473,397
SEGMENT LIABILITIES AT 30 JUNE 2020	**562,671**	**59,594**	**(1,907)**	**1,093,756**

	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. RELATED PARTY TRANSACTIONS

Related party transactions were performed under normal market conditions, i.e. in line with conditions that would be applied between aware and independent parties. Market prices are applied to both commercial and financial transactions.
Non-interest bearing loans are only disbursed in the case of pro-quota financing granted by syndicated shareholders to consortium companies. These loans were, however, discounted in the financial statements of the Parent Company Rekeep S.p.A..
The Parent Company not only provides technical-production services relating to the core business, but also administrative and IT services for certain Group companies. The Parent Company also has some administrative and lease service contracts in place with its parent company Manutencoop Società Cooperativa.
Finally, in certain cases the Parent Company provides and performs technical services and works for individuals who hold top management positions within the Group, according to contracts entered into at arm's length. Advances of € 1,184 thousand collected in consideration of these services were recognized at 30 June 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 € 1,347 thousand;
- 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 € 325 thousand, to be paid in 12 monthly instalments;
- On 6 July 2007, Rekeep S.p.A. signed a framework agreement with its parent company, Manutencoop Cooperativa, in order to regulate the essential contents of subsequent personnel leases from Manutencoop Cooperativa to Rekeep S.p.A. pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term, and is tacitly renewed, unless terminated by one of the parties. As a result of said agreement, which has the legal nature of a prescriptive contract that does not provide rights to third parties, Rekeep S.p.A. and the parent company Manutencoop Cooperativa set out the conditions that regulate any future contracts for the leasing of shareholding personnel of Manutencoop Cooperativa, and the operating rules for establishing and terminating said contracts;
- Manutencoop Cooperativa is committed, on the basis of contracts stipulated with the individual companies of the Rekeep Group, to prepare pay packets;
- Rekeep S.p.A. signed agreements with Manutencoop Cooperativa and the other Group companies for the provision of tax consultancy services.

The breakdown of the balances relating to the transactions carried out by the Group Companies with related parties is provided in Annex III attached to the Consolidated Half-Year Financial Report.
The Rekeep Group is subject to the management and coordination activities of Manutencoop Società Cooperativa.

Zola Predosa, 27 August 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 no. 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

Name	Registered Office	City	% Held	Currency
Rekeep Austria GmbH	IZ NÖ-Süd Straße 2, Obj. M6/7 - 2355	Wiener Neudorf (Austria)	100%	Euro
Rekeep Digital S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Facility S.a.s.	52, Boulevard de Sebastopol	Paris	100%	Euro
Rekeep 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 – Building 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 no. 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 Servizi Taranto Soc.Cons.a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	47%	Euro
Gestione Strade Soc.Cons.a r.l.	Strada Manara no. 64/B	Parma	25%	Euro
Gico System S.r.l.	Via Finelli no. 8	Calderara di Reno (BO)	20%	Euro
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	42.40%	Euro
Global Riviera Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	30.66%	Euro
Global Vicenza Soc.Cons. a r.l.	Via Grandi no. 39	Concordia Sulla Secchia (MO)	41.25%	Euro
Gymnasium Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa no. 76	Bologna	29.926%	Euro
Imola Verde e Sostenibile Soc. Cons. a r.l.	Via S. Allende no. 39	Bologna	30%	Euro
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi no. 18	Turin	24.75%	Euro
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa no. 23/I	Caltanissetta (CL)	45%	Euro
Manutencoop International Services LLC	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	QAR
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 for the financial year					Net assets 30 June 2020	Book value	Provision for risks
			Additions/ Disposals	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			59			2,397	2,397	
BGP2 Soc.Cons. r.l.	41.47%	104			(42)			62	62	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidation	27.58%	0			0			0	0	
Bologna Global Strade Soc. Cons. a. r.l.	60%	60			(1)			59	59	
Bologna Più Soc. Cons. a r.l.	25.68%	5						5	5	
Centro Europa Ricerche S.r.l.	21.38%	67			(2)			66	66	
Co. & Ma. Soc. Cons. a r.l.	50%	5						5	5	
Como Energia Soc. Cons. a r.l. in liquidation	30%	11			(3)			7	7	
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	60%	6						6	6	
Consorzio Polo sterilizzazione Integrata	60%	1						1	1	
Consorzio Sermagest in liquidation	60%	0						0	0	
Consorzio Servizi Toscana ar.l.	60%	0	6					6	6	

	%	Net assets 31 December 2019	Changes for the financial year					Net assets 30 June 2020	Book value	Provision for risks
			Additions/ Disposals	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
DUC Gestioni Soc.Cons. a r.l.	49%	10						10	10	
F.lli Bernard S.r.l.	20%	1,727			(273)			1,454	1,454	
Gestione Servizi Taranto Soc.Cons.a r.l.	47%	0	2					2	2	
Gestione Strade Soc.Cons. a r.l.	25%	13						13	13	
GICO Systems S.r.l.	20%	225		(9)	19			234	234	
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			(5)			393	393	
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	(77)		77	(537)	(2)	(539)	(2)	(537)
Newco DUC Bologna S.p.A.	24.90%	1,613			194		(81)	1,726	1,726	

	%	Net assets 31 December 2019	Changes for the financial year					Net assets 30 June 2020	Book value	Provision for risks
			Additions/ Disposals	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
ROMA Multiservizi S.p.A.	45.47%	2,618			(174)		(17)	2,427	2,427	
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	
Steril Piemonte Soc. Cons. a r.l.	25%	986			7			993	993	
T&M Protection Resources Holdings Italy S.r.l.	40%	0						0	0	
Tower Soc.Cons. a r.l.	20.17%	20						20	20	
	NET BOOK VALUE	**10,289**	**(69)**	**(9)**	**(143)**	**(552)**	**(100)**	**9,414**	**10,053**	**(639)**

ANNEX III

REALTED 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	30-Jun-19	84	15,680		571	31-Dec-19	65	8,082	8,943	33,096
	30-Jun-20	88	13,228		470	30-Jun-20	95	10,682	11,542	21,539

ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Alisei s.r.l. in liquidation	30-Jun-19					31-Dec-19	3			1
	30-Jun-20					30-Jun-20	3			1
AMG S.r.l.	30-Jun-19		137			31-Dec-19			293	
	30-Jun-20		117			30-Jun-20			195	
BGP2 Soc.Cons. r.l.	30-Jun-19					31-Dec-19				
	30-Jun-20					30-Jun-20				
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	30-Jun-19	30	620			31-Dec-19	355		1,043	
	30-Jun-20	(178)	(67)			30-Jun-20	128		393	
Bologna Multiservizi Soc.Cons. a r.l.	30-Jun-19					31-Dec-19				
	30-Jun-20					30-Jun-20				
Bologna Più Soc.Cons.a r.l. in liquidation	30-Jun-19					31-Dec-19		3	3	2
	30-Jun-20					30-Jun-20		3	3	2
Bologna Global Strade Soc. Cons. a r.l	30-Jun-19	788	1,870			31-Dec-19	2,322	336	3,588	
	30-Jun-20	260	759			30-Jun-20	326	336	744	
	30-Jun-19					31-Dec-19				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cardarelli Soc. Cons. a r.l.	30-Jun-20					30-Jun-20				
Centro Europa Ricerche S.r.l.	30-Jun-19					31-Dec-19				
	30-Jun-20					30-Jun-20				
Como Energia Soc.Cons.a r.l.	30-Jun-19					31-Dec-19			102	
	30-Jun-20					30-Jun-20			102	
Consorzio Imolese Pulizie soc.Cons. in liquidation	30-Jun-19					31-Dec-19		36	12	
	30-Jun-20					30-Jun-20		36	12	
Consorzio Polo Sterilizzazione Integrata a r.l.	30-Jun-19					31-Dec-19				
	30-Jun-20					30-Jun-20				
Consorzio Sermagest Soc.Cons.a r.l in liquidation	30-Jun-19					31-Dec-19				
	30-Jun-20					30-Jun-20				
CO.& MA. Soc. Cons. a r.l	30-Jun-19	180	586			31-Dec-19	240	20	839	
	30-Jun-20	180	360			30-Jun-20	300	20	720	
DUC Gestione Sede Unica Soc. Cons. a r.l.	30-Jun-19	3,551	1,591			31-Dec-19	3,877		996	
	30-Jun-20	3,542	1,575			30-Jun-20	3,526		984	
Fr.lli Bernard s.r.l.	30-Jun-19	6	8			31-Dec-19	41	50	61	
	30-Jun-20	54	12			30-Jun-20	70	50	18	
Gestione Servizi Taranto Soc.Cons.a r.l.	30-Jun-19					31-Dec-19				
	30-Jun-20					30-Jun-20				
Gestione Strade soc.cons.r.l.	30-Jun-19		605			31-Dec-19	57	63	815	
	30-Jun-20	167	645			30-Jun-20	218	63	902	
Gico Systems S.r.l.	30-Jun-19	4	631			31-Dec-19	9		953	
	30-Jun-20	1	809			30-Jun-20	3		1,219	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	30-Jun-19					31-Dec-19		70	13	
	30-Jun-20					30-Jun-20		70	13	
Global Riviera Soc.Cons.a r.l.	30-Jun-19		5			31-Dec-19			(23)	
	30-Jun-20		4			30-Jun-20			(19)	
Global Vicenza Soc.Cons. a r.l.	30-Jun-19		7			31-Dec-19		10	14	
	30-Jun-20		3			30-Jun-20		10	17	
GR.A.AL. Soc. Cons. a. r.l.	30-Jun-19					31-Dec-19				
	30-Jun-20					30-Jun-20				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Gymnasium Soc. cons. a r.l in liquidation	30-Jun-19					31-Dec-19	1	8	33	
	30-Jun-20					30-Jun-20	1	8	33	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	30-Jun-19					31-Dec-19				3
	30-Jun-20	77	75			30-Jun-20	89		75	3
IPP S.r.l.	30-Jun-19	16				31-Dec-19	12	59		
	30-Jun-20		47			30-Jun-20	12	59	52	
Legnago 2001 Soc. Cons. r.l.	30-Jun-19		2			31-Dec-19	158		54	
	30-Jun-20		2			30-Jun-20	158		56	
Logistica Ospedaliera Soc. Cons. a r.l.	30-Jun-19					31-Dec-19			15	
	30-Jun-20					30-Jun-20			15	
Newco DUC Bologna S.p.A	30-Jun-19					31-Dec-19			51	
	30-Jun-20					30-Jun-20			51	
Palazzo della Fonte S.c.p.a.	30-Jun-19					31-Dec-19				
	30-Jun-20					30-Jun-20				
Roma Multiservizi S.p.A.	30-Jun-19	2,181				31-Dec-19	(1)			
	30-Jun-20					30-Jun-20	(1)			
San Martino 2000 Soc.Cons. r.l.	30-Jun-19	409	689			31-Dec-19	3,377		341	
	30-Jun-20	391	553	6		30-Jun-20	713		804	
Serena S.r.l. - in liquidation	30-Jun-19	844	1,261			31-Dec-19	135		1,556	
	30-Jun-20	728	1,278			30-Jun-20	1,022		2,507	
Servizi Napoli 5 Soc.Cons. a r.l.	30-Jun-19					31-Dec-19		3		
	30-Jun-20					30-Jun-20		3		
S.E.I. Energia Soc. Cons. a r.l.	30-Jun-19	713	658			31-Dec-19	2,773		1,731	
	30-Jun-20	681	640			30-Jun-20	3,029		1,961	
SESATRE S.cons. a r.l.	30-Jun-19	43		11		31-Dec-19	121	776		
	30-Jun-20	24	2,230	11		30-Jun-20	14	746	3,317	
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	30-Jun-19					31-Dec-19				
	30-Jun-20					30-Jun-20				
S.I.MA.GEST3 Soc. Cons. r.l in liquidation	30-Jun-19					31-Dec-19		75	13	2
	30-Jun-20					30-Jun-20		75	13	2
Società Consortile Adanti Manutencoop in liquidation	30-Jun-19					31-Dec-19		3	3	
	30-Jun-20					30-Jun-20		3	3	
	30-Jun-19					31-Dec-19			53	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Steril Piemonte Soc. cons. a.r.l	30-Jun-20					30-Jun-20			53	
Synchron Nuovo San Gerardo S.p.A.	30-Jun-19		358			31-Dec-19	7		496	
	30-Jun-20		294			30-Jun-20	7		350	
T&M Protection Resources Holdings Italy S.p.A.	30-Jun-19	47				31-Dec-19				
	30-Jun-20	1				30-Jun-20	1			
Tower Soc.Cons. a r.l. in liquidation	30-Jun-19					31-Dec-19	33	29		
	30-Jun-20					30-Jun-20	33	29		

SUBSIDIARIES OF MANUTENCOOP COOPERATIVA

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cerpac S.r.l. in liquidation	30-Jun-19					31-Dec-19	1			
	30-Jun-20					30-Jun-20	1			
Nugareto Società Agricola Vinicola S.r.l.	30-Jun-19	1				31-Dec-19			5	
	30-Jun-20					30-Jun-20			5	
Sacoa S.r.l.	30-Jun-19	18				31-Dec-19	15			
	30-Jun-20	20				30-Jun-20	20			
Sacoa Servizi Telematici S.r.l.	30-Jun-19	18				31-Dec-19				
	30-Jun-20	20				30-Jun-20				
Segesta servizi per l'Ambiente S.r.l.	30-Jun-19	3				31-Dec-19	2			
	30-Jun-20	3				30-Jun-20	3			

ASSOCIATES OF MANUTENCOOP 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	30-Jun-19	41				31-Dec-19	26			
	30-Jun-20	44				30-Jun-20	22			
Consorzio Karabak 2 Società Cooperativa	30-Jun-19	3				31-Dec-19	2			
	30-Jun-20	2				30-Jun-20	1			
Consorzio Karabak 4 Società Cooperativa	30-Jun-19					31-Dec-19			1	
	30-Jun-20					30-Jun-20			1	
Consorzio Karabak 5 Società Cooperativa	30-Jun-19					31-Dec-19			1	
	30-Jun-20					30-Jun-20				
Consorzio Karabak 6 Società Cooperativa	30-Jun-19					31-Dec-19				
	30-Jun-20					30-Jun-20				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL	**30-Jun-19**	**8,962**	**24,709**	**11**	**571**	**31-Dec-19**	**13,631**	**9,623**	**22,004**	**33,104**
	30-Jun-20	**6,085**	**22,565**	**17**	**470**	**30-Jun-20**	**9,794**	**12,193**	**26,141**	**21,547**

ANNEX IV

STATEMENT OF RECONCILIATION OF THE RECLASSIFIED STATEMENT OF CASH FLOW AND THE STATUTORY SCHEDULES ITEMS

	For the half-year ended 30 June			
	2020		2019	
Cash and cash equivalents at the beginning of the period		**97,143**		**94,733**
Cash flow from current operations:		**30,458**		**33,003**
Profit before tax	(74,389)		13,524	
Profit (loss) from discontinued operations	2,540		0	
Capital gains from disposal of discontinued operations	(13,599)		0	
Other unrealized write-downs on discontinued operations	405		0	
Amortization, depreciation, write-downs and (write-backs) of assets	20,962		19,097	
Accrual (reversal) of provisions for risks and charges	86,564		721	
Employee termination indemnity provision	350		512	
Share of net profit of associates, net of dividends collected	143		(708)	
Financial charges (income) for the period	22,599		20,580	
Net interests received (paid) in the period	(19,174)		(19,067)	
Income taxes paid in the period	(2,016)		(167)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of profit or loss	*(3,282)*		*(1,489)*	
Cash flow from current operations of discontinued operations	*9,354*			
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR):		**(4,611)**		**(3,949)**
Payments of employee termination indemnity	(1,191)		(1,310)	
Utilization of provision for risks and charges	(3,421)		(2,639)	

	For the half-year ended 30 June			
	2020		2019	
CHANGE IN NWOC:		**(28,342)**		**(6,007)**
Decrease (increase) in inventories	(1,729)		(1,408)	
Decrease (increase) in trade receivables	(8,008)		(8,653)	
Increase (decrease) in trade payables	(18,605)		4,054	
INDUSTRIAL AND FINANCIAL CAPEX:		**37,212**		**(9,576)**
(Purchase of intangible assets, net of sales)	(2,263)		(3,233)	
(Purchase of property, plant and equipment)	(11,828)		(14,687)	
Proceeds from sale of property, plant and equipment	333		241	
(Acquisition of investments)	(1,998)		7,991	
Decrease (increase) of financial assets	(36)		1,141	
Discontinuing operations	55,245		45	
Reclassifications:				
Change in current financial assets	*361*		*(1,073)*	
Financial effects of business combinations	*(96)*			
Financial effects of discontinued operations	*8,147*			
Cash flow from current operations of discontinued operations	*(10,654)*			
CHANGE IN NET FINANCIAL LIABILITIES:		**14,885**		**(17,651)**
Change in finance lease debt	214		53	
New (repayment of) operating lease debt	(4,293)		(3,869)	
Non-current borrowings	52,895		1,546	
Repayment of non-current borrowings	(24,825)		(11,495)	
Net opening (repayment) of short-term bank credit lines	105		(4,673)	
Other net changes in borrowings	(29,717)		(4,847)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*3,282*		*1,489*	
Net change in current financial assets	*(361)*		*1,073*	
Non-cash elements on acquisitions of rights of use	*2,190*		*3,072*	
Financial effects of business combinations	*96*			
Financial effects of discontinued operations	*(1,470)*			

	For the half-year ended 30 June			
	2020		2019	
Dividend distribution authorised in the previous year	*(13,000)*			
OTHER CHANGES:		**(444)**		**(6,149)**
Decrease (increase) in other current assets	1,029		(6,020)	
Increase (decrease) in other current liabilities	5,246		15,363	
Dividends paid	(13,000)			
Acquisition/sale of minority interests in subsidiaries	376		(1)	
Differences from translation of financial statements in foreign currency	471		(120)	
Reclassifications:				
Non-cash elements on acquisitions of rights of use	*(2,190)*		*(3,072)*	
Financial effects of discontinued operations	*(5,377)*		*0*	
Dividend distribution authorised in the previous year	*13,000*			
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**116,531**		**96,702**

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