CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2020

rekeep

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GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

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Appointed by the Shareholders' Meeting
of 24 April 2020

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AND CHIEF EXECUTIVE OFFICER
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BOARD OF STATUTORY AUDITORS

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of 24 April 2020

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EY S.p.A.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

SUPPLEMENTARY INFORMATION

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

	Share Capital	Reserves	Retained Earnings	Net Result of the year	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2019	**109,150**	**5,029**	**34,911**	**15,734**	**164,824**	**668**	**165,492**
Effects of changes in accounting standards		(1,617)	(657)		**(2,273)**	(8)	**(2,281)**
1 January 2019 adjusted	**109,150**	**3,412**	**34,254**	**15,734**	**162,551**	**660**	**163,211**
Allocation of previous year result		16,163	(429)	(15,734)	**0**		**0**
Dividends		(13,000)			**(13,000)**		**(13,000)**
Acquisition/sale of minority interests in subsidiaries					**0**	230	**230**
Total comprehensive income		(866)		3,285	**2,419**	(54)	**2,365**
31 December 2019	**109,150**	**5,710**	**33,824**	**3,285**	**151,970**	**836**	**152,806**

EXPLANATORY NOTES

1. GENERAL INFORMATION

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

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

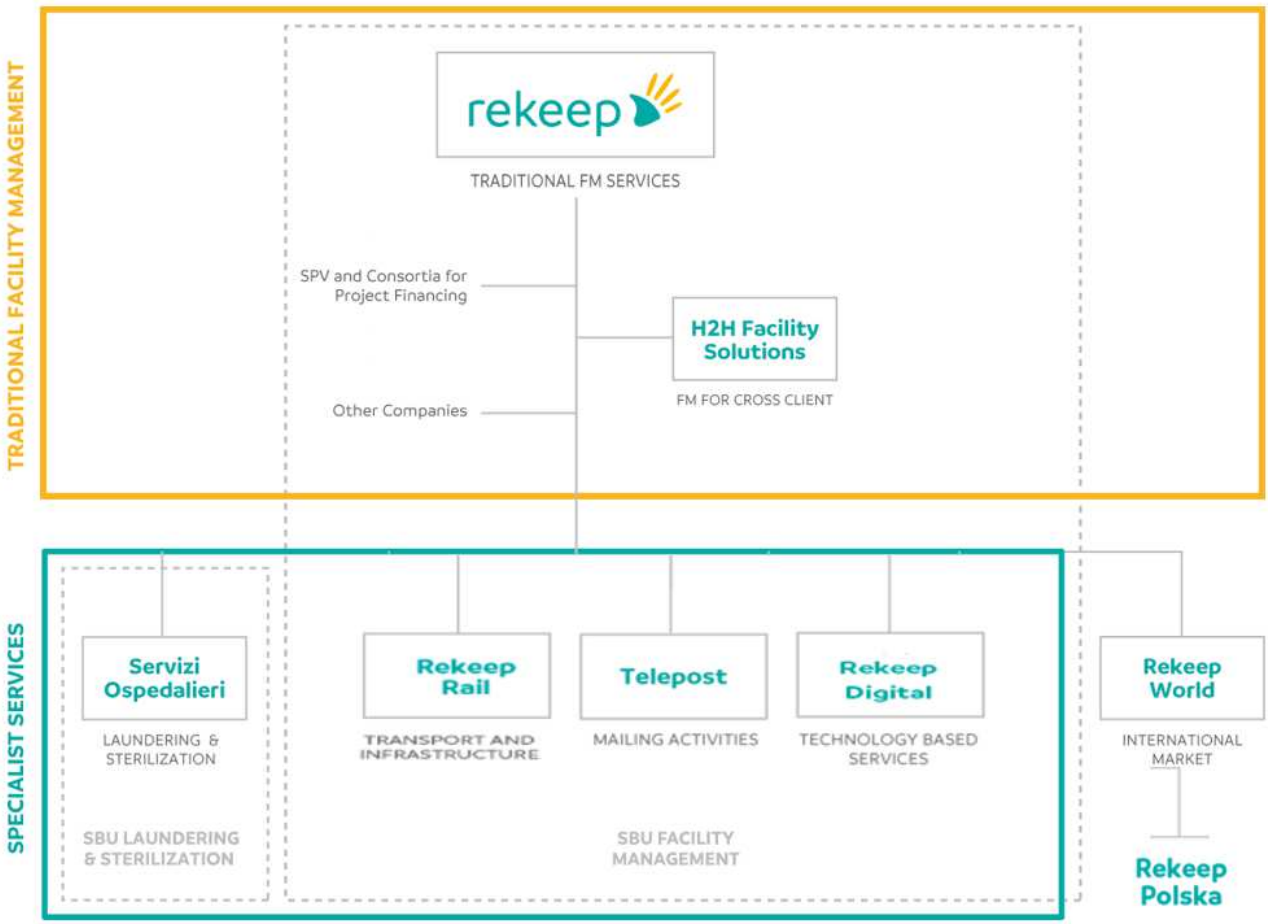
1.1 The business

The Group is active in the management and provision of integrated services to public and private customers, targeted at properties, the area and to support (so-called "Integrated Facility Management") health care activities. In particular, the Rekeep Group provides a wide and coordinated range of integrated services, aimed at rationalising and improving the quality of the non-strategic and auxiliary activities of major private groups, public authorities and health care facilities.

At present the Rekeep Group is structured into a single operating holding company which combines so-called "traditional" facility management production resources with those related to supporting the whole Group's business. As early as from the previous financial years a strategy has been pursued by the central holding functions to diversify operations, also through a series of company acquisitions, with some "specialist" facility management services beside the historical core business (hygiene services, green spaces and technical and maintenance services), in addition to linen rental and industrial laundering services and surgical instrument sterilization at healthcare facilities and high technology B2B services. Furthermore, the Group started a major process of business development in international markets from the 2015 financial year, by establishing the sub-holding company Rekeep World S.r.l., which has already been operating for a few years in France and Turkey through its subsidiaries; as from 2019 it also started operations in Saudi Arabia through the establishment of two subsidiaries, with the aim of developing the operations of the Rekeep Group in the Arab region through partnerships with local operators and in Poland, following the acquisition of Naprzód S.A. (now Rekeep Polska S.A.), a local leading company in the field of facility management in the healthcare sector.

In 2016 diversification was further boosted by establishing Yougenio S.r.l., which is wholly owned by Rekeep S.p.A. and provides services to private consumers through an e-commerce platform. This event led the Group to enter the B2C services market within the scope of a plan that saw a period of start-up of operations until the 2019 financial year, at the end of which the management assessed the investment as non-strategic in this market segment, which did not show the expected synergies with the more traditional facility management activities carried out by the Group. Furthermore, on 22 September 2020 the company was put into liquidation with the aim of completing this process in the shortest possible time.

Therefore, the Group now operates through specific companies for each sector:



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

The so-called ‘‘traditional’’ Facility management services provided by the Rekeep Group include the following activities:

- Cleaning;
- Technical services;
- Landscaping.

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

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

- design and implementation of redevelopment and adjustment work into line with the safety legislation;

- design and installation of devices for energy saving and for the reduction of emissions of polluting agents into the atmosphere .

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

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

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

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

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

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

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

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The consolidated Financial Statements at 31 December 2020 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss, the Consolidated Statement of other comprehensive income, the Consolidated Statement of Cash flows, the Consolidated Statement of changes in Shareholders' Equity and the related Explanatory Notes.

The balance sheet and income statement values reported in the Statements, the Statement of Cash Flow and the Explanatory Notes are compared with those at 31 December 2019. The consolidated Financial Statements at 31 December 2020 were prepared on a historical cost basis, except for the financial instruments that have been measured at fair value.

After assessing any possible uncertainties surrounding the Group's ability to continue as a going concern, including financial risks described in note 37 and other market risks associated with the proceedings in progress described in notes 17 and 20, the directors decided to prepare the Consolidated Financial Statements on a going-concern basis.

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

The Financial Statements at 31 December 2020 have been presented in Euro, which is the Group's functional currency. All values showed in the statements and in the explanatory notes are in thousands of Euro, unless otherwise stated.

2.1 Statement of compliance with international accounting standards (IFRS)

The Consolidated Financial Statements at 31 December 2020 have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The Rekeep Group is subject to Letter f) of Article 2 under the Italian Legislative Decree no. 38 of 28 February 2005, which rules the exercise of the options provided for by the Article 5 of Regulation (EC) 1606/2002 about the International Financial Reporting Standards and, therefore, pursuant to Article 3, paragraph 2, and Article 4, paragraph 5, of the aforesaid Italian Legislative Decree, the Parent Company has applied the IFRS as adopted by the European Union in the preparation of its consolidated and separate Financial Statements as from the year ended 31 December 2005.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the consolidated Financial Statements are consistent with those used to prepare the consolidated Financial Statements of the previous year, with the exception of the standards and interpretations which are newly issued and applicable from 1 January 2020, in addition to the amendments to standards already in force.

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

New or revised IFRS and interpretations applicable from 1 January 2020

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

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

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

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

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

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

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

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

The new amendments will become applicable from 1 January 2022.

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

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

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

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

2.3 Discretionary assessments and significant accounting assumptions

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

Discretionary assessments

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

Uncertainty of estimates

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

Impairment test

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

Provisions for risks and charges and Allowance for doubtful accounts

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

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

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

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

Recognition of revenues and costs from contracts with customers

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

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

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

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

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

Consolidation principles

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

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

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

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Minority interests represent the portion of profits or losses and net assets not held by the Group and are disclosed under a separate item in the consolidated Statement of profit or loss for the year and in the Consolidated Statement of Financial Position under Equity items, separately from the Group's Equity.

Conversion of financial statements of foreign companies

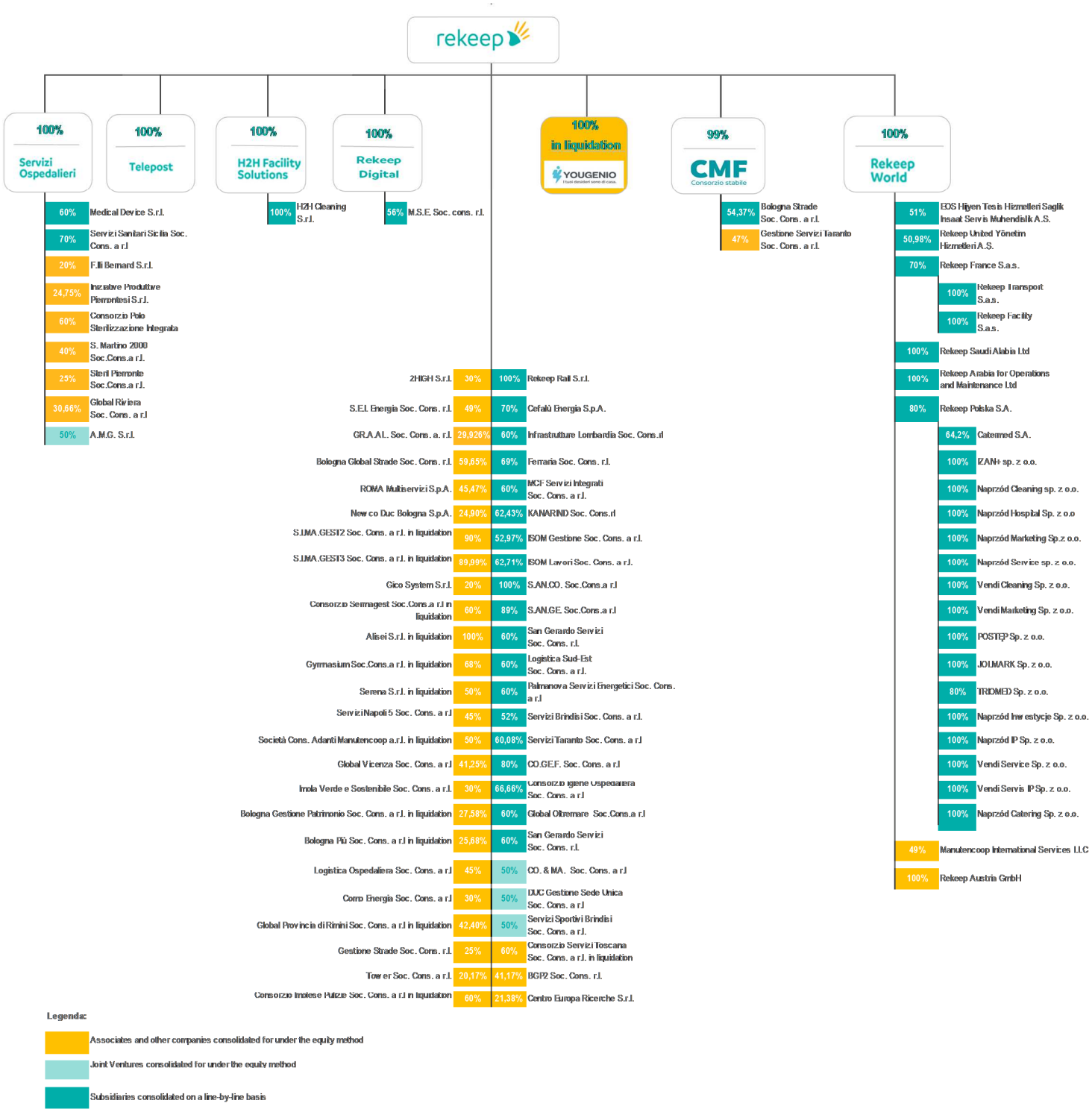
The financial statements are presented in Euro, the Group's functional currency. Statements of financial position and income statements stated in foreign currency are converted to Euro using the year-end exchange rates for the items of the Statement of Financial Position and average exchange rates for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

At the time of disposal of the economic entity from which translation differences emerged, the accumulated exchange differences reported in the statement of other Comprehensive Income are reclassified in the Consolidated Statement of Profit or Loss.

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

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

Scope of consolidation at 31 December 2020 is shown below.


rekeep
100% Servizi Ospedalieri
60% Medical Device S.r.l.
70% Servizi Sanitari Sicilia Soc. Cons. a r.l
20% F.lli Bernard S.r.l.
24,75% Iniziative Produttive Piemontesi S.r.l.
60% Consorzio Polo Sterilizzazione Integrata
40% S. Martino 2000 Soc.Cons.a r.l.
25% Steril Piemonte Soc.Cons.a r.l.
30,66% Global Riviera Soc. Cons. a r.l
50% A.M.G. S.r.l.
100% Telepost
100% H2H Facility Solutions
100% H2H Cleaning S.r.l.
100% Rekeep Digital
56% M.S.E. Soc. cons. r.l.
100% in liquidation
YOUGENIO
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 Hiyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.
50,98% Rekeep United Yönetim Hizmetleri A.S.
70% Rekeep France S.a.s.
100% Rekeep Transport S.a.s.
100% Rekeep Facility S.a.s.
100% Rekeep Saudi Alabia Ltd
100% Rekeep Arabia for Operations and Maintenance Ltd
80% Rekeep Polska S.A.
64,2% Catermed S.A.
100% IZAN+ sp. z o.o.
100% Naprzód Cleaning sp. z o.o.
100% Naprzód Hospital Sp. z o.o
100% Naprzód Marketing Sp.z o.o.
100% Naprzód Service sp. z o.o.
100% Vendi Cleaning Sp. z o.o.
100% Vendi Marketing Sp. z o.o.
100% POSTEP Sp. z o.o.
100% JOLMARK Sp. z o.o.
80% TRIOMED 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.
100% Naprzód Catering Sp. z o.o.
49% Manutencoop International Services LLC
100% Rekeep Austria GmbH
ZHIGH S.r.l. 30% 100% Rekeep Rail S.r.l.
S.E.I. Energia Soc. Cons. r.l. 49% 70% Cefalù Energia S.p.A.
GR.A.A.L. Soc. Cons. a. r.l. 29,926% 60% Infrastrutture Lombardia Soc. Cons.rl
Bologna Global Strade Soc. Cons. r.l. 59,65% 69% Ferraria Soc. Cons. r.l.
ROMA Multiservizi S.p.A. 45,47% 60% MCF Servizi Integrati Soc. Cons. a r.l.
New co Duc Bologna S.p.A. 24,90% 62,43% KANARIND Soc. Cons.rl
S.I.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. Adanti Manutencoop a.r.l. in liquidation 50% 60,08% Servizi Taranto Soc. Cons. a r.l
Global Vicenza Soc. Cons. a r.l 41,25% 80% CO.GE.F. Soc. Cons. a r.l
Imola Verde e Sostenibile Soc. Cons. a r.l. 30% 66,66% Consorzio Igiene Ospedaliera Soc. Cons. a r.l
Bologna Gestione Patrimonio Soc. Cons. a r.l. in liquidation 27,58% 60% Global Oltremare Soc.Cons.a r.l
Bologna Più Soc. Cons. a r.l in liquidation 25,68% 60% San Gerardo Servizi Soc. Cons. r.l.
Logistica Ospedaliera Soc. Cons. a r.l 45% 50% CO. & MA. Soc. Cons. a r.l
Corno Energia Soc. Cons. a r.l 30% 50% DUC Gestione Sede Unica Soc. Cons. a r.l
Global Provincia di Rimini Soc. Cons. a r.l in liquidation 42,40% 50% Servizi Sportivi Brindisi Soc. Cons. a r.l.
Gestione Strade Soc. Cons. r.l. 25% 60% Consorzio Servizi Toscana Soc. Cons. a r.l. in liquidation
Tower Soc. Cons. a r.l. 20,17% 41,17% 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 2020 financial year note the following events:

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

Furthermore, note the following events:

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

2.4 Summary of the main accounting policies

Property, plant and equipment

Property, plant and equipment are recognized at historical cost, net of the associated accumulated depreciation and accumulated impairment losses. This cost includes the costs for the replacement of part of the plant and equipment at the moment they are incurred if they conform to the recognition criteria.

Depreciation is calculated on a straight line basis in line with the estimated useful life of the asset, starting from the date the asset becomes available for use, until the date it is sold or disposed of. The carrying amount of property, plant and equipment is subject to impairment test when events or changes suggest that the carrying amount may not be recoverable. A tangible asset is derecognized from the financial statements at the moment of sale or when no future economic benefits are expected from its use or disposal. Any profits or losses (calculated as the difference between net proceeds from the sale and the carrying

amount) are included in the income statement in the year of the aforementioned derecognition. The residual value of the asset, useful life and method applied are reviewed annually and adjusted, if necessary, at the end of each financial year.

The useful life of the various classes of tangible assets is estimated as shown below:

	Useful life
Plant and equipment, maintenance and landscaping	11 years
Plant and equipment, maintenance and construction of properties	From 6.5 to 10 years
Telephone systems	4 years
Properties	33 years
Equipment for cleaning/landscaping activities	6.5 years
Equipment for technological system management	3 years
Equipment for building construction and maintenance	2.5 years
Other industrial and commercial equipment	10 years
Laundry equipment	8 years
Linen	From 2.5 to 4 years
Vehicles	From 4 to 5 years
Office furniture and equipment	From 5 to 8 years
Leasehold improvements (including under plant and equipment)	< between useful life and lease term

The item property, plant and equipment in the statement of financial position includes not only property, plant and equipment in the strictest sense, but also machinery, motor vehicles, office machines and furniture.

Financial costs arising from the purchase are charged to the income statement except in the case in which they are directly attributable to the acquisition, construction or production of an asset which justifies their capitalization (qualifying asset), in which case they are capitalized. A qualifying asset is an asset that requires a certain financial period to be ready for use.

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

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

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

Business combinations

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

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

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

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

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

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

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

Goodwill

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

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

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

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

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

Other intangible assets

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

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

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

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

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

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

Equity investments in joint ventures and associates

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

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

Impairment of assets

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

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

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

Financial assets

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

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

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

The accounting policies applied by the Group are the following:

Financial assets at amortized cost

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

Financial assets at fair value through OCI

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

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

Inventories

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

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

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

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

Trade receivables and other receivables

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

Contract assets on plan construction orders

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

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

When the result of the job order can be determined reliably, the job orders are valued on the basis of the percentage of completion method. The progress status is determined by making reference to the costs of the job order incurred up to the balance sheet date as a percentage of total estimated costs for each job order. The percentage of completion determined in this manner is then applied to the contract price in order to determine the value of work in progress, classified under “Trade receivables". When the costs of the job order are likely to exceed total revenues, the expected loss is recognized immediately as a provision. Should the amount of the contract price already invoiced exceed the estimated value of work in progress, it must be recognized as a payable for the portion exceeding the value of the same and, as such, must be classified under "Contract liabilities".

Cash and cash equivalents

Cash and cash equivalents and short-term deposits in the statement of financial position include cash at hand and sight and short-term deposits, in the latter case with an original maturity of no more than three months.

Loans

All loans are initially recognized at the fair value of the consideration received net of additional charges involved in raising the loan. After initial recognition, loans are valued according to the amortized cost criterion using the effective interest rate method. All profits or losses are recognized in the income statement when the liability is extinguished, as well as through the amortization process.

Derecognition of financial assets and liabilities

Financial Assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognized from the accounts when:

- the contractual rights over cash flows arising from financial assets have expired ;
- the Group has transferred the financial asset (transferring the right to receive cash flows from the asset or retaining the right to receive these but assuming the contractual obligation to pay them in full and without delay to a third party) and has transferred substantially all risks and rewards of ownership of the financial asset.

If, as a result of the transfer, a financial asset is derecognized in full, but the result is that the Group obtains a new financial asset or assumes a new financial liability, the Group recognizes the new financial asset, financial liability or liability originating from service at fair value.

Financial Liabilities

A financial liability is derecognized from the accounts when the obligation underlying the liability is discharged, cancelled or fulfilled. In cases where an existing financial liability is replaced by another of the same provider, under essentially different conditions, or the conditions of an existing liability are essentially modified, said exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and any differences in the carrying amounts are booked to the income statement.

Impairment of financial assets

At the reporting date, the Group assesses whether a financial asset or group of financial assets has incurred any impairment loss.

Assets valued according to the amortized cost criterion

If there is an objective evidence that a loan or receivable carried at amortized cost has suffered an impairment loss, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses still not incurred) discounted at the original effective interest rate of the financial asset (i.e. effective interest rate calculated at the initial recognition date). The carrying amount of the asset will be reduced both directly and through the use of a provision. The amount of the loss will be recognized through profit or loss.

The Group firstly assesses whether there is any objective evidence of an impairment loss at individual level, for financial assets that are significant on an individual basis, and therefore at individual or collective level for financial assets that are not significant on an individual basis. In the absence of any objective evidence of impairment of a financial asset that is valued individually, whether it is significant or not, said asset is included in a group of financial assets with similar credit risk characteristics and said group is subject to impairment test in a collective fashion, by determining the forecast insolvency rate, i.e. the loss rate (Probability of default "PD") for the amount of expected losses (Loss Given Default "LGD") calculated taking account of elements of forward looking, thus also reporting and representing incurred losses. The assets valued at individual level and for which an impairment loss is recognized or continues to be recognized, will not be included in a collective valuation.

If, in a subsequent financial year, the size of the impairment loss falls and said reduction can be related objectively to an event which occurred after the recognition of the impairment loss, the previously reduced value can be written back. Any subsequent write-backs are recognized through profit or loss to the extent the carrying amount does not exceed the amortized cost at the write-back date.

Assets recognized at cost

If there is objective evidence of an impairment of an unlisted equity instrument which is not recognized at fair value since it cannot be measured reliably, or of a derivative instrument which is linked to said equity instrument and has to be settled through the delivery of said instrument, the amount of the impairment loss is measured by the difference between the carrying amount of the asset and the present value of expected future cash flows and discounted at the current market rate of return for a similar financial asset.

Financial assets at fair value through OCI

In the case of an impairment of a financial asset at fair value through OCI, a transfer from shareholders' equity is effected of a value equal to the difference between its cost (net of the repayment of capital and amortization) and its present fair value. Write- backs of instruments classified in this category are also recognized in a specific equity reserve.

Provisions for risks and charges

Accruals to provisions for risks and charges are made when the Group has to fulfill a current obligation (legal or implicit) resulting from a past event, resources are likely to be sacrificed to meet said obligation and its amount can be estimated reliably.

When the Group believes that an accrual to the provision for risks and charges will be partially or fully reimbursed, e.g. in the event of risks covered by insurance policies, the compensation is recognized separately under assets if and only if it is virtually certain. In said case, a cost is stated through profit or loss which is the cost of the associated related accrual, net of the amount recognized for the compensation.

If the effect of discounting the value of money is significant, accruals are discounted using a pre-tax discount rate which reflects, where appropriate, the specific risks of the liabilities. When discounting is carried out, the increase in the provision due to the passing of time is recognized as a financial cost.

Provision for employee termination benefits

Liabilities in the form of employee termination benefits are only recognized when the Group is demonstrably committed to: (a) terminate the employment of an employee or group of employees before the normal retirement date; or (b) provide termination benefits as a result of an offer made in order to encourage voluntary resignation for redundancy purposes. The Group is demonstrably committed to terminate employment only when it has a detailed formal plan for the dismissal (termination of employment) and is without realistic possibility of withdrawal from the plan.

Employee benefits

Italian legislation (art. 2120 of the Civil Code) requires that, on the date of termination of their employment with the company, each employee receives compensation known as ESI (Employee Severance Indemnity). Calculation of this indemnity is based on certain items that form the annual employee remuneration for each year of employment (re-valued as necessary) and on the length of service. According to statutory Italian legislation, said indemnity is reported in the financial statements according to a calculation method based on the indemnity accrued by each employee at the balance sheet date, in the assumption that all employees terminate their employment at said date.

The IFRIC issued by the IASB tackled the issue of Italian ESI and concluded that, in application of IAS 19, it falls within the scope of "defined benefit" plans, as regards post-employment benefits and, as such, must be calculated using the Projected Unit Credit Method (PUCM), in which the amount of liabilities in the form of acquired benefits must reflect the expected date of termination and must be discounted.

Following the 2007 reform of national legislation which governs, for Companies with more than 50 employees, ESI accruing from 1 January 2007, it is established as a "defined contribution" plan, whose payments are accounted for directly in the income statement, as a cost, when recognized. ESI accrued up until 31 December 2006 remains a defined benefit plan, without future contributions.

The Group accounts for actuarial gains or losses arising from the application of the aforementioned method (PUCM) in an appropriate equity reserve according to the provisions of IAS 19 pars. 120 and 128.

The actuarial valuation of the liability was entrusted to an independent actuary.

The Group has no other significant defined benefit pension plans.

Leases

According to IFRS16 a lease is an agreement that grants the right to use an asset ("the underlying asset") for a certain financial period of time against the payment of a consideration. At the inception of the contract the entity must assess whether the contract is, or contains, a lease. The contract is, or contains, a lease if it gives the entity the right to control the use of a specified asset for a financial period of time in exchange for consideration. An entity must reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are amended.

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

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

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

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

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

Revenue recognition

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

Provision of services

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

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

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

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

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

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

Plant construction activities

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

Sales of assets

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

Interest

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

Dividends

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

Government grants

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

Income taxes

Current taxes

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

Deferred taxes

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

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

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

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

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

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

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

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

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

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

VAT

Revenues, costs and assets are recognized net of VAT, with the exception of the case in which said tax applied to the purchase of goods or services is non-deductible, in which case it is recognized as part of the purchase cost of the asset or part of the cost item recognized through profit or loss. Trade receivables and payables for which an invoice has already been issued or received are carried inclusive of tax.

The net amount of indirect taxes on sales and purchases that can be recovered from or paid to the tax authorities is included in the financial statements under other receivables or payables depending on the accounting sign.

Service concession arrangements

The Group is the holder of concession agreements in which certain companies manage activities in the public interest, provided that the grantor (i) controls/regulates, by determining the price, which public services must be offered by the concessionary companies through the infrastructures that the concessionary company obtains under management or constructs and (ii) maintains, through ownership or by other means, the authorization granted and any other interest in the infrastructures upon expiry of the concession agreement.

The concessionary company shall not carry infrastructure under tangible assets as it does not hold "control", as set forth in IFRIC 12. The asset to be recognized is the right to use the infrastructure for providing the service, to be classified as a financial asset in the presence of an unconditional right to receive future compensation regardless of actual use of the infrastructure and as an intangible asset in the presence of a right to exploit the infrastructure itself in financial terms, charging users based on use of the service received. Provision is also made for a "mixed" accounting model if the concessionary company is the holder of both a financial asset and an intangible right, where it is necessary to separate the component of remuneration as provided for under the agreement relating to the financial asset, determining the amount of the intangible asset as a secondary activity (with respect to the value of the construction services provided).

The concessionary company also recognizes revenues for the services it provides, in compliance with IFRS15, and, therefore, the consideration envisaged in the agreement must be allocated with reference to the fair value of the associated services provided (construction, improvements and management respectively). Pursuant to IAS 23, financial costs attributable to the agreement must be recognized as costs in the financial year in which they are incurred, unless the concession holder has recognized an intangible asset, for which said costs are capitalized during the phase of drafting of the agreement. Otherwise, if the concession holder has recognized a financial asset, IAS 39 requires financial income calculated on the basis of the effective interest method to be recognized in the income statement.

Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year.

The Parent Company presents voluntary disclosures on earnings per share, with reference solely to consolidated data.

Operating segments

An operating segment is made up of a clearly identifiable group of assets and operations which provides a collection of related products and services, subject to risks and rewards other than those of other Group business sectors. For operational purposes, the Group is structured into business areas that coincide with the "strategic business units" in which the Group operates.

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

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

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

Methods of calculation of costs allocated to segments

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

Method of calculation of assets and liabilities allocated to segments

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

Changes in accounting estimates and errors

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

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

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

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

3. EFFECTS OF IFRS5

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

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

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

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

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

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

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

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

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

(in thousands of Euro)	For the year ended 31 December 2019	Effects of IFRS 5	For the year ended 31 December 2019 (restated)
Net cash flow from / (used in) financing activities	**(18,816)**	**0**	**(18,816)**
Changes in cash and cash equivalents	**2,463**	**0**	**2,463**
Cash and cash equivalents at the beginning of the year	94,733		94,733
Changes in cash and cash equivalents	2,463		2,463
Translation differences on cash and cash equivalents	(53)		(53)
Cash and cash equivalents at the end of the year	**97,143**	**0**	**97,143**
Details of cash and cash equivalents:			
Cash and bank current accounts	97,143		97,143
TOTAL CASH AND CASH EQUIVALENTS	**97,143**	**0**	**97,143**

4. BUSINESS COMBINATIONS

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

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

Accounting effects of the acquisition

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

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

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

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

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

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

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

5. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in the company-owned property, plant and equipment in the financial year ended 31 December 2020.

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

NET BOOK VALUE	**17,925**	**61,294**	**79,219**

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

Disposals were also made for € 429 thousand, while the item of Others includes the reclassification of € 911 thousand in finance lease assets and the effects of the deconsolidation of Yougenio S.r.l. (for an amount of € 33 thousand) and Energy Saving Valsamoggia S.r.l. (for an amount of € 3,064 thousand), as well as the effect of a change in the exchange rate applied for the translation of balances relating to foreign companies with a currency other than the Euro.

The table below shows the changes in the company-owned property, plant and equipment in the year ended 31 December 2019.

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

	Property	Plant and equipment	Total
At 31 December 2019			
Historical cost	20,528	404,493	425,021
Accumulated depreciation and impairment losses	(3,439)	(341,480)	(344,919)
IFRS5 Reclassification	(57)	(700)	(757)
NET BOOK VALUE	**17,032**	**62,313**	**79,345**

6. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

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

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

	Property under finance lease	Plant and equipment under finance lease	Rights of use of properties	Rights of use of plant and machinery	Total
Accumulated depreciation and impairment losses	(676)	(5,315)	(22,351)	(22,133)	(50,476)
NET BOOK VALUE	**4,315**	**4,593**	**26,711**	**7,704**	**43,323**

Property, plant and equipment under finance leases reported changes during the year, which were due to depreciation for the year, as well as to the execution of new lease agreements for a total of € 1,452 thousand, of which an amount of € 976 thousand relates to industrial laundering machinery used by the subsidiary Servizi Ospedalieri and an amount of € 476 thousand relating to elevators used by Rekeep under a contract gained during the year.

The item "Others" includes the reclassification of € 911 thousand from owned assets, as well as the effect of a change in the exchange rate applied for the translation of balances relating to foreign companies with a currency other than the Euro.

Property, plant and equipment under operating leases, stated as "Rights of use on Properties" and "Rights of use on plant and machinery" showed an increase during the year following the execution of new property lease agreements for € 771 thousand and new long-term hire of vehicles that make up the corporate fleets and equipment of the Group for € 4,183 thousand. Furthermore, there was the early termination of some lease and long-term hire agreements for a total of € 1,562 thousand.

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

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

	Property under finance lease	Plant and equipment under finance lease	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2019, net of accumulated depreciation and impairment	**4,584**	**1,400**	**0**	**0**	**5,984**
Effects of changes in accounting standards, net of accumulated depreciation	0	0	37,070	8,366	45,436
Additions from business combinations		3,496		163	3,659
Additions for new contracts and rental adjustments		566	3,127	3,366	7,059

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

7. OTHER INTANGIBLE ASSETS

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

	Other intangible assets	Goodwill	Total
At 1 January 2020, net of accumulated amortization and impairment	**26,823**	**387,778**	**414,601**
Additions from business combinations	1	12,365	12,366
Additions from acquisitions	5,264		5,264
Amortization for the year	(7,293)		(7,293)
Others	(3,142)	2,418	(723)
At 31 December 2020	**21,653**	**402,561**	**424,214**

	Other intangible assets	Goodwill	Total
At 1 January 2020			
Historical Cost	125,238	390,096	515,334
Accumulated Amortization and impairment losses	(98,415)	(2,318)	(100,733)
NET BOOK VALUE	**26,823**	**387,778**	**414,601**
At 31 December 2020			
Historical **Cost**	125,702	404,879	530,582
Accumulated Amortization and impairment losses	(104,050)	(2,318)	(106,367)
NET BOOK VALUE	**21,653**	**402,562**	**424,214**

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

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

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

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

	Other intangible assets	Goodwill	Total
At 1 January 2019, net of accumulated amortization and impairment	**25,634**	**407,622**	**433,256**
Additions from business combinations	101	22,745	22,846
Additions from acquisitions	9,017		9,017
Disposals	(74)		(74)
Amortization for the year	(7,854)		(7,854)
Others	521		521
IFRS5 reclassification	(522)	(42,588)	(43,111)
At 31 December 2019	**26,823**	**387,778**	**414,601**

	Other intangible assets	Goodwill	Total
At 1 January 2019			
Historical **Cost**	117,480	410,015	527,495
Accumulated amortization and impairment losses	(91,846)	(2,393)	(94,239)
NET BOOK VALUE	**25,634**	**407,622**	**433,256**
At 31 December 2019			
Historical **Cost**	127,119	432,760	559,879
Accumulated amortization and impairment losses	(99,774)	(2,393)	(102,167)
IFRS5 reclassification	(522)	(42,588)	(43,111)
NET BOOK VALUE	**26,823**	**387,778**	**414,601**

8. IMPAIRMENT OF GOODWILL

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

SBU – Facility management

The SBU is identified with:

Rekeep S.p.A.;

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

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

SBU – Laundering & Sterilization

The SBU is identified with:

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

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

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

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

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

Facility management CGU Goodwill

The goodwill allocated to the Facility management CGU, which amounted to € 388,753 thousand at 31 December 2020, was recognized as a result of various business combinations from 2004 to date, the most important of which are listed below:

- Project 'Palladio', which took place on 29 December 2003, involved the Group acquiring control of the business unit relating to facility management technical services previously managed by the parent company Manutencoop Società Cooperativa;
- Acquisition of MCB S.p.A., a company through which the Group established the first facility management unit for "network" customers (banks, insurance companies, etc.). In 2010, MCB S.p.A. was merged by incorporation into MP Facility S.p.A. (now H2H Facility Solutions S.p.A.);
- Acquisition of Teckal S.p.A., which was merged by incorporation into Manutencoop Facility Management S.p.A. in 2010, through which the Group strengthened the production structure of traditional facility management, in particular in the heat management service;
- Acquisition of Altair IFM S.p.A. (the most significant transaction to date), which enable the Group to gear the customer portfolio towards large private customers. In 2010 the larger companies in the Altair sub-group were merged by incorporation into Manutencoop Facility Management S.p.A.;
- Reverse merger of the Parent Company CMF S.p.A. by incorporation into the subsidiary Rekeep S.p.A. with statutory accounting and tax effects starting from 1 July 2018. The operation, defined as an "Operation Under Common Control" since it was carried out between parties subject to common control, gave rise to the recognition of a merger deficit in the assets up to the amount recorded in the Consolidated Financial Statements in which the companies involved in the merger participate, i.e. that of Manutencoop Società Cooperativa. The non-recognizable difference also gave rise to a negative equity reserve.

The Facility management SBU also includes the goodwill generated from two acquisitions carried out by Rekeep World S.r.l. in foreign markets:

- Acquisition of the majority stake of EOS Hijyen İşletmeciliği Tesis Hizmetleri Sağlık İnşaat Servis ve Mühendislik Anonim Şirketi ("EOS", of which the Group already held a stake of 50%) on 28 February 2018. The Company is active in the linen rental and industrial laundering services and surgical instrument sterilization to support healthcare activities in Turkey, with a portfolio of orders already underway;
- Acquisition of Rekeep Polska S.A. (formerly Naprzód S.A.), controlling a group of other 15 companies operating in Poland in the provision of facility management services in the healthcare sector, catering and medical transportation services, including outsourcing services, ambulance hire, security in mass events and the transport of disabled people.

Laundering & Sterilization CGU Goodwill

The goodwill allocated to the Laundering & Sterilization CGU, which amounted to € 13,809 thousand, emerged as a result of the following acquisition:

- Acquisition during the 2003 financial period of a business unit dealing with the linen rental and industrial laundering and sterilization activities for public and private healthcare of LIS S.p.A., with contracts mainly located in the Marche Region;

- Acquisition during the 2006 financial period of a business unit dealing with the linen rental and industrial laundering and sterilization activities for public healthcare of Lidi Service S.p.A., the activity of which was carried out in Porto Garibaldi (province of Ferrara) plant;
- Acquisition of Omasa S.p.A. in 2007, a company operating in the market for the sterilization of surgical instruments and linen, as well as following further minor acquisition, all made by Servizi Ospedalieri S.p.A., a company operating in the linen rental and industrial laundering and sterilization market. Omasa S.p.A. was then merged by incorporation into Servizi Ospedalieri S.p.A. on 1 July 2009;
- On 3 July 2018, acquisition of Medical Device S.r.l., a trading company which has acquired over the years many certifications for the marketing of Class 3 medical devices, particularly critical for their intended use and requiring very complex certification procedures by Notified Bodies.

Impairment Test

Pursuant to IAS 36, goodwill is not amortized, but is tested for any possible impairment on an annual basis, or more frequently, should specific events or circumstances arise which provide evidence of an impairment loss. The impairment test, prepared by the Management and presented to the Board of Directors at the time of the approval of the draft financial statements, was carried out through the comparison between the net book value and the recoverable value of the individual CGUs to which goodwill was allocated, determined on the basis of the discounting-back of expected future cash flows relating to the period from 2021 to 2024 and extrapolated from the Business Plan of the Rekeep Group.

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

As from 2019, steps were taken, following the acquisition of the Rekeep Polska sub-group (formerly Naprzód) on the part of Rekeep World, to test separately the goodwill allocated to the Facility Management and Laundering & Sterilization CGUs, as well as that accounted for following this business combination.

The estimated value in use of the Facility management, Laundering & Sterilization and Rekeep Polska was based on the following assumptions:

- The expected future cash flows, for the period from 2021 to 2024, extrapolated from the Business Plan, are derived from projected cash flows obtained through:
    - determination of the value of the forecast gross margins according to the projection of the backlog of existing service contracts, augmented by the assumptions of renewals and new portfolio acquisitions,
    - estimates of changes in Net Working Capital on the basis of the target days of stock rotation, the payment of amounts due and collection of receivables,

- assumptions of investments consistent with the performance of forecast revenues in the various business sectors in which the Group operates,

› A terminal value used to estimate future results beyond the time horizon expressly considered. The terminal value was determined by applying a NOPLAT equal to 2024 EBIT adjusted by the average expected depreciation and amortization and investments, net of a nominal tax rate. As regards long-term growth rates, an assumption of 1% was considered for all CGUs.

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

For all CGUs analyzed, the analysis confirmed that the recoverable value of the same exceeds the associated carrying amount, therefore not requiring any write-downs. On a prudential basis "Worst Cases" were outlined with reference to the WACC, the growth rates applied and a deterioration in operating cash flows compared to forecasts, both with reference to the plan time frame and with reference to the terminal value. However, in simulating nil or negative growth rates, also in combination with WACCs exceeding those applied by two percentage points (and, then, equal to 8.73% for Facility management CGU, 8.00% for Laundering & Sterilization CGU and 9.10% for Rekeep Polska, there would be no need to make write-downs in all CGUs, as the recoverable value would exceed the related book value).

9. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

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

At 31 December 2020 the net-book value of investments valued at Equity reported a net amount of € 8,807 thousand, against a net amount of € 10,289 thousand in the previous year.

	Net assets 31 December 2020	Net assets 31 December 2019
Investments accounted for under the equity method	9,140	10,376

	Net assets 31 December 2020	Net assets 31 December 2019
Provision for risks on investments	(333)	(87)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**8,807**	**10,289**

The breakdown of changes during the year is shown in Annex II attached to the Consolidated Financial Statements, to which reference should be made.

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

During the year investments accounted for under the equity method recorded a negative result of € 7,441 thousand, for the share attributable to the Group, as a result of the recognition of income from equity investments of € 453 thousand and write-downs of € 7,894 thousand. Furthermore, negative effects were recognized directly in the Consolidated Equity to an overall amount of € 105 thousand.

Below are the main financial statements data relating to the major companies accounted for under equity method, as well as to the project financing companies owned by the Group. The data relate to the information contained in the most recent approved separate financial statements.

	% Ownership	Total Assets	Total Liabilities	Shareholders' Equity	Net financial position	Revenues	Profit (loss) for the year
Roma Multiservizi S.p.A.	45.47%	42,291	(37,168)	(5,126)	(4,381)	70,336	(3,334)
Yougenio S.p.A.	100%	13,828	(12,670)	(829)	(4,185)	4,238	(3,948)
Project financing companies	<50%	60,070	(59,941)	(129)	(34,857)	13,483	606

Project financing companies are vehicles invested in by the Group companies in order to do work in the field of long-term project financing concessions.

10. OTHER NON-CURRENT ASSETS

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

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

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

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

Non-current financial assets, amounting to € 5,529 thousand at 31 December 2020 (€ 4,819 thousand at 31 December 2019), are composed of:

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

At 31 December 2019 *Other non-current assets* included € 94,611 thousand relating to the deposit to be paid to the Competition Authority in relation to the FM4 dispute involving Rekeep S.p.A.. On the same date, the Company had recognized the liability arising from the notice of payment issued by the Revenue Agency – Collection department among "Other current liabilities" in the Statement of Financial Position for the corresponding amount (€ 94,611 thousand). This liability was expected to be paid off through the payment of the 72 installments set in the installment payment plan of the notice itself: in the meantime

the plan has been suspended according to the provisions of Decree Law no. 18 of 17 March 2020, governing “Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID 19 epidemic emergency" ("Cure Italy Decree"), which has provided, among others, for the possibility of suspending the payment of installment payment plans already granted by the Revenue Agency. The Company availed itself of this suspension and, therefore, three installments had been duly paid for € 3,010 thousand at 31 December 2020.

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

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

11. INVENTORIES

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

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

The final inventory of raw materials is composed of materials and goods for resale present in the warehouses, while waiting to be used at work sites, valued at the average weighted purchase cost, goods for resale (mostly medical devices) stored in the warehouses of Medical Device and stocks of fuel in tanks belonging to integrated service customers. The increase was mainly

attributable to the inventories in medical devices and personal protective equipment (PPE) at the end of the year, specifically of Medical Device S.p.A..

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

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

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

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

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

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

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

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

The assignments carried out in the year are summarized below:

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

In all assignments, the assigned trade receivables were subjected to derecognition according to IFRS 9 in consideration of the characteristics of the transactions and entailed interest discount costs totaling € 3,703 thousand.

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

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

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

An analysis of trade receivables at 31 December 2020 and as at the end of the previous year is provided below, broken down by maturity. The balances shown are net of the provision for bad debts and before the IFRS5 reclassification for the 2019 financial year.

	Total	Trade receivables reaching maturity	Overdue trade receivables				
			< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	beyond 120 days
31 December 2020	383,218	288,002	22,110	9,687	9,418	5,331	48,671

	Total	Trade receivables reaching maturity	Overdue trade receivables				
			< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	beyond 120 days
31 December 2019	379,683	283,184	23,850	11,193	6,431	4,720	50,305

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

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

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

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

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

	31 December 2020	31 December 2019
Bank and postal deposits	78,005	78,671
Cash in hand	144	201
Current financial accounts - consortia	12,315	21,257
IFRS5 Reclassification	0	(2,986)
CASH AND CASH EQUIVALENTS	**90,464**	**97,143**

Current financial receivables from third parties	5,722	4,637
Current financial receivables from Group Companies	180	181
Other receivables for dividends	92	1
RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS	**5,994**	**4,819**

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

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

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

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

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

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

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

In accordance with IFRS5, “current and non-current assets and liabilities” relating to the sub-group controlled by Sicura S.p.A. were reclassified, as early as from the consolidated financial statements at 31 December 2019, to “Non-current assets held for sale” and “Liabilities directly associated with Non-current assets held for sale” in the consolidated statement of financial position, after preparing the consolidation of the values attributable to the sub-group on a line-by-line basis and the elimination of intra-group transactions. In the consolidated financial statements for the financial year ended 31 December 2020 the income

statement balances relating to the sub-group controlled by Sicura S.p.A. and prior to the date of transfer were reclassified in the Statement of Profit/Loss for the year under a single item of "Profit (loss) from discontinued operations" in accordance with IFRS5.

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

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

Non-current assets held for sale

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

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

Liabilities directly associated with non-current assets held for sale

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

	31 December 2020	31 December 2019
Employee termination indemnity	0	3,271
Provisions for risks and charges, non-current	0	455
Non-current financial liabilities	0	6,728
Deferred tax liabilities	0	18

	31 December 2020	31 December 2019
Other non-current liabilities	0	4
Trade payables and contract liabilities	0	9,919
Current tax payables	0	1,331
Other current liabilities	0	3,489
Current financial liabilities	0	1,635
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**0**	**26,851**

Profit/(loss) from discontinued operations

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

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

consideration for the sale itself. It should be noted that the net capital gain recognized in the separate financial statements of Rekeep S.p.A. was equal to € 11,194 thousand.

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

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

Financial flows generated from/used in discontinued operations

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

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

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

15. SHARE CAPITAL AND RESERVES

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

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

The Parent Company does not hold own shares.

Reserves and retained Earnings

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

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

- the reserve originating from the recognition of transactions under common control, which includes the differences between the purchase cost and the net carrying amount of the assets acquired under business combinations between entities under common control, for a negative amount of € 244,186 thousand, for the recognition of the effects of the merger of CMF S.p.A. by incorporation into Rekeep S.p.A. during the 2018 financial year;
- the Parent Company's extraordinary reserve equal to € 43,967 thousand.

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

The table below shows changes in *Retained earnings*:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
31 December 2018	**3,809**	**31,102**	**34,911**

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

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

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

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

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

Rekeep World S.r.l., which is the Group's sub-holding company active in the development of international markets, holds a stake of 70% of the capital of Rekeep France S.a.s. and an investment of 80% in the capital of the Polish company Rekeep Polska. There is no recognition of equity attributable to minority shareholders of these subsidiaries since a Put option is granted

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

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

16. EMPLOYEE TERMINATION INDEMNITY (TFR)

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

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

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

	For the year ended	
	31 December 2020	31 December 2019
Current service cost	459	819
Interest costs on benefit obligations	47	266
Net cost of the benefits recognized through profit or loss	**506**	**1,086**
Net actuarial (gains)/ losses recognized in equity	92	1,053

	For the year ended	
	31 December 2020	31 December 2019
TOTAL NET COST OF THE BENEFIT	**599**	**2,139**

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

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

The discount rates used to assess the TFR obligation are defined on the basis of curves of rates of return of high-quality fixed-interest securities, the amounts and maturity dates of which correspond to those of the payments of expected future benefits. In 2020 two different discount rates were used by the Group depending on the remaining average period of time during which personnel remains in each company, equal to 0.34% and -0.02% (equal to 0.37% and 0.77% in 2019).

The estimated turnover rate is presented in a range as the actuary appointed by the Group Companies for the actuarial estimate of the liability used different turnover rates for the individual companies.

The effects on the TFR obligation from the increasing or decreasing measurement of the financial rates in relation to reasonably possible changes in interests rates and in the assumptions of average duration of the working population, while maintaining all the other variables unchanged, are illustrated below:

	Financial year ended 31 December 2020	
	Assumptions	Employee Termination Indemnity
Discount rate	+ 0.25 bps	11,076
	- 0.25 bps	11,487
Inflation rate	+ 0.25 bps	11,390
	- 0.25 bps	11,168
Actuarial assumptions	+ 2.00 ppt	11,112
	- 2.00 ppt	11,483

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

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

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

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

17. PROVISIONS FOR RISKS AND CHARGES

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

	Risks on Investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance provisions	Other provisions	Total
At 1 January 2020	**87**	**5,038**	**24,597**	**538**	**262**	**358**	**952**	**31,831**

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

Provision for risks on investments

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

Provision for risks on job orders

This provision includes, at consolidated level:

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

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

Provisions for pending legal disputes

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

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

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

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

On 7 January 2017 the Company served a writ of summons on the entity, asking the Ordinary Court of Rome to establish the unlawfulness of the notice of termination of the agreements and order Consip S.p.A. to compensate for any damage suffered by the Company. The tender performance bond (initially equal to € 24.5 million) might also be partially enforced if the Company loses the case against Consip S.p.A.. ANAC (Italian Anti-corruption Authority) has proceeded with the entry of the contract termination.

Subsequently, on 16 June 2017 Consip officially informed Rekeep S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks ("Consip Caserme") and to cleaning services with health service providers ("Consip Sanità"), with the intention also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as "bid bond). At present, both the Regional Administrative Court and the Council of State have confirmed the order of exclusion and a judicial appeal is pending before the Supreme Court. Following the judgment handed down by the Council of State, Consip S.p.A. asked the guarantors to enforce the guarantees (bid bonds) provided in the interest of Rekeep for the Consip Sanità tender (equal to € 10.4 million) and Consip Caserme (equal to € 3.4 million). Rekeep S.p.A., with independent appeals and additional grounds, challenged these measures before the Lazio Regional Administrative Court, which rejected the appeals. By an order dated 22 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the judgment that had been appealed against, and adjourned the discussion of the merits of the case to the hearing scheduled on 7 October 2021. However, a monocratic judge decree suspending the challenged judgments was obtained in the meantime. Finally, on 28 July 2020, one of the guarantors (Atradius) served on Rekeep an appeal before the Civil Court of Rome under Article 702-*bis* in order to obtain the payment of the sums relating to the sureties issued for the participation in the Consip Sanità tender, pending the enforcement on the part of Consip. At the first appearance hearing scheduled on 24 March 2021, the Court ordered for the summary procedure to be converted into ordinary procedure and for the parties' to appear at the hearing scheduled on 16 December 2021.

Finally, on 6 March 2020 Consip S.p.A. informed the Company of the exclusion from the tender for the cleaning of museum premises ("Consip Musei"), with the intention of sending the document to ANAC, which may proceed with the entry in the

electronic criminal records of "Useful information". On 13 March 2020 a request was also sent for the enforcement of the bid bond relating to this tender (equal to € 2.8 million). The Company challenged these orders before the Regional Administrative Court, which rejected the appeal. However, by an order of 11 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the judgment that had been appealed against.

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

In the Financial Statements at 31 December 2020 the Directors already decided to maintain the provisions for future charges (equal to € 17.5 million), also taking account of the risk of enforcement of the abovementioned performance bond and bid bonds and despite the fact that Rekeep S.p.A. could submit sound arguments against the enforcement of the bonds in court.

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

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

The Lazio Regional Administrative Court's judgment of 27 July 2020 partially granted the appeal submitted by the Company, albeit confirming the Competition Authority's Order as regards the merits, in relation to reasons related to the calculation of the fine and set the parameters for its redetermination. Competition Authority therefore again set the new fine at € 79.8 million. The Company challenged both the Regional Administrative Court's judgment before the Council of State (hearing on the merits scheduled on 30 March 2021) and orders for the new calculation of the fine before the Regional Administrative Court. Finally, on 22 December 2020 the Competition Authority served on the Company its appeal against the abovementioned Lazio Regional Administrative Court's order, while requesting the confirmation of the order on the FM4 tender, including the initial fine equal to € 91.6 million.

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

the market rules applicable to the Consip FM4 Tender. However, on 31 December 2019 the Company took steps to recognize the liability arising from the notice of payment issued by the Revenue Agency – Collection department among "Other current liabilities" in the Statement of Financial Position for the corresponding amount (€ 94,611 thousand). Furthermore, the deposit subject to installment payment was stated among the balance sheet assets, since it constitutes a receivable against sums that are potentially subject to return following the settlement of the existing dispute, and that cannot however be claimed automatically, even following the repayment of the entire debt. For this reason, this receivable was recognized among "Other non-current assets".

The entry of this debt in the taxpayers' list was made enforceable by the Revenue Agency following the issue of a notice of payment on 18 December 2019 for an amount equal to € 94,611 thousand, including collection charges of € 2,756 thousand (equal to 3% of the amount of the debt entered in the taxpayers' list). On 23 December 2019 the Company submitted a request for payment of these sums in installments, which was formally granted on 10 January 2020. This order provides for the payment of 72 monthly installments, at an interest rate of 4.5% as from 24 January 2020. The Company has started to pay these installments on a regular basis, waiting for the developments of the legal action expected in the trial proceedings. Decree Law no. 18 of 17 March 2020, governing "Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID-19 epidemic emergency" ("Cure Italy Decree") has however provided, among others, for the possibility of suspending the payment of installment payment plans already granted by the Revenue Agency. The Company availed itself of this suspension and therefore, three installments equal to € 3,010 thousand had been duly paid at 31 December 2020, which, after the settlement of the trial proceedings, have now been deducted in full in the new installment payment plan. While continuing to have confidence in the reasonableness of the defence arguments, the Directors, given the enforceability of the fine, recognized the debt relating to expected financial outlay in the financial statements at 31 December 2020 for an amount equal to what is stated in the new Competition Authority's order (€ 79,800 thousand), even in consideration of the uncertainty surrounding the actual outcome of the appeal against the Regional Administrative Court's judgment and the appeal on the merits concerning the Competition Authority's new order of 29 October 2020. The payment of any sum entered in the taxpayers' list will take place, as already occurred for the sums owed as a deposit in the first stage of the litigation, in installments and within the time limits and according to the methods prescribed by law, also pursuant to Article 19 of Presidential Decree 602/1973 and Ministerial Decree of 6 November 2013, as supplemented by the Directives issued by the Revenue Agency – Collection department. On 22 December 2020, in fact, the Revenue Agency sent the related updated installment plan, deducting the installments already paid as deposit for € 3,010 thousand. The amount of the debt stated in the accounts also includes surcharges and collection costs (equal to 3% of the amount of the debt entered in the taxpayers' list) for € 2,612 thousand. Finally, it should be noted that the Company resumed operations to pay monthly installments on 24 January 2021.

Furthermore, on 28 June 2019 Consip S.p.A. served on Rekeep S.p.A. the order providing for its exclusion from the FM4 Tender due to the breach of Article 38, paragraph 1.f, of Legislative Decree 163/2006, as well as of Article 68 of Royal Decree 827/1924 and of Article 38, paragraph 2, of Legislative Decree 163/2006, while notifying the enforcement of the provisional guarantees provided by Rekeep S.p.A. in tendering (equal to € 3.9 million). With regard to this exclusion, ANAC initiated a

procedure under Article 38, paragraph 1-*ter*, of Legislative Decree no. 163/2006. On 3 July 2019 Rekeep S.p.A. filed an appeal with the Lazio Regional Administrative Court in order to seek the annulment of the acts of Consip S.p.A.; on 10 July 2019 the administrative court ordered for them to be suspended pending its own ruling on the appeal against the Competition Authority's order, while also scheduling the hearing in chambers for the decision on the preliminary request on 11 September 2019. On that occasion the Lazio Regional Administrative Court partially granted the preliminary request against the order issued by Consip S.p.A., providing on 10 July 2019 for the suspension of only the enforcement of the temporary guarantees until the hearing on the merits scheduled on 15 July 2020, which was first postponed to 2 December 2020, then to 17 March 2021 and, finally, to 23 June 2021.

On 4 November 2019 the Company submitted an appeal to the Lazio Regional Administrative Court against the proceedings initiated by ANAC, which, at present, have been removed from the docket in consideration of the fact that on 24 January 2020 ANAC ordered to suspend the proceedings while waiting for the settlement of the disputes brought in first instance before the Regional Administrative Court for the Competition Authority's Consip FM4 orders and the exclusion from the Consip FM4 tender. To date, since the tender has not yet been awarded on a final basis, potential revenues relating to the FM4 Tender have never been included in the Rekeep Group's backlog.

The Company continues to hold that it considers the Competition Authority's order unjustified and disproportionate and will continue to take any necessary action against it to protect its rights and interests. While having full confidence in the arguments discussed with their lawyers and after specifically verifying the consolidated financial planning and the actual conditions to be able to meet non-recurring cash outflows (if any), the Directors do not see any uncertainties for the purposes of assessing the going-concern assumption.

The Company believes that a general delay may actually arise in awarding some tenders attributable to situations of further worsening of the disputes connected with the participation in or the awarding of said tenders. As things stand as regards the abovementioned proceedings, there are no impediments for the Rekeep S.p.A. group companies to the participation and awarding of new calls for tenders by the Public Administration, and, moreover, any other awarding procedure of contracts with private customers still remains valid.

Provision for termination employee benefits

This provision has been set aside to include the amounts due for severance and employee redundancy costs, as part of the sundry restructuring plans implemented by some Group companies over the last few years. The provision recorded a balance equal to € 750 thousand at 31 December 2020 (€ 358 thousand at 31 December 2019), against total provisions of € 392 thousand in the year.

Provision for tax disputes

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

Other provisions for risks and charges

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

18. DERIVATIVES

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

19. BORROWINGS, LOANS AND OTHER CURRENT FINANCIAL LIABILITIES

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

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

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

	31 December 2020	within 1 year	beyond 1 year to 5 years	beyond 5 years
Loans from syndicated shareholders	580	380	200	
Loan from Parent Company Manutencoop Società Cooperativa	174	174		
Other financial liabilities	4,474	2,237	2,237	
Obligations from assignments with recourse of trade receivables	15,732	15,732		
Collections on behalf of assignees of trade receivables	9,935	9,935		
Obligations arising from reverse factoring transactions	4,629	4,629		
Options on subsidiaries' minority shareholdings	13,077	977	12,099	
Debt for the acquisition of investments/business units	745	745		
Share capital to be paid into investee companies	3	3		
TOTAL FINANCIAL LIABILITIES	**430,785**	**50,047**	**368,549**	**12,189**

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

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

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

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

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

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

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

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

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

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

Super Senior Revolving Credit Facility (RCF)

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

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

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

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

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

Prepaid interest expenses

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

Accrued interest expenses

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

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

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

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

ETNO Bank Spółdzielczy (Rekeep Polska Group) Mortgage Loan

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

Artigiancassa loan (Rekeep S.p.A.)

As at 21 June 2018 the Company obtained a soft loan from the “Energy and Mobility Fund” operated by the Regional Government of Marche, aimed at supporting the energy efficiency development of healthcare units. This loan was partly disbursed by Artigiancassa S.p.A. in the form of a 8-year financing for an initial amount of € 1,676 thousand, with a pre-amortization period of 12 months. This loan does not bear interest and provides for the payment of 14 six-monthly installments, falling due on 31 March and 31 December of each year. Installments for € 239 thousand were paid in 2020.

Other bank loans

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

Current account overdraft, advance payments and hot money

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

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

Finance lease obligations

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

Financial liability for operating leases

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

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

Syndicated loans

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

Collections on behalf of assignees of trade receivables

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

Obligations from assignments of receivables with recourse

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

Obligations arising from reverse factoring transactions

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

Options on subsidiaries' minority shareholdings

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

Of these an amount of € 12,099 thousand related to the fair value at the date of the Put option granted in favor of the minority shareholder Rekeep Polska S.A. on 20% of the share capital of the company acquired on 30 October 2019. The related strike price is calculated for an amount equal to the product between consolidated EBITDA on a 12-month basis for the quarter immediately preceding that exercise date by a multiple equal to 7.5x, as reduced by the consolidated net financial position and adjustments to Net Working Capital set out in the acquisition contract. In applying IFRS, the present value of the exercise price of these options, where they can be determined reliably, should have been recorded as a financial liability as early as from the date of the consolidated financial statements for the year in which the acquisition was carried out. However, at 31 December 2019 the Parent Company's management did not have sufficient information to reliably determine the amount of the exercise price of the option, although considering it probable that this option would be exercised, and therefore did not recognize the related financial liability and the resulting goodwill. This option may be exercised within one year as from the fifth year after the date of acquisition.

As at 31 December 2020 the estimated liability linked to the Put option held by the minorities of Rekeep France S.a.s. was also recognized for € 977 thousand (€ 231 thousand at 31 December 2019), whose shareholding of 30% was transferred to third parties on 15 January 2018 under an Investment Agreement signed in 2017. This option may be exercised between 30 June 2021 and 30 June 2023.

Debt for the acquisition of investments/business units

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

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

Other financial liabilities

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

20. CONTINGENT LIABILITIES

As at the date of approval of the Consolidated Financial Statements at 31 December 2020 contingent liabilities had arisen for the Rekeep Group which had not been recognized in the accounts, for which the Management believes that the related financial risks can be regarded as possible but unlikely or for which these risks cannot be quantified and recognized in the financial statements at 31 December 2020.

ANAC's disqualification order - Santobono Pausilipon

On 10 November 2017 ANAC, after the completion of proceedings initiated in November 2016 following a report made by A.O.R.N. Santobono Pausilipon in Naples, imposed a sanction ("ANAC's Order") on Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at that time), raising objections concerning the failure to provide a declaration relating to the absence of criminal proceedings against one of the Company's proxy holder in the documentation submitted for the same tender in 2013. On the other hand, this proxy holder met the legal requirements in full. In addition to a fine of € 10 thousand, the ANAC's Order provided for the Company to be excluded from all public tenders for a financial period of 6 months as from the date of entry in the computerized records of economic operators in public contracts. The Company, which considers that the order is unfounded and based on erroneous legal grounds, in addition to being disproportionate with respect to the alleged infringement,

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

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

The Company successfully challenged the order before the Regional Administrative Court, but, within appellate proceedings brought by ANAC, the disqualification order was confirmed by the Council of State; at the end of the procedure for application of extraordinary means of appeal (appeal for review and judicial appeal to the Supreme Court), it became final on 4 December 2020 with the filing of the Supreme Court's judgment no. 27770/2020. As a result of this judgment, any suspension effect of ANAC Resolution no. 1106/2017 was therefore removed, which entails, in addition to a fine of € 10,000, the exclusion of Rekeep S.p.A. from public tender procedures and subcontracting of public contracts for a financial period of 6 months in accordance with Legislative Decree 50 of 2016 (the "Public Contracts Code"). The entry, which had been previously blacked out by ANAC, was therefore re-inserted in the computerized records of economic operators in public contracts relating to works, services and supplies as from 25 December 2020 and until 17 June 2021. Rekeep S.p.A. had formally asked ANAC to postpone the immediate new reinstatement of the entry in the records until the conclusion of the proceedings initiated by ANAC on the Application for Re-examination submitted on 20 October 2020 and, subordinately, to specify that the disqualifying effects of these records, as provided for by Article 38, paragraph 4, of the "Rules for the management of the Computerized Records of public contracts for works, services and supplies, in accordance with Article 213, paragraph 10, of Legislative Decree no. 50 of 18 April 2016", are only limited to exclusion "from tender procedures or from access to qualification if the expiry of the time limit set for submitting bids or the application for qualification falls within the effective period of the entry". ANAC replied to this notice with an additional memo sent on 5 January 2021, whereby it also notified that it rejected the Company's request and intended to reinstate the entry in question, as any other wording would not be in line with the principle according to which tendering requirements must necessarily be met on an ongoing basis". The Company lodged an appeal against this order before the Lazio Regional Administrative Court, which declared the appeal as inadmissible by a judgment dated 29 March 2021.

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

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

Italian Finance Police's Report of Findings served in 2019

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

21. TRADE PAYABLES, CONTRACT LIABILITIES AND OTHER CURRENT LIABILITIES

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

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

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

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

Trade payables and contract liabilities amounted to € 412,849 thousand at 31 December 2020, against a balance of € 405,950 thousand at 31 December 2019, showing an increase of € 6,899 thousand.

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

- payables to employees of € 49,356 thousand (€ 53,850 thousand at 31 December 2019), including the current monthly salaries to be paid in the months after the end of the financial period, as well as payables for additional monthly salary to be paid (a portion of the 14th salary, to be paid every year in the month of July, and of the 13th salary, to be paid every year in December). Furthermore, the corresponding payables to social security institutions were recognized for € 28,269 thousand (€ 15,059 thousand at 31 December 2019);
- payables due to tax authorities for € 7,835 thousand mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF (Personal Income) tax payable for employees (€ 8,643 thousand at 31 December 2019);
- collections on behalf of Temporary Associations of Companies (TJA) for € 10,807 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 12,382 thousand at 31 December 2019).

As at 31 December 2019, *Other payables within 12 months* included the payable relating to the deposit for the fine imposed by the Competition Authority in relation to the Consip FM4 Tender, which was recognized by the Parent Company Rekeep S.p.A. for € 94,611 thousand. This liability was expected to be paid off through the payment of the 72 installments set in the installment payment plan of the notice itself; however, the Decree Law no. 18 of 17 March 2020, governing "Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID-19 epidemic emergency" ("Cure Italy Decree") has granted, among others, the possibility of suspending the payment of installment payment plans already granted by the Revenue Agency. The Company availed itself of this suspension and, therefore, as at 31 December 2020, three installments had been duly paid for a total of € 3,010 thousand. Following the developments of this dispute, which only partially granted the Parent Company's appeal and provided for new methods of calculating the fine imposed by the Competition Authority, the Authority proceeded with notifying the new amount of the fine equal to € 79,800 thousand, in addition to collection costs and surcharges for € 2,612 thousand. While continuing to have confidence in the reasonableness of the defence arguments, the Directors given the enforceability of the fine, recognized the debt relating to expected financial outlay in the Consolidated Financial Statements at 31 December 2020 for an amount equal to what is stated in the Competition Authority's order, even in consideration of the uncertainty surrounding the actual outcome of the appeal against the Regional Administrative Court's judgment and the appeal on the merits concerning the Competition Authority's new order of 29 October 2020. At the same time the receivable stated for the guarantee was also eliminated. The payment of the sums entered in the taxpayers' list may take place, as already occurred for the sums owed as a deposit in the first stage of the litigation, pursuant to Article 19 of Presidential Decree 602/1973 and Ministerial Decree of 6 November 2013, as supplemented by the Directives issued by the Revenue Agency – Collection department. On 22 December 2020, in fact, the Revenue Agency sent the related updated installment payment plan, by offsetting the installments already paid as deposit for € 3,010 thousand. The residual debt stated in the Consolidated Financial Statements amounted to € 79,402 thousand at 31 December 2020.

22. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

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

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

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

23. OTHER REVENUES

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

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

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

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

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

24. COSTS OF RAW MATERIALS AND CONSUMABLES AND CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS

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

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

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

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

25. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

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

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

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

26. PERSONNEL COSTS

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

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

At 31 December 2020, Personnel Costs, equal to € 433,140 thousand, showed an increase of € 27,042 thousand compared to the previous year, as restated (when they amounted to € 406,098 thousand).

The total change in Group personnel costs is necessarily correlated to the cost of services, as the mix of production costs linked to "internal" work (i.e. work performed by employees of Group companies) and "external" work (i.e. work performed by third-party providers) can change significantly according to organizational changes aimed at increasing overall productivity.

The ratio between Revenues from sales and services and the total amount of costs for internal personnel ("make") and services costs ("buy") relating to third-party services, services provided by consortia and professional services, came to 153% at 31 December 2020 against 146% at 31 December 2019, as restated. The "make-or-buy ratio" shows that the Group is continuing to implement an organizational preference for producing by greater recourse to internal production factors than to purchasing services from external sources.

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

27. OTHER OPERATING COSTS

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

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

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

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

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

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

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

	For the year ended

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

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

Specifically note the following :

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

29. DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS

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

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

In 2020, dividends were collected from other companies not included under the scope of consolidation for € 430 thousand, relating to investee companies of the Parent Company Rekeep S.p.A..

Capital gains (capital losses) from sale of equity investments included a capital gain of € 3,857 thousand obtained by Servizi Ospedalieri from the disposal of Linea Sterile S.p.A. in which it held 15% of the share capital.

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

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

30. FINANCIAL INCOME

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

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

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

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

31. FINANCIAL COSTS

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

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

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

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

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

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

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

32. CURRENT AND DEFERRED TAXES

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

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

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

More specifically, the main changes are as follows:

- an increase of € 1,789 thousand in the current IRES tax balance;
- a decrease of € 176 thousand in the current IRAP tax balance;
- a decrease of € 689 thousand in the balance of income from tax consolidation;
- negative adjustments to current taxes relating to previous years for € 704 thousand;
- the recognition of a net income of € 1,118 thousand, relating to the total balance of prepaid and deferred taxes. The future recovery of deferred tax assets has been assessed on the basis of the same forecasts as those used by the Management for the impairment test on goodwill (see note 8).

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

The reconciliation between current income taxes accounted for and the theoretical tax resulting from the application of the IRES tax rate in force for the years ended 31 December 2020 and 31 December 2019 to pre-tax profit is as follows:

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

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

Deferred tax assets and liabilities

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

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

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

33. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing consolidated net profit in the year pertaining to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year. Diluted earnings per share are, in the case of the Rekeep Group, equal to basic earnings per share, since no convertible bonds or share options were issued by the Parent Company.

Income and information on the shares used for the purpose of calculating consolidated basic earnings per share are shown below:

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

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

No other transactions were performed regarding ordinary shares or potential ordinary shares between the balance sheet date and the date the financial statements were drafted.

34. OPERATING SEGMENTS

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

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

Information on the operating segments for the financial year ended 31 December 2020

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

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

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

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

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

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

	Facility management	Laundering & Sterilization	Total

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

Geographical areas

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

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

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

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

35. COMMITMENTS AND GUARANTEES

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

Specifically, the Group signed finance lease agreements primarily for plant and equipment used in the production processes of the Laundering & Sterilization SBU and for motor vehicles and equipment. Moreover, during 2017 a property lease agreement

was signed by subsidiary Servizi Ospedalieri S.p.A. to acquire the factory in Lucca, while the acquisitions of EOS and Medical Device S.r.l., during 2018 and the acquisition of Rekeep Polska (formerly Naprzód) in 2019 contributed additional leases for capital goods and for the use of a property. Finally, during 2020 the Parent Company Rekeep signed two finance lease agreements relating to specific equipment for € 476 thousand, in addition to the execution of new finance lease agreements on the part of the controlling company Servizi Ospedalieri for € 976 thousand relating to machinery for industrial laundering.

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

The tables below report the breakdown of the amount of future payments under finance lease agreements and their present value at 31 December 2020 and 31 December 2019:

	31 December 2020			
	Finance Lease		Operating Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	1,606	1,689	8,145	6,527
From one year to five years	3,934	3,681	24,583	21,128
After 5 years	1,546	1,056	12,193	11,133
TOTAL LEASE PAYMENTS	**7,086**	**6,426**	**44,921**	**38,788**
Financial charges	(660)		(6,133)	
PRESENT VALUE OF LEASE PAYMENTS	**6,426**	**6,426**	**38,788**	**38,788**

	31 December 2019			
	Finance Lease		Operating Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	1,935	1,451	7,881	6,086
From one year to five years	3,731	3,114	26,079	21,157

	31 December 2019			
	Finance Lease		Operating Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
After 5 years	1,846	1,288	17,524	15,676
TOTAL LEASE PAYMENTS	**7,512**	**5,853**	**51,484**	**42,920**
Financial charges	(1,659)		(8,564)	
PRESENT VALUE OF LEASE PAYMENTS	**5,853**	**5,853**	**42,920**	**42,920**

Furthermore, as at 31 December 2020, the Group granted sureties to third parties for:

- guarantees for financial obligations of € 11,022 thousand (€ 21,680 thousand compared to 31 December 2019), of which € 2,932 thousand issued in the interest of associates for overdrafts and other financial obligations (€ 3,099 thousand at 31 December 2019);
- sureties issued to third parties to ensure the correct fulfillment of contract obligations in place with customers amounting to € 324,376 thousand (€ 306,134 thousand at 31 December 2019), of which € 1 thousand issued in the interest of associates;
- other guarantees issued by third parties in favor of associates, joint ventures and other shareholdings amounting to € 10,307 thousand (€ 12,545 thousand at 31 December 2019).
- other guarantees granted to third parties to replace security deposits required to activate utilities or for lease contracts, as well as to the Inland Revenue Agency for VAT refunds, for a total amount of € 48,299 thousand (€ 25,316 thousand at 31 December 2019).

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

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

CMF S.p.A. was merged by incorporation into Rekeep S.p.A. with statutory, accounting and tax effects running from 1 July 2018, thus executing the provisions of the Indenture signed on 13 October 2017. After the merger, the subsidiary Servizi Ospedalieri S.p.A. may also access the revolving credit facility, since it has provided a specific personal security.

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

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

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

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

Following the new issue of Senior Secured Notes on 28 January 2021, by which the Notes issued in 2017 were repaid in advance, all the guarantees listed above were cancelled and replaced by those provided for in the new Indenture.

36. TRANSACTIONS WITH RELATED PARTIES

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

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

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

Finally, in certain cases the Parent Company provides and performs technical services and works for individuals who hold top management positions within the Group, according to contracts entered into at arm's length. Advances of € 984 thousand collected in consideration of these services were recognized at 31 December 2020 (€ 1,311 thousand at 31 December 2019).

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

- Manutencoop Cooperativa sub-leased to the Company the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The lease has a term of five years and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is € 1,320 thousand to be paid in 12 monthly installments;
- Manutencoop Società Cooperativa also leased to Rekeep S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use . The lease has a term of six years and is tacitly renewable. Annual rent is expected to be € 325 thousand to be paid in 12 monthly installments;
- On 6 July 2007, Rekeep S.p.A. signed a framework agreement with its parent company, Manutencoop Cooperativa, in order to regulate the essential contents of subsequent personnel leases from Manutencoop Cooperativa to Rekeep S.p.A. pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term, and is tacitly renewed, unless terminated by one of the parties. As a result of said agreement, which has the legal nature of a prescriptive contract that does not provide rights to third parties, Rekeep S.p.A. and the parent company Manutencoop Cooperativa set out the conditions that regulate any future contracts for the leasing of shareholding personnel of Manutencoop Cooperativa, and the operating rules for establishing and terminating said contracts;
- Manutencoop Cooperativa is committed, on the basis of contracts stipulated with the individual companies of the Rekeep Group, to prepare pay packets;
- Rekeep S.p.A. signed agreements with Manutencoop Cooperativa and the other Group companies for the provision of tax consultancy services.

The breakdown of the balances relating to the transactions carried out by the Group's Companies with related parties is provided in Annex III attached to the Consolidated Financial Statements.

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

Pursuant to art. 2497-bis, paragraph 4 of the Italian Civil Code, the highlights of the latest set of approved financial statements are provided below:

	31 December 2019	31 December 2018
BALANCE SHEET		
ASSETS		
A) Subscribed capital unpaid	52	69
B) Fixed assets	316,234	321,247
C) Current assets	30,166	22,688
D) Accrued income and prepaid expenses	993	1,109
TOTAL ASSETS	**347,445**	**345,114**
LIABILITIES		

	31 December 2019	31 December 2018
A) Shareholders' equity:		
Share capital	5,034	5,713
Reserves	277,737	280,839
Profit/(Loss) for the year	8,381	(3,102)
B) Provisions for risks and charges	684	148
C) Employee Severance Indemnity	984	1,280
D) Payables	53,995	59,594
E) Accrued expenses and deferred income	630	642
TOTAL LIABILITIES	**347,445**	**345,114**
INCOME STATEMENT		
A) Value of production	34,282	30,658
B) Costs of production	(33,230)	(29,797)
C) Financial income and costs	9,033	(3,827)
D) Value adjustments to financial assets	(2,855)	(697)
Income taxes for the year	1,151	561
Profit/(Loss) for the year	**8,381**	**(3,102)**

Remuneration of members of the Governing and Control Bodies, as well as of other executives with strategic responsibilities

Fees paid to members of governing and control bodies reported below include the total fees paid to the members of these corporate bodies in 2020, as well as those paid to executives with strategic responsibilities in the Parent Company, including for roles held in other Group companies:

	31 December 2020	31 December 2019 restated
Board of Directors		
Short-term benefits	416	416
Post-employment benefits	0	0
TOTAL BOARD OF DIRECTORS	**416**	**416**
Executives with strategic responsibilities		
Short-term benefits	2,787	3,254

	31 December 2020	31 December 2019 restated
Post-employment benefits	133	136
TOTAL EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**2,920**	**3,389**
Board of Statutory Auditors		
Short-term benefits	104	133
TOTAL BOARD OF STATUTORY AUDITORS	**104**	**133**

The table below reports the fees accounted for in the 2020 consolidated income statement for audit and non-audit services rendered by EY S.p.A. and by other entities in its network:

	31 December 2020	31 December 2019 restated
Audit services	614	515
Certification services	34	27
Other services	744	140
TOTAL FEES DUE TO EY S.P.A. NETWORK COMPANIES	**1,392**	**682**

Audit services include the fees paid for the audit of annual and interim consolidated financial statements, as well as of the separate Financial Statements of the Parent Company and of some subsidiaries.

Certification services relate to the fees paid for the issue of tax compliance certificates and the engagements for performance of agreed-upon procedures.

Other services concerned advice services concerning the start-up of the Group's foreign operations.

37. MANAGEMENT OF FINANCIAL RISKS

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

During the last quarter of the 2017 financial year the parent company Manutencoop Società Cooperativa carried out a corporate reorganization and refinancing of the entire Manutencoop Group. The corporate reorganization involved the transfer

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

Therefore, on 6 July 2017, CMF S.p.A. launched a high-yield bond issue named "€360,000,000 9.0% Senior Secured Notes due 2022", which is not convertible and not subordinated, for a total amount on account of principal of € 360 million and due 15 June 2022. The Notes, which were reserved for institutional investors and were listed on the Euro MTF segment managed by the Luxembourg Stock Exchange, as well as on the Extra MOT, Pro Segment, of Borsa Italiana, were issued at a price equal to 98% and a coupon at a fixed rate of 9.0% p.a., payable on a six-monthly basis. At the same time, using the remaining portion of cash acquired through the subscription of the Notes, CMF S.p.A. completed the acquisition of the shares held by Institutional Investors in the share capital of Rekeep S.p.A. (equal to 33.2%), thus becoming the sole shareholder of Rekeep S.p.A..

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

During 2019 and 2020 some distinct buy-back transactions of Senior Secured Notes for a total amount of € 26.1 million were pursued, and, therefore, the outstanding nominal value of the bond was equal to € 333.9 million at 31 December 2020.

On 18 January 2021, Rekeep S.p.A. also announced the launch of an offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The stock was admitted for listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organised and managed by Borsa Italiana S.p.A.. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

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

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

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

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

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

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

The table below shows the hierarchical levels for each class of financial asset measured at fair value on 31 December 2020 and 31 December 2019:

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

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

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

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

Classes of financial assets and liabilities

The following table shows the classification of financial assets and liabilities recorded in the consolidated Financial Statements of the Rekeep Group, as required by IFRS 7, and the associated economic effects for the year ended 31 December 2020:

	31 December 2020	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
NON-CURRENT FINANCIAL ASSETS			
Other investments	7,130	7,130	
Non-current financial assets	5,529		5,529
Other non-current assets	3,408		3,408
Total non-current financial assets	**16,067**	**7,130**	**8,937**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	431,121		431,121
Current tax receivables	10,010		10,010
Other current assets	25,636		25,636
Current financial assets	5,994		5,994

	31 December 2020	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
Cash and cash equivalents	90,464		
Total current financial assets	**563,225**	**0**	**472,761**
TOTAL FINANCIAL ASSETS	**579,292**	**7,130**	**481,698**
FINANCIAL INCOME (COSTS)	**8,554**	**5,227**	**3,327**

	31 December 2020	Financial Liabilities at Fair Value through profit or loss	FinancialLiabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	380,738		38,738
Financial liabilities for non-current derivatives	0		0
Other non-current liabilities	60		60
Total non-current financial liabilities	**380,798**	**0**	**380,798**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	412,849		412.849
Current tax payables	2,274		2.274
Other current liabilities	184,249		184.249
Bank borrowings and other financial liabilities	50,047		50,047
Total current financial liabilities	**649,419**	**0**	**649,419**
TOTAL FINANCIAL LIABILITIES	**1,030,217**	**0**	**1,030,217**
FINANCIAL INCOME (COSTS)	**(54,615)**	**0**	**(54,615)**

Below is the same information for the financial year ended 31 December 2019:

	31 December 2019	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
NON-CURRENT FINANCIAL ASSETS			
Other investments	4,957	4,957	

	31 December 2019	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
Non-current financial assets	4,819		4,819
Other non-current assets	97,801		97,801
Total non-current financial assets	**107,577**	**4,957**	**102,620**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	412,572		412,572
Current tax receivables	10,090		10,090
Other current assets	31,054		31,054
Current financial assets	4,819		4,819
Cash and cash equivalents	97,143		
Total current financial assets	**555,678**	**0**	**458,535**
TOTAL FINANCIAL ASSETS	**663,255**	**4,957**	**561,155**
FINANCIAL INCOME (COSTS)	**4,136**	**340**	**3,796**

	31 December 2019	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	396,759		396,759
Financial liabilities for non-current derivatives	0		0
Other non-current liabilities	551		551
Total non-current financial liabilities	**397,310**	**0**	**397,310**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	405,950		405,950
Current tax payables	1,280		1,280
Other current liabilities	192,465		192,465
Bank borrowings and other financial liabilities	71,830		71,830
Total current financial liabilities	**671,525**	**0**	**671,525**
TOTAL FINANCIAL LIABILITIES	**1,068,835**	**0**	**1,068,835**
FINANCIAL INCOME (COSTS)	**(48,965)**	**0**	**(48,965)**

Liquidity risk

The Group's objective is to maintain a balance between funding and flexibility through the use of current account overdrafts, short-term bank loans (hot money and advances), finance leases and medium/long-term loans.

The Group is characterised by a labour-intensive model which does not involve significant requirements of capital for investments. However, the Group's customers are mainly composed of public authorities, known for long payment times in respect of the services provided. This aspect means the Group has to also finance working capital through bank indebtedness.

For this purpose the Group may make use of committed credit lines in the form of loans or of assignments without recourse of trade receivables in order to meet financial requirements (if any).

On 27 December 2018 the Parent Company Rekeep S.p.A. and its subsidiary Servizi Ospedalieri S.p.A. signed a 3-year maturity factoring agreement with Bancafarmafactoring S.p.A. concerning the assignment without recourse and on a revolving basis of receivables claimed by the same companies from entities in the National Health System and Public Authorities, in an amount of up to € 200 million. The new agreement replaces the previous one, which was also signed with Banca Farmafactoring S.p.A. in 2016 and which provided for an annual ceiling of up to € 100 million for the assignment of receivables claimed from the National Health System only.

Within the context of the abovementioned refinancing transaction, CMF S.p.A. also signed a Super Senior Revolving (RCF) loan agreement for a total amount of € 50 million, governed by English law, transferred to Rekeep S.p.A. following the above-mentioned reverse merger. Specifically, the Super Senior Revolving Loan agreement was entered into between, among others, CMF S.p.A., on the one hand, and J.P. Morgan Limited and UniCredit S.p.A., which act as Mandated Lead Arrangers, UniCredit Bank AG, Milan Branch, as Agent and Security Agent, and the Original Lenders, on the other hand. After the merger, the indirect subsidiary Servizi Ospedalieri S.p.A. may also access the revolving credit facility, providing a specific personal security. No amount arising from uses under the Super Senior Revolving Loan Agreement may be used, directly or indirectly, in order to, among other things, proceed with the repurchase or redemption of the Bond Issue or the purchase of shares in Rekeep S.p.A.. The facility was drawn down for a half-year on 23 March 2020 and subsequently renewed on 20 September 2020 for an additional half-year in order to meet temporary cash requirements (if any), and was finally repaid on 31 December 2020.

The Group's management believes that the structure of the financial debt maturity, as well as the availability of the abovementioned committed credit lines, allow the Group to meet its financial requirements in an adequate manner.

Price risk

Risks of this nature which the Group is exposed to could involve changes in the price:

- of oil products relating to heat management activities ,
- of cotton, the raw material in the linen used for laundering activities .

However, concerning oil products, these changes are, for the most part, accommodated by the conditions of contracts in place with customers, given that price revision is provided for both by contract, and by art. 115 of Decree Law no. 163 of 12 April

2006. Therefore, it is deemed that the effect on the Group's profit for the year arising from changes in prices, even significant, would essentially have been insignificant, in terms of amount.

Credit risk

The Group's portfolio mix, which, in the past, was made up mainly of contracts with the Public Administration, a situation that did not present insolvency problems, but which required constant contact with customers in order to minimise delays caused by the Authority's red-tape and jointly resolve problems relating to their financial management. At present the portfolio mix also includes some large Italian industrial and banking groups, mainly organized as a network all over the country.

There are no significant credit concentration risks to report, which are carefully monitored by the Group. Furthermore, given the continuing economic downturn, the Group has equipped itself with specific procedures and structures aimed at a more efficient management of its working capital, as well as of debt collection.

Fair value

The carrying amount of the Group's financial instruments recorded in the Consolidated Financial Statements does not deviate from the fair value, including the value of those classified as assets held for sale. Market interest rates were applied to financial assets and liabilities as at the balance sheet date.

The comparison between the carrying amount and fair value of the main financial assets and liabilities is shown below:

	Carrying Amount		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
FINANCIAL ASSETS				
Cash and cash equivalents	90,464	97,143	90,464	97,143
Receivables and other current financial assets	5,994	4,819	5,994	4,819
Other minority interests	7,130	4,957	7,130	4,957
Non-current financial receivables	5,529	4,819	5,529	4,819
FINANCIAL LIABILITIES				
Loans:				
- Variable rate loans	9,724	15,247	9,724	15,247
- Fixed rate loans	359,785	390,480	359,785	390,480
Other current financial liabilities	61,276	62,862	61,276	62,862

Interest rate risk

With the refinancing transaction carried out through CMF S.p.A., the Group has requalified its own financial structure, extending the maturity of the medium/long-term debt and keeping a short-term debt portion balanced with respect to the financing requirements of its working capital.

The main source of financing of the Rekeep Group consists of the Senior Security Notes bond issue with a coupon at a fixed rate of 9% following the merger of CMF S.p.A. by incorporation into Rekeep S.p.A. on 1 July 2018. It should be noted that in January 2021 the Parent Company Rekeep S.p.A. repaid the previous bond by subscribing to a new Senior Secured loan at a more favorable fixed rate of 7.25%.

In addition to the bond issue the Group uses, as medium/long-term financing, bank loans subject to the application of fixed interest rates and finance lease agreements subject to the application of variable interest rates.

The forms of short-term financing used by the Group, which are mainly subject to the application of variable rates which can be identified as the EURIBOR rate, include current account overdrafts, short- and very short-term (hot money) bank loans and assignments of receivables.

The Group's indebtedness mix is then mainly linked to medium/long-term fixed interest rates.

The breakdown of financial instruments of the Group exposed to interest rate risks is listed in note 19, to which reference should be made as regards Loans, and in notes 10 and 13 to which reference should be made as regards Non-current financial assets and Cash and cash equivalents, Receivables and other current financial assets, respectively.

Interest rate sensitivity analysis

The structure of the consolidated debt is affected, to a marginal extent, by the changes in market rates, as it is mainly based on forms of financing subject to the payment of interest calculated on the basis of fixed rates, as described above. For the remaining amount, the Group makes recourse to variable rate loans, which are linked to the EURIBOR performance.

The table below shows the sensitivity of pre-tax profit for the year to reasonably possible variations in interest rates, all the other variables being kept constant.

	Increase / Decrease	Effect of the profit (loss) gross of taxes
Financial year ended 31 December 2020	+ 150 bps	(2,362)
	- 30 bps	472
Financial year ended 31 December 2019	+ 150 bps	(635)
	- 30 bps	127

The sensitivity analysis confirms the rigidity of the financial structure adopted by the Rekeep Group, which is mainly based on medium/long-term fixed-rate loans, as already detailed above.

Exchange rate risk

The Group companies have limited dealings with countries in different currencies; however, the Group operates through subsidiaries at a local level in countries that are not part of the Eurozone. In relation to exchange rate risk, it should be noted that the amount of accounting balances denominated in currencies other than the functional currency is to be regarded as not significant compared to the Group's total revenues.

Therefore, the Group remains exposed to exchange rate risk on the balances of assets and liabilities denominated in foreign currency at the end of the year.

The Group has neither entered into nor is planning to enter into hedging instruments against exchange rate fluctuations in the future.

Capital management

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

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

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

	31 December 2020	31 December 2019
Employee termination indemnity	11,267	12,443
Interest-bearing loans	369,509	405,727
Trade payables and contract liabilities	412,849	405,950
Other current payables	184,249	192,465
Other current financial payables	61,276	62,862
Cash and cash equivalents	(90,464)	(97,143)
Other current financial assets	(5,994)	(4,819)
Total Net Debt	**942,692**	**977,485**
Group shareholders' equity	69,337	151,970
Undistributed net profit (loss)	83,154	(3,285)
Total Capital	**152,491**	**148,685**
EQUITY AND NET DEBT	**1,095,183**	**1,126,170**

	31 December 2020	31 December 2019
INDEBTEDNESS RATIO	**86.1%**	**86.8%**

The debt ratio was substantially unchanged compared to the value at 31 December 2019 following an increase in net debt, which was due to, among others, the recognition of higher current payables due to the recognition of liabilities relating to the notice of payment of the fine requested within the dispute relating to the FM4 Tender. This change was accompanied by a simultaneous decrease in the capital, following the distribution of reserves to the sole shareholder (€ 13,000 thousand).

38. OTHER INFORMATION

In 2020 some Group companies received financial benefits from Public Authorities or entities treated as such as referred to in Law no. 124 of 4 August 2017 bearing "*Annual Act on market and competition".*

Specifically, during the 2020 financial year some Group companies achieved income from tax credits for sanitization and the purchase of protective equipment regulated by Article 125 of the Relaunch Decree (Decree Law no. 34 of 2020).

Furthermore, the Parent Company Rekeep S.p.A. and Medical Device S.r.l. entered into soft loans named "Artigiancassa Loan" and "Sabatini Loan", respectively, as described in note 16 above.

Finally, additional financial benefits were obtained for a lower amount, for which reference should be made to the information provided in the "Register of State Aids" published on-line.

39. SUBSEQUENT EVENTS

On 18 January 2021, Rekeep S.p.A. announced the launch of an offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The agreement ("Indenture") was signed between the issuer, Law Debenture Trust Corporation p.l.c. as trustee, Unicredit S.p.A. as Security Agent and Bank of New York Mellon as Paying and Transfer Agent. Within the scope of the transaction, JP Morgan Securities Plc and UniCredit Bank AG acted as Joint Global Coordinators and Joint Physical Bookrunners, while Goldman Sachs International and Credit Suisse acted as Joint Bookrunners. The stock was admitted for listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. The bonds were offered for subscription and were placed (i) in the United States of America, only reserved for qualified institutional buyers in accordance with Rule 144A of the Securities Act and (ii) outside of the United States of America in accordance with Regulation

S of the Securities Act and in particular in Europe and in Italy, only subject to exemption from the EU and Italian regulations governing public offerings provided for in the Prospectus Directive, the Consolidated Act on Finance and the Issuers' Regulation.

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

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

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

Zola Predosa, 15 April 2021

The Chairman and CEO

Giuliano Di Bernardo

ANNEX I

GROUP COMPANIES

PARENT COMPANY

	Currency	Registered Office	City
Rekeep S.p.A.	Euro	Via Ubaldo Poli no. 4	Zola Predosa (BO)

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name	Registered Office	City	% Held	Currency
Bologna Strade Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	54.37%	Euro
Catermed S.A.	ul. Traktorowa n. 126/201, 91-204	Łódź (Poland)	64.2%	PLN
Cefalù Energia S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	70%	Euro
CO.GE.F. Soc. Cons. a r.l	Via Ubaldo Poli no. 4	Zola Predosa (BO)	80%	Euro
Consorzio Igiene Ospedaliera Soc. Cons. a r.l	Via Ubaldo Poli no. 4	Zola Predosa (BO)	66.66%	Euro
Consorzio Stabile CMF	Via Marino Stenico no. 26	Trento (TN)	99%	Euro
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, no. 4	Çankaya/ Ankara	51%	TRY
Ferraria Soc. cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	69%	Euro
Global Oltremare Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
H2H Facility Solutions S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
H2H Cleaning S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
ISOM Lavori Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.71%	Euro
ISOM Gestione Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52.97%	Euro
IZAN+ sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
JOL-MARK sp. z o.o.	ul. Portowa n. 16G, 44-100	Gliwice (Poland)	80%	PLN
KANARIND Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.43%	Euro
Kolumna Transportu Sanitarnego Triomed sp. z o.o.	ul. Północna n. 22, 20-064	Lublin (Poland)	100%	PLN
Infrastrutture Lombardia Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Logistica Sud Est Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro

Name	Registered Office	City	% Held	Currency
Medical Device S.r.l.	Via della Tecnica no. 52	Montevarchi (AR)	60%	Euro
MSE Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	64%	Euro
Naprzód Catering sp. z o.o.	ul. Stefana Banacha 1A, 02-097	Warsaw (Poland)	100%	PLN
Naprzód Cleaning sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Hospital sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Inwestycje sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód IP sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Marketing sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Service sp. z o.o.	ul. Traktorowa n. 126/202, 91-204	Łódź (Poland)	100%	PLN
Palmanova Servizi Energetici Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe „Postęp” sp. z o.o.	ul. Portowa n.16G, 44-100	Gliwice (Poland)	100%	PLN
Rekeep Arabia for Operations and Maintenance Ltd	P.O Box 230888, Riyadh, 11321, K.S.A., 28th floor, Kingdom tower.	Riyadh (Saudi Arabia)	100%	SAR
Rekeep Digital S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Facility S.a.s.	52, Boulevard de Sebastopol	Paris	100%	Euro
Rekeep France S.a.s.	52, Boulevard de Sebastopol	Paris	70%	Euro
Rekeep Polska S.A.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	80%	PLN
Rekeep Rail S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Saudi Co. Ltd	P.O Box 230888, K.S.A., 28th floor, Kingdom Tower	Riyadh (Saudi Arabia)	100%	SAR
Rekeep Transport S.a.S.	4 place Louis Armand-Tour de l’Horloge	Paris	100%	Euro
Rekeep United Yönetim Hizmetleri A.Ş.	United Plaza Örnektepe Mh. İmrahor Cd. Sivaseli Sk. 4	Istanbul	50,98%	TRY
Rekeep World S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
S.AN.CO S.c.a.r.l.	Via Aurelio Saffi, 51	Bologna	100%	Euro
S.AN.GE S.c.a.r.l.	Viale Sarca 336 – Strada Privata Breda – Edificio 12	Milan	89%	Euro
San Gerardo Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Servizi Brindisi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52%	Euro
Servizi Ospedalieri S.p.A.	Via Calvino no. 33	Ferrara	100%	Euro
Servizi Sanitari Sicilia Soc.Cons. a r.l.	Via Calvino no. 33	Ferrara	70%	Euro
Servizi Taranto Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60.08%	Euro
Telepost S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Vendi Cleaning sp. z o.o.	ul. Traktorowa n.126/201, 91-204	Łódź (Poland)	100%	PLN

Name	Registered Office	City	% Held	Currency
Vendi Marketing sp. z o.o.	ul. Traktorowa n,126, 91-204	Łódź (Poland)	100%	PLN
Vendi Service sp. z o.o.	ul. Traktorowa n.126, 91-204	Łódź (Poland)	100%	PLN
Vendi Servis IP sp. z o.o.	ul. Traktorowa n.126, 91-204	Łódź (Poland)	100%	PLN

JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

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

ASSOCIATES AND OTHER COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
2High S.r.l.	Via Cartiera no. 120	Sasso Marconi (BO)	30%	Euro
Alisei S.r.l. in liquidation	Via Cesari no. 68/1	Modena	100%	Euro
Bologna Gestione Patrimonio Soc.Cons. r.l. in liquidation	Via della Cooperazione no. 9	Bologna	27.58%	Euro
BGP2 Soc.Cons. r.l.	Via Giovanni Papini no. 18	Bologna	41.17%	Euro
Bologna Global Strade Soc.Cons. r.l.	Via Pila no. 18	Sasso Marconi (BO)	59.65%	Euro
Bologna Più' Soc.Cons.r.l in liquidation	Via M.E. Lepido no. 182/2	Bologna	25.68%	Euro
Centro Europa Ricerche S.r.l.	Via G. Zanardelli no. 34	Rome	21.38%	Euro
Como Energia Soc.Cons. r.l. in liquidation	Via Pietro Strazzi no. 2	Como	30%	Euro
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	Via Poiano no. 22	Imola (BO)	60%	Euro
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati no. 84	Padua	60%	Euro
Consorzio Sermagest Soc.Cons. a r.l. in liquidation	Via Filippo Corridoni no. 23	Rome	60%	Euro
Consorzio Servizi Toscana Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro

Name	Registered Office	City	% Held	Currency
F.lli Bernard S.r.l.	Stradella Aquedotto no. 21	Bari	20%	Euro
Gestione Servizi Taranto Soc.Cons.a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	47%	Euro
Gestione Strade Soc.Cons.a r.l.	Strada Manara no. 64/B	Parma	25%	Euro
Gico System S.r.l.	Via Finelli no. 8	Calderara di Reno (BO)	20%	Euro
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	42.40%	Euro
Global Riviera Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	30.66%	Euro
Global Vicenza Soc.Cons. a r.l.	Via Grandi no. 39	Concordia Sulla Secchia (MO)	41.25%	Euro
Gymnasium Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa no. 76	Bologna	29.926%	Euro
Imola Verde e Sostenibile Soc. **Cons. a r.l.**	Via S. Allende no. 39	Bologna	30%	Euro
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi no. 18	Turin	24.75%	Euro
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa no. 23/I	Caltanissetta (CL)	45%	Euro
Manutencoop International Services LLC	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	QAR
MCF servizi Integrati Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Newco Duc Bologna S.p.A.	Via M.E. Lepido no. 182/2	Bologna	24.90%	Euro
Rekeep Austria GmbH in liquidation	IZ NÖ-Süd Straße 2, Obj. M6/7 - 2355	Wiener Neudorf (Austria)	100%	Euro
Roma Multiservizi S.p.A.	Via Tiburtina no. 1072	Rome	45.47%	Euro
San Martino 2000 Soc.Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Euro
S.E.I. Energia Soc. **Cons. a r.l.**	Via Emilia no. 65	Palermo (PA)	49%	Euro
Serena S.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Servizi Napoli 5 Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	45%	Euro
Simagest 2 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	90%	Euro
Simagest 3 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	89.99%	Euro
Società Consortile Adanti Manutencoop a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Steril Piemonte Soc.Cons. r.l.	Corso Einaudi no. 18	Turin	25%	Euro
Tower Soc.Cons. a r.l. in liquidation	Via Zanardi no. 372	Bologna	20.17%	Euro
Yougenio S.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro

ANNEX II

EQUITY-ACCOUNTED INVESTMENTS

	%	Net assets 31 December 19	Changes for the financial year					Net assets 31 December 20	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
2High S.r.l.	30%	0	90					90	90	0
Alisei S.r.l. in liquidation	100%	(87)				(23)		(110)	0	(110)
A.M.G. S.r.l.	50%	2,338		(54)	95			2,379	2,379	
BGP 2 Soc. Cons. a r.l.	41.47%	104			(42)			62	62	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidation	27.58%	0			0			0	0	
Bologna Global Strade Soc. Cons. a. r.l.	60%	60			(1)			59	59	
Bologna Più Soc. Cons. a r.l.	25.68%	5						5	5	
Centro Europa Ricerche S.r.l.	21.38%	67			(1)			66	66	
Co. & Ma. Soc. Cons. a r.l.	50%	5						5	5	
Como Energia Soc. Cons. a r.l. in liquidation	30%	10			(3)			7	7	
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	60%	6						6	6	
Consorzio Polo sterilizzazione Integrata	60%	1						1	1	

	%	Net assets 31 December 19	Changes for the financial year					Net assets 31 December 20	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Consorzio Sermagest in liquidation	60%	0						0	0	
Consorzio Servizi Toscana ar.l.	60%	0	6					6	6	
DUC Gestioni Soc.Cons. a r.l.	49%	10						10	10	
F.lli Bernard S.r.l.	20%	1,727		(60)	(164)			1,503	1,503	
Gestione Servizi Taranto Soc.Cons.a r.l.	47%	0	9					9	9	
Gestione Strade Soc.Cons. a r.l.	25%	13						13	13	
GICO Systems S.r.l.	20%	225		(60)	38			203	203	
Global Provincia di Rimini Soc.Cons. a r.l.	42.40%	4						4	4	
Global Riviera Soc.Cons. a r.l.	30.66%	9						9	9	
Global Vicenza Soc.Cons. a r.l.	41.25%	4						4	4	
GR.A.AL. SOC.CONS a r.l.	29.93%	3						3	3	
Gymnasium soc. Cons. A r.l. in liquidation	68%	7						7	7	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	30%	6						6	6	
IPP S.r.l.	24.75%	398			(15)			382	382	

	%	Net assets 31 December 19	Changes for the financial year					Net assets 31 December 20	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Legnago 2001 Soc. Cons. a r.l.	50%	5						5	5	
Logistica Ospedaliera Soc. Cons. a r.l	45.00%	5						5	5	
Manutencoop International Services LLC	49%	0	(45)			(55)	45	(55)	(0)	(55)
MCF Servizi integrati Soc. Cons. a r. l. in liquidation	60%	0	6		0			6	6	
Newco DUC Bologna S.p.A.	24.90%	1,613			302		(127)	1,788	1,788	
Rekeep Austria GmbH in liquidation	100%	0	108		(108)			0	0	
ROMA Multiservizi S.p.A.	45.47%	2,618		0	(1,244)		(23)	1,350	1,350	
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
S.E.I. Energia Soc. Cons. a r.l.	49.00%	5						5	5	
Società - Consortile Adanti Manutencoop a r.l. in liquidation	50%	10						10	10	
Serena S.r.l.	50%	9						9	9	
Servizi Napoli 5 Soc. Cons. a r.l.	45%	5						5	5	
Servizi Sportivi Brindisi Soc. Cons. a r.l. in liquidation	50%	5						5	5	

	%	Net assets 31 December 19	Changes for the financial year					Net assets 31 December 20	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Simagest 2 Soc.Cons.a r.l. in liquidation	90%	45						45	45	
Simagest 3 Soc.Cons.a r.l. in liquidation	89.99%	45						45	45	
Steril Piemonte Soc. Cons. a r.l.	25%	986			14			1,000	1,000	
T&M Protection Resources Holdings Italy S.r.l.	40%	0	(4)		4			0	0	
Tower Soc.Cons. a r.l.	20.17%	20						20	20	
Yougenio S.r.l. in liquidation.	100%	0	6,315		(6,315)	(168)		(168)	0	(168)
	NET BOOK VALUE	**10,289**	**6,485**	**(174)**	**(7,441)**	**(246)**	**(105)**	**8,806**	**9,140**	**(333)**

ANNEX III

RELATED PARTY TRANSACTIONS

PARENT COMPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Manutencoop Società Cooperativa	31-Dec-19	159	32,014		1,123	31-Dec-19	65	8,082	8,943	33,096
	31-Dec-20	175	27,024			31-Dec-20	57	8,915	5,912	17,040

ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
2High S.r.l.	31-Dec-19					31-Dec-19				
	31-Dec-20		116			31-Dec-20			215	
Alisei s.r.l. in liquidation	31-Dec-19					31-Dec-19	3			1
	31-Dec-20					31-Dec-20	3			1
AMG S.r.l.	31-Dec-19		270			31-Dec-19			293	
	31-Dec-20		251			31-Dec-20	1		331	
BGP2 Soc.Cons. r.l.	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	31-Dec-19	60	878			31-Dec-19	355		1,043	
	31-Dec-20	(148)	244			31-Dec-20	165		501	
Bologna Multiservizi Soc.Cons. a r.l.	31-Dec-19		40			31-Dec-19				
	31-Dec-20					31-Dec-20				
Bologna Più Soc.Cons.a r.l. in liquidation	31-Dec-19					31-Dec-19		3	3	2
	31-Dec-20					31-Dec-20		3	3	2
Bologna Global Strade Soc. Cons. a r.l	31-Dec-19	2,638	4,711			31-Dec-19	2,322	336	3,588	
	31-Dec-20	457	767			31-Dec-20	86	383	1	
Cardarelli	31-Dec-19		7			31-Dec-19				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Soc. Cons. a r.l.	31-Dec-20					31-Dec-20				
Centro Europa Ricerche S.r.l.	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
Como Energia Soc.Cons.a r.l.	31-Dec-19					31-Dec-19			102	
	31-Dec-20		7			31-Dec-20			111	
Consorzio Imolese Pulizie soc.Cons. in liquidation	31-Dec-19					31-Dec-19		36	12	
	31-Dec-20					31-Dec-20		36	12	
Consorzio Polo Sterilizzazione Integrata a r.l.	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
Consorzio Sermagest Soc.Cons.a r.l in liquidation	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
Consorzio Servizi Toscana Soc.Cons.a r.l in liquidation	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20	282		177	
CO.& MA. Soc. Cons. a r.l	31-Dec-19	360	1,035			31-Dec-19	240	20	839	
	31-Dec-20	360	1,203			31-Dec-20	60	20	568	
DUC Gestione Sede Unica Soc. Cons. a r.l.	31-Dec-19	7,075	3,538			31-Dec-19	3,877		996	
	31-Dec-20	7,141	3,218			31-Dec-20	3,140		1,037	
Fr.lli Bernard s.r.l.	31-Dec-19	12	34			31-Dec-19	41	50	61	
	31-Dec-20	60	23			31-Dec-20	76	50	32	
Gestione Servizi Taranto Soc.Cons.a r.l.	31-Dec-19					31-Dec-19				
	31-Dec-20	1,570	1,345			31-Dec-20	1,584	32	847	
Gestione Strade soc.cons.r.l.	31-Dec-19	107	1,273			31-Dec-19	57	63	815	
	31-Dec-20	223	1,278			31-Dec-20	78	63	433	
Gico Systems S.r.l.	31-Dec-19	10	1,388			31-Dec-19	9		953	
	31-Dec-20	6	1,717			31-Dec-20	2		984	
Global	31-Dec-19					31-Dec-19		70	13	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Provincia di RN Soc.Cons.a r.l. in liquidation	31-Dec-20					31-Dec-20		70	13	
Global Riviera Soc.Cons.a r.l.	31-Dec-19		8			31-Dec-19			(23)	
	31-Dec-20		9			31-Dec-20			(14)	
Global Vicenza Soc.Cons. a r.l.	31-Dec-19		(4)			31-Dec-19		10	14	
	31-Dec-20		3			31-Dec-20		10	16	
GR.A.AL. Soc. Cons. a. r.l.	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
Gymnasium Soc. cons. a r.l in liquidation	31-Dec-19					31-Dec-19	1	8	33	
	31-Dec-20					31-Dec-20	1	8	33	
MCF Servizi integarti Soc. cons. a r.l. in liquidation	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	31-Dec-19					31-Dec-19				3
	31-Dec-20	285	274			31-Dec-20	114		102	3
IPP S.r.l.	31-Dec-19	16				31-Dec-19	12	59		
	31-Dec-20	15	158			31-Dec-20	27	59	149	
Legnago 2001 Soc. Cons. r.l.	31-Dec-19		4			31-Dec-19	158		54	
	31-Dec-20		5			31-Dec-20	158		59	
Logistica Ospedaliera Soc. Cons. a r.l.	31-Dec-19					31-Dec-19			15	
	31-Dec-20		4			31-Dec-20			19	
Manutencoop International Services LLC	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
MCF Servizi integarti Soc. cons. a r.l. in liquidation	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20	689		322	
Newco DUC Bologna S.p.A	31-Dec-19		15			31-Dec-19			51	
	31-Dec-20					31-Dec-20			51	
Palazzo della Fonte S.c.p.a.	31-Dec-19	2,401				31-Dec-19	(1)			
	31-Dec-20					31-Dec-20				
Rekeep Austria G.m.b.H. in liquidation	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20		8		

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Roma Multiservizi S.p.A.	31-Dec-19	818	1,124			31-Dec-19	3,377		341	
	31-Dec-20	716	(569)			31-Dec-20	409		627	
San Martino 2000 Soc.Cons. r.l.	31-Dec-19	1,585	2,425			31-Dec-19	135		1,556	
	31-Dec-20	1,555	2,618			31-Dec-20	1,114		531	
Serena S.r.l. - in liquidation	31-Dec-19					31-Dec-19		3		
	31-Dec-20					31-Dec-20		3		
Servizi Napoli 5 Soc.Cons. a r.l.	31-Dec-19	1,400	1,322			31-Dec-19	2,773		1,731	
	31-Dec-20	1,357	1,290			31-Dec-20	3,853		2,612	
S.E.I. Energia Soc. Cons. a r.l.	31-Dec-19	67		22		31-Dec-19	121	776		
	31-Dec-20	49	3,944	22		31-Dec-20	44	757	2,347	
S.I.MA.GEST 2 Soc. Cons. r.l. in liquidation	31-Dec-19					31-Dec-19		75	13	2
	31-Dec-20					31-Dec-20		75	13	2
S.I.MA.GEST 3 Soc. Cons. r.l in liquidation	31-Dec-19					31-Dec-19		3	3	
	31-Dec-20		4			31-Dec-20		3	7	
Società Consortile Adanti Manutencoop in liquidation	31-Dec-19					31-Dec-19			53	
	31-Dec-20					31-Dec-20			53	
Steril Piemonte Soc. cons. a.r.l	31-Dec-19		714			31-Dec-19	7		496	
	31-Dec-20		394			31-Dec-20	7		189	
T&M Protection Resources Holdings Italy S.p.A.	31-Dec-19	47				31-Dec-19				
	31-Dec-20					31-Dec-20				
Tower Soc.Cons. a r.l. in liquidation	31-Dec-19					31-Dec-19	33	29		
	31-Dec-20					31-Dec-20	33	29		
Yougenio S.r.l. in liquidation	31-Dec-19					31-Dec-19				
	31-Dec-20	684	192	114		31-Dec-20	705		232	29

SUBSIDIARIES OF MANUTENCOOP SOCIETA' COOPERATIVA

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cerpac S.r.l. in liquidation	31-Dec-19					31-Dec-19	1			
	31-Dec-20					31-Dec-20	1			
Nugareto Società Agricola Vinicola S.r.l.	31-Dec-19	1	5			31-Dec-19			5	
	31-Dec-20				703	31-Dec-20		6		
Sacoa S.r.l.	31-Dec-19	43	20			31-Dec-19	15			
	31-Dec-20	41	24			31-Dec-20	12		2	
Sacoa Servizi Telematici S.r.l.	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				
Segesta servizi per l'Ambiente S.r.l.	31-Dec-19	5				31-Dec-19	2			
	31-Dec-20	5				31-Dec-20	6			

ASSOCIATES OF MANUTENCOOP SOCIETA' COOPERATIVA OR OTHER RELATED PARTIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Società Cooperativa	31-Dec-19	73				31-Dec-19	26			
	31-Dec-20	72				31-Dec-20	19			
Consorzio Karabak 2 Società Cooperativa	31-Dec-19	5	1			31-Dec-19	2			
	31-Dec-20	4				31-Dec-20	1			
Consorzio Karabak 4 Società Cooperativa	31-Dec-19					31-Dec-19			1	
	31-Dec-20		1			31-Dec-20			1	
Consorzio Karabak 5 Società Cooperativa	31-Dec-19					31-Dec-19			1	
	31-Dec-20					31-Dec-20				
Consorzio	31-Dec-19					31-Dec-19				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Karabak 6 Società Cooperativa	31-Dec-20					31-Dec-20				
Holmo S.p.A.	31-Dec-19					31-Dec-19				
	31-Dec-20					31-Dec-20				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL	**31-Dec-19**	**16,882**	**50,822**	**22**	**1,123**	**31-Dec-19**	**13,631**	**9,623**	**22,004**	**33,104**
	31-Dec-20	**14,627**	**45,545**	**136**	**703**	**31-Dec-20**	**12,727**	**10,530**	**18,528**	**17,077**

ANNEX IV

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

	For the year ended 31 December			
	2020		2019 restated	
Cash and cash equivalents at the beginning of the year		**97,143**		**94,733**
Cash flow from current operations:		**50,748**		**55,194**
Profit before tax	10,986		14,222	
Profit (loss) from discontinued operations	2,569		2,424	
Capital gains from disposal of discontinued operations	(13,589)		0	
Other unrealized write-downs on discontinued operations	405		0	
Amortization, depreciation, write-downs and (write-backs) of assets	40,666		37,789	
Accrual (reversal) of provisions for risks and charges	8,236		4,270	
Employee termination indemnity provision	585		1,086	
Share of net profit of associates, net of dividends collected	7,555		290	
Financial charges (income) for the year	47,130		41,428	
Net interests received (paid) in the year	(37,786)		(33,904)	
Income taxes paid in the year	(16,036)		(5,055)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*(9,587)*		*(7,357)*	
Cash flow from current operations of discontinued operations	*9,615*		*0*	
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR):		**(6,380)**		**(6,258)**

	For the year ended 31 December			
	2020		2019 restated	
Payments of employee termination indemnity	(1,695)		(2,119)	
Use of provisions for risks and charges	(4,685)		(4,139)	
CHANGE IN NWOC:		**(16,892)**		**4,634**
Decrease (increase) in inventories	(5,629)		(1,453)	
Decrease (increase) in trade receivables	(24,522)		5,978	
Increase (decrease) in trade payables	13,259		109	
INDUSTRIAL AND FINANCIAL CAPEX:		**16,288**		**(48,934)**
(Purchase of intangible assets, net of sales)	(5,264)		(7,681)	
(Purchase of property, plant and equipment)	(28,921)		(25,020)	
Proceeds from sale of property, plant and equipment	629		63	
(Acquisition of investments)	(386)		8,700	
Decrease (increase) of financial assets	(4,360)		2,114	
Financial effects of business combinations	(6,173)		(10,813)	
Discontinuing operations	53,935		(2,941)	
Reclassifications:				
Change in current financial assets	*3,241*		*(2,108)*	
Financial effects of business combinations	*6,054*		*(8,484)*	
Financial effects of discontinued operations	*8,147*		*(11,127)*	
Cash flow from current operations of discontinued operations	*(10,615)*		*0*	
Reclassification of Debt of Discontinued Operations	*0*		*8,363*	
CHANGE IN NET FINANCIAL LIABILITIES:		**39,980**		**21,647**
Change in finance lease debt	573		(1,143)	
New (repayment of) operating lease debt	(8,125)		(6,993)	
Non-current borrowings	3,670		0	
Repayment of non-current borrowings	(24,963)		(12,199)	
Net opening (repayment) of short-term bank credit lines	3,504		(4,574)	
Other net changes in borrowings	(16,451)		6,350	
Reclassifications:				

	For the year ended 31 December			
		2020		2019 restated
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*9,587*		*7,357*	
Net change in current financial assets	*(3,241)*		*2,108*	
Non-cash elements on acquisitions of rights of use	*4,953*		*6,493*	
Financial effects of business combinations	*(6,054)*		*8,484*	
Financial effects of discontinued operations	*(1,770)*		*0*	
Dividend distribution authorized in the previous year	*(13,000)*		*0*	
Non-monetary effects on equity investments	*12,338*		*0*	
Distribution of reserves and other changes in Equity	*0*		*13,000*	
Reclassification of Debt of Discontinued Operations	*0*		*(8,363)*	
OTHER CHANGES:		**(11,463)**		**(23,872)**
Decrease (increase) in other current assets	5,943		(6,962)	
Increase (decrease) in other current liabilities	4,293		2,894	
Dividend distribution authorized in previous years	(13,000)		0	
Acquisition/sale of minority interests in subsidiaries	324		(230)	
Differences from translation of financial statements in foreign currency	646		(81)	
Reclassifications:				
Non-cash elements on acquisitions of rights of use	*(4,953)*		*(6,493)*	
Financial effects of discontinued operations	*(5,377)*		*0*	
Dividend distribution authorized in the previous year	*13,000*		*0*	
Non-monetary effects on equity investments	*(12,338)*		*0*	
Distribution of reserves and other changes in Equity	*0*		*(13,000)*	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**90,464**		**97,143**

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