rekeep

minds that work

Consolidated financial statements

at 31 december 2021

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	31 December 2021	31 December 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	86,375	79,219
Property, plant and equipment under lease	5	43,590	43,323
Goodwill	7	404,706	402,562
Other intangible assets	6	19,479	21,653
Investments accounted for under the equity method	8	9,153	9,140
Other investments	9	7,140	7,130
Non-current financial assets	9	4,702	5,529
Other non-current assets	9	3,232	3,408
Deferred tax assets	30	15,783	17,945
TOTAL NON-CURRENT ASSETS		**594,160**	**589,909**
CURRENT ASSETS			
Inventories	10	12,743	12,921
Trade receivables and advances to suppliers	11	443,248	431,121
Current tax receivables		5,278	10,010
Other current assets	11	24,133	25,636
Current financial assets	12	14,799	5,994
Cash and cash equivalents	12	99,512	90,464
TOTAL CURRENT ASSETS		**599,713**	**576,146**
Assets held for sale	31	0	0
TOTAL NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,193,873**	**1,166,055**

(in thousands of Euro)	NOTES	31 December 2021	31 December 2020
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		11,510	13,055
Retained earnings		(51,326)	30,286
Profit/(loss) for the year attributable to equity holders of the Parent		(22,588)	(83,154)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**46,746**	**69,337**
Capital and reserves attributable to non-controlling interests		2,985	496
Profit/(loss) for the year attributable to non-controlling interests		1,603	2,703
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		4,588	3,199
TOTAL SHAREHOLDERS' EQUITY	13	**51,334**	**72,536**
NON-CURRENT LIABILITIES			
Employee termination indemnity	14	10,483	11,267
Provisions for risks and charges, non- current	15	26,035	24,777
Long-term financial debt	17	412,883	380,738
Deferred tax liabilities	30	16,384	16,708
Other non-current liabilities		1,391	60
TOTAL NON-CURRENT LIABILITIES		**467,176**	**433,550**
CURRENT LIABILITIES			
Provisions for risks and charges, current	15	12,455	10,550
Trade payables and contract liabilities	19	413,374	412,849
Current tax payables	30	0	2,274
Other current liabilities	19	167,457	184,249
Bank borrowing, including current portion of long-term debt, and other financial liabilities	17	82,077	50,047
TOTAL CURRENT LIABILITIES		**675,363**	**659,969**
Liabilities directly associated with non-current assets held for sale	31	0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL LIABILITIES		**1,193,873**	**1,166,055**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2021	31 December 2020
REVENUES			
Revenues from contracts with customers	20	1,118,759	1,077,940
Other revenues	21	3,266	3,450
TOTAL REVENUES		**1,122,025**	**1,081,390**
OPERATING COSTS			
Costs of raw materials and consumables	22	(214,966)	(191,751)
Change in inventories of finished and semi-finished products	22	(918)	5,087
Costs for services and use of third-party assets	23	(323,352)	(342,205)
Personnel costs	24	(460,196)	(433,140)
Other operating costs	25	(13,606)	(91,733)
Capitalization of lower internal construction costs		140	1,624
Amortization, depreciation, write-downs and write-backs of assets	26	(41,477)	(40,472)
Accrual of provisions for risks and charges	15	(5,471)	(8,228)
TOTAL OPERATING COSTS		**(1,059,846)**	**(1,100,818)**
OPERATING INCOME		**62,179**	**(19,428)**
FINANCIAL INCOME AND EXPENSES			
Share of net profit of associates	8	1,267	(7,441)
Dividends and income (loss) from sale of investments	27	1,498	5,227
Financial income	28	1,055	2,575
Financial charges	29	(69,681)	(50,081)
Profit (loss) on exchange rate		424	752
Profit (loss) before tax		**(3,258)**	**(68,396)**
Income taxes, current, prepaid and deferred	30	(17,743)	(14,624)
Net profit (loss) from continuing operations		(21,001)	(83,020)
Profit (loss) from discontinued operations	31	16	2,569
Profit (loss) for the year		**(20,985)**	**(80,451)**
Net profit (loss) for the year attributable to non- controlling interests	13	(1,603)	(2,703)
NET PROFIT (LOSS) FOR ATTRIBUTABLE TO THE GROUP		**(22,588)**	**(83,154)**

	For the year ended	
	31 December 2021	31 December 2020
Basic earnings per share	(0.207)	(0.762)
Diluted earnings per share	(0.207)	(0.762)
Basic earnings per share from continuing operations	(0.207)	(0.785)
Diluted earnings per share from continuing operations	(0.207)	(0.785)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2021	31 December 2020
NET RESULT FOR THE YEAR		**(20,985)**	**(80,451)**
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Differences from translation of foreign financial statements		(1,479)	646
Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year	8	317	(82)
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year		**(1,163)**	**564**
Other comprehensive income, which will not be subsequently reclassified under profit/loss for the year:			
Actuarial gains (losses) on defined benefit plans		197	(92)
Income taxes		(15)	56
Net effect on actuarial gains (losses)	14	**182**	**(36)**
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	8	(33)	(23)
Other comprehensive income for the year, which will not be subsequently reclassified under profit/loss for the year		**148**	**(60)**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		**(1,014)**	**504**
COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**(21,999)**	**(79,947)**
Equity holders of the Parent		(23,300)	(82,411)
Non-controlling interests		1,300	2,464

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2021	31 December 2020
Net result from continuing operations for the year		**(20,985)**	**(3,638)**
Income taxes for the year		17,743	14,624
Profit before taxes		**(3,242)**	**10,986**
Profit (loss) from discontinued operations		16	2,569
Capital gains (losses) from disposal on equity investments		(16)	(13,589)
Other unrealized write-downs on discontinued operations		0	405
Amortization, depreciation, write-downs and (write-backs) of assets		41,477	40,666
Accrual (reversal) of provisions for risks and charges		5,471	8,236
Employee termination indemnity provision		739	585
Payments of employee termination indemnity		(2,002)	(1,695)
Utilization of provisions		(2,537)	(4,685)
Share of net profit of associates, net of dividends collected		388	7,555
Financial charges (income) for the year		68,202	47,130
Operating cash flows before movements in Working Capital		**108,496**	**98,162**
Of which relating to discontinued operations		*0*	*(7,741)*
Of which relating to continuing operations		*108,496*	*105,903*
Decrease (increase) of inventories		3,041	(5,629)
Decrease (increase) of trade receivables and advances to suppliers		(14,964)	(24,522)
Decrease (increase) of other current assets		1,699	5,943
Increase (decrease) in trade payables		329	13,259
Increase (decrease) of other current liabilities		(15,681)	4,293
Change in Working Capital		**(25,577)**	**(6,656)**
Net interests received (paid) in the year		(53,625)	(37,786)
Income taxes paid in the year		(13,401)	(16,036)
Net cash flow from operating activities		**15,893**	**37,683**
(Purchase of intangible assets, net of sales)	6	(4,110)	(5,264)
(Purchase of property, plant and equipment)	4 - 5	(30,813)	(28,921)
Proceeds from sale of property, plant and equipment	4 - 5	1,080	629
(Acquisition) of investments		2,633	(386)
Decrease (increase) of financial assets		(6,336)	(4,360)

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2021	31 December 2020
Financial effects of business combinations	4	(3,764)	(6,173)
Assets held for sale and discontinued operations	31	0	53,935
Net cash flow from (used in) investing activities		**(41,309)**	**9,461**
Change in finance lease debt	17	565	573
New (repayment of) operating leases	17	(8,098)	(8,125)
Opening of medium- and long-term borrowings	17	370,000	3,670
Repayment of medium- and long-term borrowings	17	(334,203)	(24,963)
Net opening (repayment) of short-term bank credit lines	17	(2,734)	3,504
Other net changes in borrowings	17	12,674	(16,451)
Dividends distributed		(293)	(13,000)
(Purchase) /sale of subsidiaries' minority shareholdings		(1,968)	324
Differences arising from translation of financial statements in foreign currency		(1,527)	1,042
Net cash flow from / (used in) financing activities		**34,415**	**(53,427)**
Change in cash and cash equivalents		**9,000**	**(6,282)**
Cash and cash equivalents at the beginning of the year		90,464	97,143
Change in cash and cash equivalents		9,000	(6,282)
Translation differences on cash and cash equivalents		48	(397)
Cash and cash equivalents at the end of the year		**99,512**	**90,464**
Details of cash and cash equivalents:			
Cash and bank current accounts		99,512	90,464
TOTAL CASH AND CASH EQUIVALENTS		**99,512**	**90,464**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the year ended	
	31 December 2021	31 December 2020
Interest paid	(54,677)	(40,352)
Interest received	1,051	2,566
Dividends paid	(293)	(13,000)
Dividends received	497	544

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 2021	**109,150**	**13,054**	**30,286**	**(83,154)**	**69,337**	**3,199**	**72,536**
Allocation of prior year result		(834)	(81,612)	83,154	**708**	(708)	**0**
Distribution of dividends					**0**	(1,171)	**(1,171)**
Acquisition/sale of minority interests in subsidiaries					**0**	1,968	**1,968**
Total comprehensive income (loss)		(710)		(22,588)	**(23,298)**	1,300	**(21,998)**
31 December 2021	**109,150**	**11,510**	**(51,326)**	**(22,588)**	**46,746**	**4,588**	**51,334**

	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**

EXPLANATORY NOTES

1. GENERAL INFORMATION

The publication of the Consolidated Financial Statements of the Rekeep Group for the year ended 31 December 2021 was authorized by resolution of the Board of Directors of 18 March 2022.

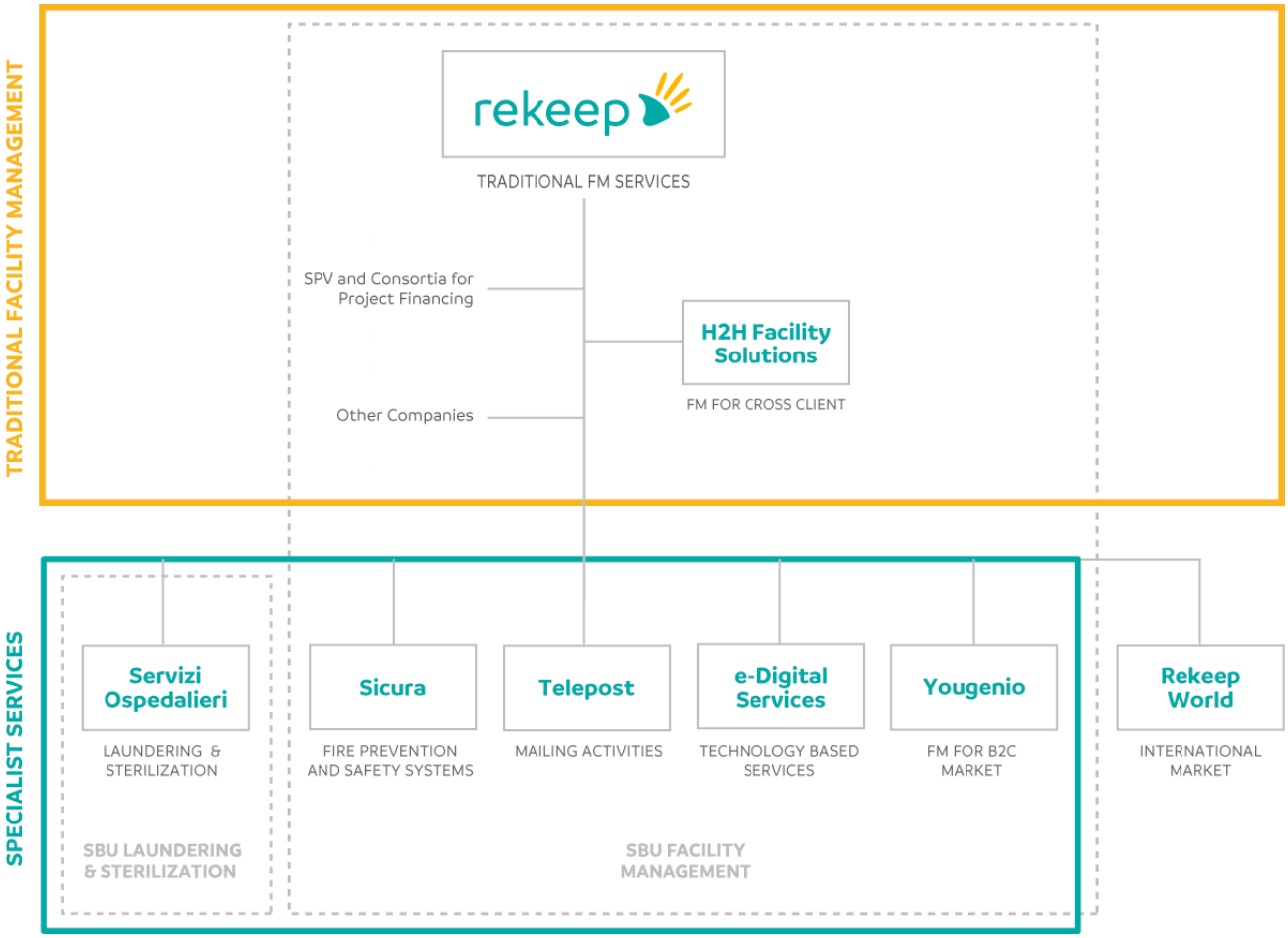
As at 31 December 2021 the share capital of Parent Company Rekeep S.p.A. was wholly held by the sole shareholder MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), which also carries out Management and Coordination Activities.

Manutencoop Società Cooperativa transformed its legal form from a cooperative company to a joint-stock company, and, in this context, changed its company name to MSC Società di Partecipazione tra Lavoratori S.p.A., with effect from 1 February 2022. The transaction was carried out following a resolution passed by the extraordinary shareholders' meeting held on 27 November 2021 and upon completion of the formalities required by the applicable provisions of law. The Rekeep Group's parent company retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal total value.

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 rationalizing 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 a subsidiary, and in Poland, following the acquisition of Rekeep Polska S.A. (formerly Naprzód S.A.), a local leading company in the field of facility management in the healthcare sector, which is the parent of the group with the same name.

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;
- La ndscaping.

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 reorganizing 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.) and other two subsidiaries, Turkey (through EOS and Rekeep United Yönetim Hizmetleri A.Ş..) and in Saudi Arabia (through Rekeep Saudi Arabia 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 2021 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 2020. The consolidated Financial Statements at 31 December 2021 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 36 and other market risks associated with the proceedings in progress described in notes 15 and 18, 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 2021 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 2021 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 2021, 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 2021

The following IFRS accounting standards, amendments and interpretations were applied by the Group for the first time as from 1 January:

- on 31 March 2021 the IASB published the following amendment "*Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)*" by which it extends by one year the period of application of the amendment to IFRS 16, issued in 2020, which allowed lessees to account for Covid-19-related rent concessions and provide them with an exemption from assessing, through contract analysis, whether the definition of lease modification is met under IFRS 16. Therefore, lessees applying this option in 2020, accounted for the effects of rent concessions directly through profit or loss on the effective date of the concession. The 2021 amendment, which is available only to entities that have already adopted the 2020 Amendment, applied from 1 April 2021, with early adoption permitted;
- On 25 June 2020 the IASB published the following amendment: "*Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)*". The amendments allow the temporary exemption from applying IFRS 9 to be extended until 1 January 2023 for insurance companies;
- On 27 August 2020 the IASB published, following the reform of interbank interest rates such as IBOR, the document on the "*Interest Rate Benchmark Reform - Phase 2*", which makes amendments to the following standards:
  - IFRS 9 Financial Instruments;
  - IAS 39 Financial Instruments: Recognition and Measurement;
  - IFRS 7 Financial Instruments: Disclosures;
  - IFRS 4 Insurance Contracts;
  - IFRS 16 Leases.

All amendments became effective from 1 January 2021.

The application of these amendments has not had any significant impact on the Consolidated Financial Statements at 31 December 2021.

Accounting standards, amendments and IFRS and IFRIC interpretations endorsed by the European Union, which are not yet mandatorily applicable and not early adopted by the Group

On 14 May 2020 the IASB published the following amendments:

- *Amendments to IFRS 3 Business Combinations*: these are aimed at updating the reference to the Conceptual Framework in the revised version under IFRS 3, without this entailing amendments to the provisions of the standard;
- *Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use:* the amendment clarifies that it is impossible to deduct from the costs of property, plant and equipment any revenue arising from selling items produced in the test phase of activities. Revenues arising from selling these products and related production costs must be separately recognized through profit or loss;

- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - "Onerous Contracts – Costs of Fulfilling a Contract"*: the amendment clarifies what costs an entity considers in assessing whether a contract is onerous or priced at a loss. The amendment provides for the adoption of a directly related cost approach, according to which entities must consider any and all costs that are directly attributable to the contract. Accordingly, the assessment of whether a contract is onerous includes incremental costs (such as, for example, the cost of direct materials used in the work), as well as all the costs an entity cannot avoid because it has entered into the contract (such as, for example, the depreciation of the machinery used in fulfilling the contract). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the other party;
- *Annual Improvements to IFRS 2018-2020:* (i) *Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adopter"*: this amendment allows a subsidiary to account for cumulative translation differences of foreign currency transactions by using the amounts reported in the consolidated financial statements of the parent company, considering the date of transition to IFRS on the part of the parent company. This amendment shall also apply to associates or joint ventures; (ii) A*mendment to IFRS 9 "Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities"*: the amendment clarifies that the fees an entity must consider for the purposes of the 10% test (to establish whether there is a substantial change in the conditions of a financial liability) are only fees paid or received between the borrower and the lender, including on behalf of others. An entity applies this amendment to financial liabilities that are modified or exchanged after the date of the first financial period in which the entity applies the amendment for the first time; (iii) *IAS 41 Agriculture*: the amendment removes the requirement that must be met for an entity to exclude cash flows for taxation when measuring the fair value of assets; (iv) *IFRS 16 Leases, Illustrative Example*.

All amendments will become effective from 1 January 2022. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of these amendments.

On 18 May 2017 the IASB published IFRS 17 – Insurance Contracts and related amendments, which are intended to replace IFRS 4 – Insurance Contracts;

The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from insurance contracts issued. The IASB developed the standard to remove inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework in order to take account of any and all types of insurance contracts, including reinsurance contracts held by an insurer.

The new standard also provides for presentation and disclosure requirements to improve comparability among the entities operating in this sector.

The new standard measures an insurance contract based on a General Model or a simplified version thereof, according to the Premium Allocation Approach ("PAA").

The main features of the General Model are:

- estimates and expectations of future cash flows are always current;
- the measurement reflects the time value of money;

- estimates involve extensive use of information observable on the market;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated in groups of insurance contracts upon initial recognition;
- the expected profit is recorded in the period of contractual coverage, taking account of any adjustment arising from changes in the assumptions regarding the cash flows relating to each group of contracts.

The PAA approach provides for the measurement of the liability for residual coverage for a group of insurance contracts provided that, upon initial recognition, the entity expects the liability to reasonably consist of an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications arising from the application of the PAA method do not apply to the measurement of liabilities for outstanding claims, which are measured by using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will arise within one year of the date the claim occurred.

An entity must apply the new standard to the insurance contracts that are issued, including reinsurance contracts that are issued and held, as well as investment contracts with a discretionary participation feature (DPF).

The standard shall apply from 1 January 2023, with early adoption permitted, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this standard.

On 12 February 2021 the IASB published two amendments: “Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)” and “Definition of Accounting Estimates (Amendments to IAS 8)”. The amendments are aimed at improving disclosures on accounting policies so as to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments shall apply from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of these amendments.

Accounting standards, amendments and IFRS interpretations not yet endorsed by the European Union

As at the reporting date of this document, the competent bodies of the European Union had not yet completed the endorsement process required for the adoption of the amendments and standards described below:

- On 23 January 2020 and 15 July 2020 the IASB published “Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”. The document aims to clarify how to classify debts and other short- or long-term liabilities. The amendments will become effective from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment.
- On 7 May 2021 the IASB published “Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”. The document clarifies the method by which deferred taxes should be accounted for on certain transactions that can generate assets and liabilities for an equal amount, such as leases and decommissioning

obligations. The amendments shall apply from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment;

- On 9 December 2021, the IASB published "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*". The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17, aimed at avoiding temporary accounting mismatches between financial assets and insurance contract liabilities, and thus improving the usefulness of comparative information for readers of financial statements. The amendments shall apply from 1 January 2023, together with the application of IFRS 17. 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;
- On 30 January 2014 the IASB published the accounting standard IFRS 14 – *Regulatory Deferral Accounts*, which only allows first-time adopters of IFRS to continue to recognize amounts relating to Rate-Regulated Activities according to the previous accounting standards adopted. This standard is not applicable since the Group is not a first-time adopter.

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 2021 the carrying amount of Goodwill was equal to € 404,706 thousand (€ 402,562 thousand compared to 31 December 2020). See note 7 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 14 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 2021. 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. If the Group loses control over a subsidiary, it eliminates the related assets (including goodwill), liabilities, minority interests and other components of equity, while any gain or loss is recognized in the income statement. Any shareholding that is possibly retained is recognized at fair value.

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

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.

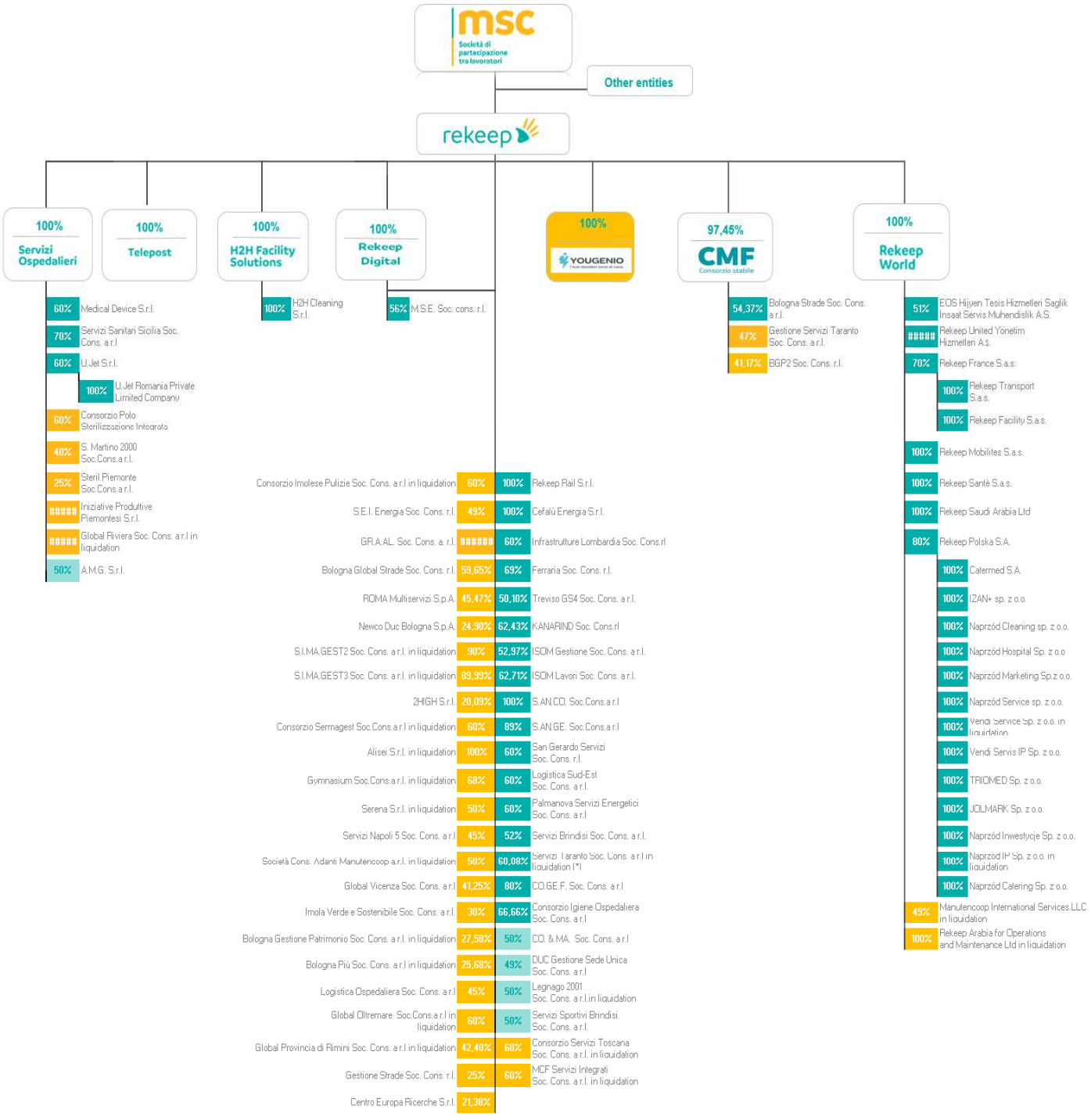
Conversion of financial statements of foreign companies

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 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 for the period.

Currency	Exchange rate at 31 December 2021	Average exchange rate for the year ended 31 December 2021	Exchange rate at 31 December 2020	Average exchange rate for the year ended 31 December 2020
Romanian Leu (RON) – Romania	4.9490	4.9380	N/A	N/A
Turkish Lira (TRY) – Turkey	15.2335	10.5124	9.1131	8.0547
Qatar Riyal (QAR)– Qatar	4.1227	4.3052	4.4666	4.1576
Saudi Arabia Riyal (SAR) – Saudi Arabia	4.2473	4.4353	4.6016	4.2832
Zloty (PLN) – Poland	4.5969	4.5652	4.5597	4.4430

Scope of consolidation at 31 December 2021 is shown below.


msc
Società di partecipazione tra lavoratori
Other entities
rekeep
100% Servizi Ospedalieri
60% Medical Device S.r.l.
70% Servizi Sanitari Sicilia Soc. Cons. a r.l
60% U.Jet S.r.l.
100% U.Jet Romania Private Limited Company
60% Consorzio Polo Sterilizzazione Integrata
40% S. Martino 2000 Soc.Cons.a r.l.
25% Steril Piemonte Soc.Cons.a r.l.
Iniziative Produttive Piemontesi S.r.l.
Global Riviera Soc. Cons. a r.l in liquidation
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% YOUGENIO
97,45% CMF Consorzio stabile
54,37% Bologna Strade Soc. Cons. a r.l.
47% Gestione Servizi Taranto Soc. Cons. a r.l.
41,17% BGP2 Soc. Cons. r.l.
100% Rekeep World
51% EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.
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 Mobilites S.a.s.
100% Rekeep Santè S.a.s.
100% Rekeep Saudi Arabia Ltd
80% Rekeep Polska S.A.
100% 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 Service Sp. z o.o. in liquidation
100% Vendi Servis IP Sp. z o.o.
100% TRICIMED Sp. z o.o.
100% JOLMARK Sp. z o.o.
100% Naprzód Inwestycje Sp. z o.o.
100% Naprzód IP Sp. z o.o. in liquidation
100% Naprzód Catering Sp. z o.o.
49% Manutencoop International Services LLC in liquidation
100% Rekeep Arabia for Operations and Maintenance Ltd in liquidation
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation 60% 100% Rekeep Rail S.r.l.
S.E.I. Energia Soc. Cons. r.l. 49% 100% Cefalù Energia S.r.l.
GR.A.AL. Soc. Cons. a. r.l. ###### 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% 50,10% Treviso GS4 Soc. Cons. a r.l.
Newco Duc Bologna S.p.A. 24,90% 62,43% KANARIND Soc. Cons.rl
S.I.MA.GEST2 Soc. Cons. a r.l. in liquidation 90% 52,97% ISOM Gestione Soc. Cons. a r.l.
S.I.MA.GEST3 Soc. Cons. a r.l. in liquidation 89,99% 62,71% ISOM Lavori Soc. Cons. a r.l.
2HIGH S.r.l. 20,09% 100% S.AN.CO. Soc.Cons.a r.l
Consorzio Sermagest 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 in liquidation (**)
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% 50% CO. & MA. Soc. Cons. a r.l
Bologna Più Soc. Cons. a r.l. in liquidation 25,68% 49% DUC Gestione Sede Unica Soc. Cons. a r.l
Logistica Ospedaliera Soc. Cons. a r.l 45% 50% Legnago 2001 Soc. Cons. a r.l.in liquidation
Global Oltremare Soc.Cons.a r.l in liquidation 60% 50% Servizi Sportivi Brindisi Soc. Cons. a r.l.
Global Provincia di Rimini Soc. Cons. a r.l in liquidation 42,40% 60% Consorzio Servizi Toscana Soc. Cons. a r.l. in liquidation
Gestione Strade Soc. Cons. r.l. 25% 60% MCF Servizi Integrati Soc. Cons. a r.l. in liquidation
Centro Europa Ricerche S.r.l. 21,38%
Legend:
Associates and other companies consolidated for under the equity method del patrimonio netto
Joint Ventures consolidated for under the equity method
Subsidiaries consolidated on a line-by-line basis
(**) In liquidation starting from 01.01.2022

During the 2021 financial year note the following events:

- on 4 January 2021 there was the sale of the 20% investment in the quota capital of Gico Systems S.r.l.;
- on 16 April 2021 there was the acquisition of the remaining 30% of the quota capital of Cefalù Energia S.r.l. (already controlled). It should be noted that the company changed its corporate from S.p.A. (*Società per Azioni* – Join-Stock Company) to S.r.l. (*Società a responsabilità limitata* – Limited Liability Company) on 27 September 2021;
- on 28 May 2021 the 50.1%-owned company Treviso GS4 Soc. Cons. a r.l. was established;
- on 1 June 2021 Servizi Ospedalieri S.p.A. acquired a 60% investment in the quota capital of U.Jet S.r.l., which is based in Bastia Umbra (Perugia) and of its subsidiary U.Jet Romania Private Limited Company;
- on 7 June 2021 Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe Postęp Sp. z o.o. (wholly owned by Rekeep Polska S.A.) was merged by incorporation into JOL-MARK sp. z o.o. (which is also wholly owned by Rekeep Polska S.A.);
- on 15 June 2021 Vendi Cleaning sp. z o.o. and Vendi Marketing sp. z o.o. (wholly owned by Rekeep Polska S.A.) were merged by incorporation into Naprzód Marketing sp. z o.o. (which is also wholly owned by Rekeep Polska S.A.);
- the winding-up procedure was started for Rekeep Arabia for Operations and Maintenance Ltd on 30 August 2021;
- on 24 September 2021 the company Rekeep Santé S.a.s. was established, which is based in Paris (France), the share capital of which is wholly held through subsidiary Rekeep World S.r.l.;
- on 4 October 2021 the company Rekeep Mobilites S.a.S. was established, which is based in Paris (France), the share capital of which is wholly held through subsidiary Rekeep World S.r.l..

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 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, licenses, trademarks and similar rights	Other intangible assets
Breakdown of composition	Software and Trademarks	Contractual customers relations
Useful Life	Finite	Finite

	Concessions, licenses, trademarks and similar rights	Other intangible assets
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 contract assets, 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 contract assets, 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 a 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 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 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 previous 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 € 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 specific 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" (SBU) 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. BUSINESS COMBINATIONS

3.1 Acquisition of a controlling interest in U.Jet S.r.l.

On 1 June 2021 the Group acquired, through subsidiary Servizi Ospedalieri S.p.A., an investment of 60% in the quota capital of U.Jet S.r.l., a leading company in the production of non-woven fabric (TNT) devices mainly aimed at the healthcare market, which can count on 2 clean rooms for the packaging and composition of disposable fabric surgical kits for the healthcare market, with more than 500 facilities served in Italy and Poland. The newly-acquired company in turn holds 100% of U.Jet Romania Private Limited Company.

The transaction was completed by means of a carve-out of U.Jet's core business activities, which were contributed to a NewCo in which Servizi Ospedalieri holds 60% and is part of the growth and development strategy of the Rekeep Group, which envisages the entry into specialist sectors that are linked to the core business, thus increasing its footprint and strengthening its leadership both at national and international level in the business of services in support of healthcare activities.

U.Jet S.r.l., which is based in Bastia Umbra (Perugia), recorded pro-forma consolidated revenues of € 11.2 million in 2020. The Company has obtained the certifications ISO 9001:2015, ISO 13485:2016, EC Quality Assurance System Certificates; it has also entered the dental, veterinary, wellness, community, and industrial sectors in recent years.

Accounting effects of the acquisition

The acquisition transaction can be described as a business combination: the Group has therefore applied the purchase method required by IFRS 3 in reporting it in the accounts.

The acquisition was completed on 1 June 2021 against a price equal to € 5,016 thousand, of which an amount of € 2,121 thousand paid at the closing date, while the deferred portion (€ 2,550 thousand) is paid in subsequent installments by 2023, the first of which was already paid on 30 November 2021 for € 1,849 thousand.

The purchase contract also provides for a price adjustment mechanism based on the estimated value of the property owned by the subsidiary U.Jet Romania, and grants the transferor an Earn-out equal to a multiple of EBITDA achieved by the company in 2022, for a maximum value of € 1,498 thousand.

The fair value of the acquiree's assets and liabilities was determined on a provisional basis, as was the goodwill arising from the transaction and the Earn-out value to be paid to the transferor, since sufficient information was not available as at the reporting date of the Consolidated Financial Statements at 31 December 2021.

The table below shows the breakdown of the values provisionally attributed to the assets and liabilities acquired:

	Recognized value	Book value
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	4,027	4,027
Property, plant and equipment under lease	1,876	1,876
Other intangible assets	7	7
Other investments	1	1
Other non-current assets	2	2
Prepaid tax assets	61	61
TOTAL NON-CURRENT ASSETS	**5,975**	**5,975**
CURRENT ASSETS		
Inventories	2,863	2,863
Trade receivables and advances to suppliers	665	665
Current tax receivables		
Other current assets	27	27
Cash and cash equivalents	207	207
TOTAL CURRENT ASSETS	**3,761**	**3,761**
TOTAL ASSETS	**9,736**	**9,736**
LIABILITIES		
NON-CURRENT LIABILITIES		
Capital and reserves attributable to non-controlling interests	1,996	1,996
Employee termination indemnity	675	675
Non-current loans	1,983	1,983
TOTAL NON-CURRENT LIABILITIES	**4,655**	**4,655**
CURRENT LIABILITIES		
Short-term loans	1,472	1,472
Trade payables and contract liabilities	364	364
Other current liabilities	373	373
TOTAL CURRENT LIABILITIES	**2,209**	**2,209**
TOTAL LIABILITIES	**6,864**	**6,864**
FAIR VALUE OF NET ASSETS	**2,872**	**2,872**
GOODWILL FROM BUSINESS COMBINATION	**2,144**	

	Recognized value	Book value
Total cost of business combination:		
Price paid at closing	2,121	
Deferred price	2,550	
TOTAL COST OF THE BUSINESS COMBINATION	**5,016**	
Net cash of acquisition:		
Cash and cash equivalents of the acquiree	207	
Price paid at closing	(2,121)	
Additional costs for the contribution	(161)	
NET CASH OF ACQUISITION	**(2,075)**	

The fair value of assets and liabilities acquired through the business combination was positive and provisionally set at € 2,872 thousand, while the overall cost of the business combination was equal to € 5,016 thousand (of which an amount of € 2,121 thousand was already paid at the closing date), including additional costs of € 161. Consequently, the provisional goodwill arising from the transaction was equal to € 2,144 thousand, while the net cash used for the business combination in 2021 amounted to € 2,075 thousand.

As at 31 December 2021, U.Jet S.r.l contributed an amount of € 3,770 thousand to the Group's revenues as from the date of acquisition.

4. 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 2021.

	Property	Plant and equipment	Total
At 1 January 2021, net of accumulated depreciation and impairment	**17,925**	**61,294**	**79,219**
Business combinations	399	3,628	4,027
Additions from acquisitions	227	28,370	28,597
Impairment losses		(76)	(76)
Disposals		(1,080)	(1,080)

Depreciation for the year	(952)	(21,728)	(22,680)
Others	644	(2,276)	(1,632)
At 31 December 2021	**18,243**	**68,132**	**86,375**
At 1 January 2021			
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**
At 31 December 2021			
Historical cost	23,633	446,619	470,252
Accumulated depreciation and impairment losses	(5,390)	(378,487)	(383,877)
NET BOOK VALUE	**18,243**	**68,132**	**86,375**

The additions from acquisitions which took place in the financial year mainly related to the linen in the *Laundering&Sterilization* segment for € 16,424 thousand and to the purchases of other machinery and specific equipment for € 12,173 thousand, of which an amount of € 1,210 thousand related to equipment used to provide services on the new contract acquired by the subsidiary Rekeep Transport S.a.S. during the year. Furthermore, additions from business combinations were recorded during the period, which were attributable to the acquisition of U.Jet S.r.l. and of its subsidiary, for which reference should be made to note 3 above. Disposal for the period amounted to € 1,080 thousand.

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

The table below shows the changes in the company-owned property, plant and equipment in the 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**

5. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

The table below shows the changes in property, plant and equipment under lease in the year ended 31 December 2021.

	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 2021, net of accumulated depreciation and impairment	**4,315**	**4,593**	**26,711**	**7,704**	**43,323**
Additions from business combinations	0	0	1,876	0	1,876
Additions from acquisitions	0	2,215	1,122	3,321	6,658
Early termination			(470)	(493)	(963)
Depreciation for the period	(134)	(1,477)	(3,946)	(3,211)	(8,768)
Others	(169)	1,600	(6)	39	1,464
At 31 December 2021	**4,012**	**6,931**	**25,287**	**7,360**	**43,590**
At 1 January 2021					
Historical cost	4,991	9,908	49,063	29,838	93,799
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**
At 31 December 2021					
Historical cost	4,822	13,723	51,585	32,705	102,834
Accumulated depreciation and impairment losses	(810)	(6,792)	(26,297)	(25,345)	(59,244)
NET BOOK VALUE	**4,012**	**6,931**	**25,287**	**7,360**	**43,590**

Property, plant and equipment under 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 € 2,215 thousand, mainly in the *Laundering&Sterilization*

segment where the subsidiary Servizi Ospedalieri S.p.A. signed, among others, linen finance lease agreements for a total amount of € 1,643 thousand.

"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 € 1,122 thousand and new long-term hire of vehicles that make up the corporate fleets and equipment of the Group for € 3,321 thousand. Furthermore, additions from business combinations were recorded during the period, which were attributable to the acquisition of U.Jet S.r.l. and of its subsidiary, for which reference should be made to note 3 above.

Furthermore, there was the early termination of some lease and long-term hire agreements for a total of € 963 thousand.

The table below shows the changes in property, plant and equipment under 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
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**

6. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the year ended 31 December 2021.

	Other intangible assets	Goodwill	Total
At 1 January 2021, net of accumulated amortization and impairment	**21,653**	**402,562**	**424,215**
Additions from business combinations	7	2,144	2,151
Additions from acquisitions	4,110		4,110
Amortization for the year	(6,325)		(6,325)
Others	34		34
At 31 December 2021	**19,479**	**404,706**	**424,185**
At 1 January 2021			
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**	**424,215**
At 31 December 2021			
Historical Cost	129,853	407,023	536,877
Accumulated Amortization and impairment losses	(110,375)	(2,318)	(112,692)
NET BOOK VALUE	**19,479**	**404,706**	**424,185**

Goodwill is tested annually for impairment. The change for the period related to the acquisition of U.Jet S.r.l. and of its subsidiary U.Jet Romania Private Limited Company on the part of Servizi Ospedalieri S.p.A. (€ 2,144 thousand). For more details, reference should be made to note 7 below.

Other intangible assets, amounting to € 19,479 thousand at 31 December 2021, 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 period (€ 4,110 thousand) are mainly attributable to the Parent Company Rekeep S.p.A. and are related to the implementation and upgrading of software platforms used by the Group.

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**
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**

7. IMPAIRMENT OF GOODWILL

The Group's Management believe that the Strategic Business Units (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.

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;
- U.Jet S.r.l., acquired on 1 June 2021 and specializing in the production of non-woven fabric (TNT) devices mainly aimed at the healthcare market, as well as in the packaging and composition of disposable fabric surgical kits, which are also intended for the healthcare market;
- 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 2021, broken down into the different CGUs.

	31 December 2021	31 December 2020
Goodwill allocated to Facility Management CGU	388,752	388,753
of which International markets	*34,514*	*34,514*
Goodwill allocated to Laundering & Sterilization CGU	15,954	13,809
CONSOLIDATED GOODWILL	**404,706**	**402,562**

Goodwill showed an increase at 31 December 2021 following the acquisition of U.Jet S.r.l. and of its subsidiary U.Jet Romania Ltd on the part of subsidiary Servizi Ospedalieri. For more details, reference should be made to note 3 above.

Facility management CGU Goodwill

The goodwill allocated to the Facility management CGU, which amounted to € 388,752 thousand at 31 December 2021, 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 (now MSC Società di Partecipazione tra Lavoratori S.p.A.);
- 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. (nowH2H Facility Solutions S.p.A.);

- Acquisition of Teckal S.p.A., which was merged by incorporation into Manutencoop Facility Management S.p.A. (now Rekeep 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 (now Rekeep 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 (now MSC Società di Partecipazione tra Lavoratori S.p.A.). 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 Naprzód S.A. (now Rekeep Polska 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 € 15,954 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;
- On 1 June 2021 acquisition of U.Jet S.r.l., a trading company specializing in the production of non-woven fabric (TNT) devices mainly aimed at the healthcare market, as well as in the packaging and composition of disposable fabric surgical kits, which are also intended for the healthcare market.

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 2022 to 2026 and extrapolated from the Business Plan of the Rekeep Group.

The 2022-2026 Business plan used for the analysis described in these Explanatory Notes was approved by the Board of Directors of Rekeep S.p.A. for impairment test purposes only on 18 March 2022.

As from 2019, steps were taken, following the acquisition of the Rekeep Polska sub-group 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, equal to € 32,485 thousand.

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 2022 to 2026, 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 2026 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 7.95% for the Facility management CGU (2020: 6.73%), at a discount rate (WACC) of 7.11 % (2020: 6.00%) for the *Laundering&Sterilization* CGU and at

a discount rate (WACC) of 8.95% for Rekeep Polska (2020: 7.10%). 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 100 basis points both for Facility management and Rekeep Polska CGUs and 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 9.95% for Facility management CGU, 9.11% for Laundering & Sterilization CGU and 10.95% 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).

8. 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 2021 the net-book value of investments valued at Equity reported a net amount of € 8,779 thousand, against a net amount of € 8,807 thousand in the previous year; these values are already stated net of a provision for risks covering future outlays that are expected to be incurred by the Group on behalf of the associate/joint venture (for more details, see note 15).

	Net assets 31 December 2021	Net assets 31 December 2020
Investments accounted for under the equity method	9,153	9,140
Provision for risks on investments	(374)	(333)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**8,779**	**8,807**

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 2021 investments accounted for under the equity method recorded a positive result of € 1,267 thousand, for the share attributable to the Group, as a result of the recognition of income from equity investments of € 1,798 thousand and write-downs

of € 531 thousand. Furthermore, positive effects were recognized directly in the Consolidated Equity to an overall amount of € 283 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%	38,550	(32,535)	(6,015)	(5,168)	58,889	347
Yougenio S.p.A. in liquidation	100%	1,514	(4,838)	3,325	(3,119)	678	(3,408)
Project financing companies	<50%	60,470	(60,537)	66,660	(32,590)	12,239	324

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.

9. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets at 31 December 2021 and at 31 December 2020:

	31 December 2021	31 December 2020
Other investments	7,140	7,130
Non-current financial assets	4,702	5,529
Other non-current assets	3,232	3,408
OTHER NON-CURRENT ASSETS	**15,074**	**16,067**

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, as the best estimate of the fair value, since there is no active market in the securities concerned, which for the most part cannot be freely transferred to third parties due to limitations and restrictions preventing their free circulation. The item remained unchanged during the period.

Non-current financial assets, amounting to € 4,702 thousand at 31 December 2021 (€ 5,529 thousand at 31 December 2020), are composed of:

- € 1,501 thousand of Non-current financial receivables due from associates, affiliates or joint-ventures (€ 1,581 thousand at 31 December 2020). The face value of these receivables is € 1,527 thousand, while the discounting fund amounts to € 26 thousand (€ 1,610 thousand and € 29 thousand at 31 December 2020, respectively). 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.
- € 3,100 thousand of Non-current financial receivables from third parties, down compared to 31 December 2020 (€ 3,847 thousand). During the year the Parent Company disbursed loans to non-consolidated companies for € 257 thousand. 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 2020). As at 31 December 2020 the balance included a receivable of € 1,104 thousand relating to the sale of the 15% investment held by subsidiary Servizi Ospedalieri S.p.A. in the quota capital of Linea Sterile S.r.l., which took place in December 2020; the balance was reclassified to current financial receivables at 31 December 2021, since due within 12 months;
- € 101 thousand of securities held to maturity (unchanged compared to 31 December 2020.

Furthermore, the item is made up of security deposits related to long-term manufacturing contracts for € 2,083 thousand (€ 2,062 thousand at 31 December 2020) and long-term deferrals relating to some contracts equal to € 818 thousand (€ 1,089 thousand at 31 December 2020).

10. INVENTORIES

The Group recognized inventories of € 12,743 thousand at 31 December 2021, marking a decrease of € 178 thousand compared to the amount in the previous year.

	31 December 2021	31 December 2020
Inventories of raw materials, consumables and goods for resale	13,252	13,009

	31 December 2021	31 December 2020
Provision for write-down of raw materials, finished products and goods for resale	(110)	(88)
Provision for write-down of finished products	(399)	0
INVENTORIES	**12,743**	**12,921**

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 change 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.r.l., as well as the provision for write-down of finished products, as determined by the comparison between the carrying amount of inventories and presumed realizable value at 31 December 2021.

11. 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 2021 and 31 December 2020:

	31 December 2021	of which from related parties	31 December 2020	of which from related parties
Contract assets	32,177		29,111	
Trade receivables, gross	407,197		413,443	
Allowance for doubtful accounts	(18,546)		(29,759)	
Trade receivables due from third parties	**420,828**	**0**	**412,795**	**0**
Trade receivables from MSC Società di Partecipazione tra Lavoratori	38	38	57	57
Trade receivables from Rekeep Group Companies	12,136	12,136	8,637	8,637
Trade receivables from Affiliates and Joint Ventures	4,649	4,649	4,031	4,031
Trade receivables from Group	**16,823**	**16,823**	**12,725**	**12,725**
Advances to suppliers	5,597	2	5,601	2
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**443,248**	**16,825**	**431,121**	**12,727**
Current tax assets within 12 months	10,984		11,799	
Other current assets due from third parties	8,636		8,047	

	31 December 2021	of which from related parties	31 December 2020	of which from related parties
Due from social security institutions	990		2,086	
Due from employees	422		72	
Other current assets from third parties	**21,032**	**0**	**22,004**	**0**
Current assets from MSC Società di Partecipazione tra Lavoratori	20	20	14	14
Current assets from associates	210	210	282	282
Current assets from affiliates	47	47	22	22
Other current assets from the Manutencoop Group	277	277	**318**	**318**
Accrued income	794		1,121	
Prepaid expenses	2,030		2,193	
Accrued income and prepaid expenses	**2,824**	**0**	**3,314**	**0**
OTHER CURRENT ASSETS	**24,133**	**277**	**25,636**	**318**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 443,248 thousand at 31 December 2021, up by € 12,127 thousand compared to 31 December 2020 (€ 431,121 thousand).

The change in question was mainly due to a decrease of € 6,246 thousand in trade receivables from third parties and an increase of € 4,098 thousand in receivables from other Group companies. Finally, contract assets recorded a decrease of € 3,066 thousand, while the value of the provision for bad debts showed a decrease of € 11,213 thousand.

In 2021, 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 made during the period are summarized below:

	Assignments made in the year ended 31 December 2021	Balance of trade receivables assigned without recourse and not yet collected by the Factor
Banca Farmafactoring S.p.A.	104,193	31,399
Banca IFIS S.p.A.	40,717	13,109
Unicredit Factoring S.p.A	12,947	6,457
Carrefour Italia Finance S.r.l.	18,090	3,767
MB FACTA S.p.A.	19,818	3,599
Banca Sistema S.p.A.	38,104	6,478
Prime Revenue Inc.	12,730	3,152
TOTAL ASSIGNMENTS WITHOUT RECOURSE	**246,598**	**67,962**

On 29 December 2021, the Parent Company Rekeep S.p.A. and the subsidiary Servizi Ospedalieri S.p.A. also completed a spot assignment of non-performing loans related to private and public customers for a net value of receivables equal to € 3,250 thousand in favor of a vehicle specialized in the management of this type of receivables.

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 € 5,078 thousand.

Finally, trade receivables from the Group amounted to € 16,823 thousand (€ 12,725 thousand at 31 December 2020), in addition to advances for € 2 thousand (unchanged compared to 31 December 2020). For more details, reference should be made to Annex III – Related-Party transactions.

A specific provision for bad debts was recorded against non-performing loans, which are difficult to fully recover, amounting to € 18,546 thousand at 31 December 2021 (€ 29,759 thousand at 31 December 2020). Changes in the provision during the period are detailed as follows:

	31 December 2020	Business Combinations	Increases	Uses	Releases	Other changes	31 December 2021
Provision for bad debts	**29,759**	3	4,119	(15,223)	(500)	388	**18,546**

Uses recognized in 2021, equal to € 15,223 thousand, included the use of the residual provision for bad debts allocated in the previous years on non-performing trade receivables, subject of the abovementioned sale.

An analysis of trade receivables at 31 December 2021 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.

	Total	Trade receivables reaching maturity	Overdue trade receivables				
			< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	beyond 120 days
31 December 2021	**388,651**	299,307	22,736	13,555	6,496	5,027	41,530
31 December 2020	**383,684**	288,467	22,110	9,687	9,418	5,331	48,671

Other current assets, equal to € 24,133 thousand (€ 25,636 thousand at 31 December 2020), showed a total decrease of € 1,503 thousand in the year.

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

- tax receivables, which mostly include receivables concerning the VAT payments made by the Group companies (€ 7,820 thousand against € 9,107 thousand at 31 December 2020), 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 2021 assignments without recourse of VAT receivables of some Group companies were made for a total nominal amount of € 28,551 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 € 2,172 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.

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

A breakdown of the balance as at 31 December 2021 and 31 December 2020 is shown below:

	31 December 2021	31 December 2020
Bank and postal deposits	97,153	78,005
Cash in hand	160	144
Current financial accounts - consortia	2,199	12,315

CASH AND CASH EQUIVALENTS	**99,512**	**90,464**
Current financial receivables from third parties	4,468	5,722
Current financial receivables from Group Companies	10,193	180
Other receivables for dividends	138	92
RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS	**14,799**	**5,994**

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 2021 *Current financial assets* amounted to € 14,799 thousand (€ 5,994 thousand at 31 December 2020) and mainly include:

- The balance of upstream loan, equal to € 10,037 million at 31 December 2021, was disbursed by the Parent Company Rekeep S.p.A. to the controlling company MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), in accordance with the agreement signed on 5 November 2021. The loan has an annual term and accrues interest equal to 3-month EURIBOR plus a spread;
- the current portion, equal to € 1,104 thousand of the receivable arising from the sale of investment equal to 15% of the quota capital of Linea Sterile, held by the subsidiary Servizi Ospedalieri, which took place on 29 December 2020. Changes in the period included the collection of an amount of € 1,448 thousand, as well as the short-term reclassification of the balance recognized at 31 December 2020 under *Financial assets and other non-current financial assets*;
- the balance of the 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 € 2,548 thousand (€ 906 thousand at 31 December 2020, in addition to receivables from factors for collections the latter unduly received on receivables assigned in previous periods for € 1,600 thousand and reversed in the first days of the subsequent month);
- an overall amount of € 608 thousand of receivables from short-term loans and financial accounts held with non-consolidated Group companies.

Finally, the remaining short-term portion, equal to € 1,420 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, was collected during the last quarter of 2021.

13. SHARE CAPITAL AND RESERVES

	31 December 2021	31 December 2020
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 2021 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.

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
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)**	**13,054**
Allocation of prior year result				(873)	39	0	(834)
Economic effects on shareholders' equity			283	(1,165)	172		(710)
31 December 2021	**145,018**	**21,830**	**3,714**	**(1,165)**	**(4,916)**	**(152,972)**	**11,510**

The table below shows changes in *Retained earnings*:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
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**
Allocation of prior year result		(81,612)	(81,612)
31 December 2021	**3,809**	**(55,135)**	**(51,326)**

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 2021	31 December 2020
Equity attributable to non-controlling interests	**4,588**	**3,199**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	(267)	(211)
Other subsidiaries and consortia	4,855	3,410

	31 December 2021	31 December 2020
Profit for the year attributable to non-controlling interests	**1,603**	**2,703**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	258	(84)
Other subsidiaries and consortia	1,345	2,787

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. (60% owned by Servizi Ospedalieri S.p.A.) and of the newly-acquired U.Jet S.r.l., which is also 60% owned by Servizi Ospedalieri S.p.A..

14. EMPLOYEE TERMINATION INDEMNITY (TFR)

Below are the changes in the liabilities relating to Employee Termination Indemnity (TFR) in 2021, compared with changes in the previous year.

	For the year ended	
	31 December 2021	31 December 2020
AT 1 JANUARY	**11,267**	**12,443**
Additions for business combinations	675	0
Current Service cost	733	459
Interest costs on benefit obligations	6	47
Benefits paid	(2,002)	(1,695)
Net actuarial (gains)/ losses from benefit obligations	(197)	92
Other changes	0	(79)
AT 31 DECEMBER	**10,483**	**11,267**

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

	For the year ended	
	31 December 2021	31 December 2020
Current service cost	733	459
Interest costs on benefit obligations	6	47
Net cost of the benefits recognized through profit or loss	**739**	**506**
Net actuarial (gains)/ losses recognized in equity	(197)	92
TOTAL NET COST OF THE BENEFIT	**542**	**599**

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

	31 December 2021	31 December 2020
Discount rate	0.98%;0.44%	0.34%;-0.02%
Inflation rate	1.20%	1.00%
Estimated turnover	From 3.5% to 10.00%	From 3.5% to 10.00%

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 2021 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 0.98% and 0.44% (equal to 0.34% and -0.02% in 2020).

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 2021	
	Assumptions	Employee Termination Indemnity
Discount rate	+ 0.25 bps	11,045
	- 0.25 bps	11,405
Inflation rate	+ 0.25 bps	11,317
	- 0.25 bps	11,129
Actuarial assumptions	+ 2.00 ppt	11,099
	- 2.00 ppt	11,366

	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

	Financial year ended 31 December 2020	
	Assumptions	Employee Termination Indemnity
Actuarial assumptions	- 0.25 bps	11,168
	+ 2.00 ppt	11,112
	- 2.00 ppt	11,483

Below are reported the data relating to the average number of the Group's employees and of the workers provided to the Group by MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa):

	For the year ended	
	31 December 2021	31 December 2020
Executive	70	73
White collars	1,673	1,710
Blue collars	25,786	26,265
AVERAGE STAFF	**27,528**	**28,047**

The average number of leased employees provided to the Group by MSC Società Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa) was equal to no. 313 units at 31 December 2021 (31 December 2020 no. 355 units).

15. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the year ended 31 December 2021:

	Risks on Investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance provisions	Other provisions	Total
At 1 January 2021	**333**	**7,991**	**24,223**	**490**	**280**	**750**	**1,259**	**35,327**
Accruals		3,454	2,090				1,181	**6,726**
Uses		(343)	(1,918)	(42)		(169)	(64)	**(2,537)**
Reversals		(1,013)	(88)				(153)	**(1,255)**
Others	41	170			19			**230**
At 31 December 2021	**374**	**10,259**	**24,306**	**448**	**299**	**581**	**2,222**	**38,490**
At 31 December 2021:								
Current	*374*	*9,545*	*551*	*447*		*581*	*957*	***12,455***
Non-current		*714*	*23,755*	*1*	*299*		*1,266*	***26,035***
At 31 December 2020:								
Current	*333*	*7,928*	*492*	*447*		*750*	*600*	***10,550***
Non-current		*64*	*23,731*	*43*	*280*		*659*	***24,777***

Provision for risks on investments

The item, amounting to € 374 thousand at 31 December 2021, 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 € 96 thousand to the subsidiary Manutencoop International Services LLC in liquidation and for € 169 thousand to the subsidiary Yougenio S.r.l. in liquidation.

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 l;
- 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 € 10,259 thousand at 31 December 2021, up by € 2,268 thousand against accruals of € 3,454 thousand and uses and releases of Euro 1,357 thousand, as well as other changes of € 170 thousand. Provision for risks on job orders includes accrual to provisions for non-recurrent additional charges of € 1,464 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 2021 the provision, totaling € 24,306 thousand, recorded increases for accruals to provisions of € 2,090 thousand and decreases for uses and releases totaling € 2,007 thousand.

Provisions were mainly recognized to hedge the risks involving the Parent Company Rekeep S.p.A. for € 1,609 thousand. Uses and reversals for the period, of which an amount of € 1,264 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 on the entity a summons before the Court of Rome in order to verify the unlawfulness of the termination of the agreements and to order Consip S.p.A. to pay compensation for damages suffered by the company itself. The hearing, which was held on 13 January 2021, was then adjourned for decision. Any adverse outcome of the legal proceedings brought against Consip S.p.A. could also result in the actual partial enforcement of the performance bond issued during the tender (originally € 24.5 million). ANAC has proceeded with the entry of the contract termination.

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. In the meantime, 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; at the hearing on the merits held on 7 October 2021 the Council of State suspended the proceedings pending a decision on the part of the Constitutional Court as to a dispute regarding Consip's enforcement of provisional deposits against a competitor that had not been awarded the contract, during which objections were raised regarding constitutional legitimacy. However, a single-member board's Presidential 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 held 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, which was rescheduled on 21 September 2022.

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, postponing the discussion on the merits to the hearing scheduled on 7 June 2022.

The Consip Sanità, Consip Caserme and Consip Musei tenders did not generate consolidated Revenues until 31 December 2021 and were not included in the Group's backlog at 31 December 2021.

In the Financial Statements at 31 December 2021 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 2021.

On 23 March 2017, the Competition Authority notified Rekeep S.p.A. (at the time Manutencoop Facility Management 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, the Regional Administrative Court granted the request for redetermination of the fine setting the parameters. Subsequently, the 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 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 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. During the hearing held on 27 October 2021 the Council of State issued a preliminary order, whereby it asked some parties to produce additional documentation, postponing any decision to the hearing scheduled on 20 January 2022 for discussion on the merits, then adjourned for decision.

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified and declares that it is sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender. The various orders issued over time have however had an impact on the financial statements. As at 31 December 2019, waiting for the developments of the proceedings on the merits, 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" and "Other non-current assets" in the Statement of Financial Position for the corresponding amount (€ 94,611 thousand). 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 which a request was submitted for payment in installments, which was obtained 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 started to pay these installments on a regular basis, but it then suspended payments as a result of the application 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"). Following the issue of the Competition Authority's new order of € 79,800 thousand, while continuing to have confidence in the reasonableness of the defense arguments, the Directors, given the enforceability of the fine, recognized the debt, and the related cost, relating to expected financial outlay in the financial statements at 31 December 2020 (for an amount equal to what is stated in the 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. On 22 December 2020, in fact, the Revenue Agency sent the related updated installment plan, deducting three installments already paid as deposit for € 3,010 thousand. Furthermore, the amount of the debt stated in the accounts at 31 December 2020 also includes, in addition to the amount of the fine, surcharges and collection costs (equal to 3% of the amount of debt entered in the taxpayers' list) for € 2,612 thousand. Finally, it should be noted that the Company resumed operations to pay monthly installments during 2021, paying part of the installments suspended during the Covid-19 emergency period, even in view of the expiry of the final deadline for the suspension of payment of the amounts due as provided for by the legislative measures issued during the emergency phase (31 August 2021) and which entailed in 2021 the recognition of a higher collection costs on certain installments for € 606 thousand (of which € 255 thousand recognized as an increase in the debt and € 351 thousand recognized among provisions for risks and charges, due to the different probability of application of the additional charge) in addition to default interest.

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 and subsequently postponed on several occasions until 9 March 2022. By an order filed on 22 March 2022 the Regional Administrative Court suspended the proceedings pending the settlement of the appeal concerning the Competition Authority's order on Consip FM4.

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 € 581 thousand at 31 December 2021 (€ 750 thousand at 31 December 2020), against uses equal to € 169 thousand.

Provision for tax disputes

At 31 December 2021 the provision amounted to € 448 thousand, recording uses which gave rise to a decrease of € 42 thousand during the period.

Other provisions for risks and charges

The provision, amounting to € 2,222 thousand at 31 December 2021, showing an increase of € 964 thousand compared to 31 December 2020 (Euro 1,259 thousand) as a result of provisions for € 1,181 thousand and uses and releases totaling € 217 thousand. Provisions for the period also included a higher collection charge of € 351 thousand, recognized on some

installments of the notice of payment issued by the Revenue Agency relating to the Competition Authority's fine, as detailed in relation to the "Provision for legal disputes".

16. DERIVATIVES

At 31 December 2021, the Group had not recorded any derivative assets or liabilities.

17. 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 2021 and at 31 December 2020:

	31 December 2021	within 1 year	beyond 1 year to 5 years	beyond 5 years
Senior Secured Notes	363,025		363,025	
Artigiancassa loan	1,077	239	838	
Other bank loans	27	27		
Prepaid interest expenses	(1,253)	(531)	(722)	
Accrued interest expenses	11,726	11,726		
Long-term bank borrowings and current portion of long-term bank borrowings	**374,602**	**11,461**	**363,141**	**0**
Current bank overdraft, advance payments and hot money	6,140	6,140		
Obligations arising from "finance" lease	6,991	2,105	4,147	738
Financial liability for "operating" leases	37,116	6,841	21,829	8,446
Loans from syndicated shareholders	603	603		
Loan from Parent Company MSC Società di Partecipazione tra Lavoratori	75	75		
Other financial liabilities	4,317	3,120	1,197	

	31 December 2021	within 1 year	beyond 1 year to 5 years	beyond 5 years
Obligations from assignments with recourse of trade receivables	23,270	23,270		
Collections on behalf of assignees of trade receivables	14,556	14,556		
Obligations arising from reverse factoring transactions	9,963	9,963		
Options on subsidiaries' minority shareholdings	15,336	1,952	13,384	
Debt for the acquisition of investments/business units	1,112	1,112		
Share capital to be paid into investee companies	878	878		
TOTAL FINANCIAL LIABILITIES	**494,960**	**82,077**	**403,698**	**9,185**

	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
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		

	31 December 2020	within 1 year	beyond 1 year to 5 years	beyond 5 years
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**

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

On 28 January 2021 Rekeep S.p.A. launched a high-yield bond issue named "€350,000,000 7.25% Senior Secured Notes due 2026", which is not convertible and not subordinated, for a total amount on account of principal of € 350 million, due 1 February 2026. The Notes, which were reserved for institutional investors, were admitted to 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 issue took place at par, with a coupon at an annual fixed rate 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. 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.

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.

At 31 December 2021 the financial charges accrued on the bond coupons amounted to € 27,514 thousand (of which € 2,254 thousand related to the Senior Secured Notes issued in 2017 and paid off at the same date as the new issue) against € 30,537 thousand at 31 December 2020. The upfront fees relating to the issue of Senior Secured Notes were accounted for according to the amortized cost method, which entailed, in accordance with IFRS 9, the recognition of financial Amortization charges of € 7,176 thousand in 2021, of which an amount of € 5,818 thousand related to write-off of the remaining amount still to be amortized on the Notes paid off (€ 3,977 thousand at 31 December 2020).

Super Senior Revolving Credit Facility (RCF)

At the same time as the issue of 28 January 2021, Rekeep S.p.A. signed a new revolving loan agreement that will guarantee a senior secured line of credit ("RCF") for an amount of up to € 75 million, and due 1 August 2025, to be used for general purposes and to manage the working capital of the Issuer and its subsidiaries. The subsidiary Servizi Ospedalieri S.p.A. may also access this facility providing a specific personal security. 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.

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. The financial covenants had been complied with on the reporting date of these financial statements.

The facility was partially drawn down in four different occasions during the second half-year in order to meet temporary cash requirements (if any), and promptly repaid: the RCF facility had not been drawn down at 31 December 2021. The temporary partial uses entailed the charging of financial costs equal to € 223 thousand accrued for the time being.

Prepaid interest expenses

At 31 December 2021 the Company recognized prepaid interest expenses of € 1,253 thousand. The item mainly related to arrangement fees initially paid by Rekeep S.p.A. for entering into the Super Senior Revolving (RCF) facility agreement, initially equal to € 1,260 thousand. These costs are amortized on a straight-line basis throughout the term of the credit facility and

amortization charges of € 522 thousand were recognized in 2021, of which € 264 thousand related to the write-off of the remaining amount still to be amortized on the previous RCF line, paid at the same time as the new bond issue.

Accrued interest expenses

At 31 December 2021 accrued interest expenses were recognized for € 11,726 thousand, of which € 11,624 thousand relating to the coupon of the Senior Secured Notes due 1 February 2022.

Artigiancassa loan (Rekeep S.p.A.)

On 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 30 September of each year. As at 31 December 2021, two additional installments had been repaid, each one amounting to € 120 thousand.

Other bank loans

Other bank loans amounted to € 27 thousand at 31 December 2021 (€31 thousand at 31 December 2020).

Current account overdraft, advance payments and hot money

At 31 December 2021 this item showed a balance of € 6,140 thousand, against an amount of € 5,950 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 "finance" lease agreements (according to the classification of the previous standard IAS17) 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. and some companies in the Polish sub-group. In particular, 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 2021 new finance lease agreements were entered into for € 2,215 thousand.

Financial liability for operating leases

As at 31 December 2021 the financial liability for "operating" leases (according to the classification of the previous standard IAS 17) amounted to € 37,116 thousand against € 38,788 thousand at 31 December 2020. Specifically, during 2021 there were early termination transactions of agreements concerning property leases and long-term hire of vehicles and equipment, equal to € 963 thousand and increases for the execution of new agreements equal to € 4,443 thousand, as well as additions from

business combinations following the acquisition of U.jet S.r.l. for € 1,983 thousand; for which reference should be made to note 3.

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 2021 the overall balance of these loans amounted to € 603 thousand (€580 thousand at 31 December 2020).

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 € 14,556 thousand at 31 December 2021, were transferred to the factor in the subsequent month after the end of the period.

Obligations from assignments of receivables with recourse

During 2020 the Parent Company Rekeep S.p.A. entered into an agreement for the assignment with recourse 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. The subsidiary Servizi Ospedalieri S.p.A. also entered into an agreement for the assignment with recourse of public trade receivables with Banca Sistema S.p.A. during the same year.

During 2021 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 56,272 thousand, while the exposure was equal to € 23,270 thousand at 31 December 2021 (€ 15,732 thousand at 31 December 2020).

Obligations arising from reverse factoring transactions

As from 2020 the Parent Company Rekeep S.p.A. entered into some reverse factoring lines which ensure a greater amount of overdraft facilities with respect to payments to some suppliers. The overall exposure amounted to € 9,963 thousand at 31 December 2021.

Options on subsidiaries' minority shareholdings

The options on subsidiaries' non-controlling interests were recognized for an amount of € 15,336 thousand at 31 December 2021 (€ 13,077 thousand at 31 December 2020).

Of these an amount of € 13,384 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 the 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. This option may be exercised within one year as from the fifth year after the date of acquisition. This option may be exercised between 30 October 2024 and 30 October 2025.

As at 31 December 2021 the estimated liability linked to the Put option held by the minorities of Rekeep France S.a.s. was also recognized for € 1,952 thousand (€ 977 thousand at 31 December 2020), 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 September 2021 and 30 September 2023.

Debt for the acquisition of investments/business units

This item amounted to € 1,112 thousand at 31 December 2021 (€ 745 thousand at 31 December 2020). The increase for the period was due to the recognition of the portion of the deferred price (€ 1,046 thousand) paid at closing for the acquisition of the subsidiary U.Jet S.r.l..

As at 31 December 2020, payables for the acquisition of minority interests amounted to € 745 thousand, of which an amount of € 679 thousand relating to payables for the acquisition of minority interests of other companies in the Polish sub-group.

Other financial liabilities

As at 31 December 2021 other financial liabilities were recorded for € 4,317 thousand, against € 4,474 thousand at 31 December 2020. Other financial liabilities include a loan of € 2,408 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. Furthermore, the balance of this item includes financial liabilities of the newly-acquired U.Jet S.r.l. for € 1,677 thousand (for more details, reference should be made to note 3 Business Combinations).

At 31 December 2020 the Parent Company Rekeep S.p.A. also showed the payable for adjustments to the price for the transfer of Sicura S.p.A. for € 800 thousand, in accordance with the provisions of the contract of sale signed on 28 February 2020. This debt was paid off in 2021.

18. CONTINGENT LIABILITIES

As at the date of approval of the Consolidated Financial Statements at 31 December 2021 no 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 2021.

ANAC's disqualification order - Santobono Pausilipon

With reference to the *ANAC's disqualification order - Santobono Pausilipon*, it should be noted that, at the hearing on the merits held on 25 November 2021, the Council of State, by judgment no. 491/2022 filed on 25 January 2022, granted the appeal filed by the Company against the Lazio Regional Administrative Court's ruling no.3754/2021, annulling any effect of the order adopted by ANAC, previously suspended as a precautionary measure, by which an administrative fine had been imposed for € 10,000 and the disqualification of the Company had been ordered from taking part in public tenders and from awarding public contracts under sub-contract agreements for a period of 6 months.

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

By a judgment published on 27 December 2018, however, 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. The Company filed an appeal against this judgment together with an application for preliminary request, which was accepted by the Council of State by an order dated 23 April 2021. In light of this, any effect of the ANAC order must be regarded as suspended at present. Moreover, following the summary examination of the precautionary proceedings phase, the Council of State held that "the principle of strictly legal typicality of the sanctions (....) has been breached, given that (...) the failure to make a statement with which the Company has been charged under the order does not coincide with a false statement». Finally, the hearing for the trial proceedings which took place on 25 November 2021 before the Council of State, had a favorable outcome for the Company. The Company had also filed an appeal with the European Court of Human Rights in order to protect its interests, having it entered on the docket, due to meeting the preliminary requirement of non-manifest inadmissibility.

19. TRADE PAYABLES, CONTRACT LIABILITIES AND OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item at 31 December 2021 and 31 December 2020:

	31 December 2021	of which to related parties	31 December 2020	of which to related parties
Trade payables	372,513		373,295	
Trade payables due to third parties	**372,513**	**0**	**373,295**	**0**
Trade payables to MSC Società di Partecipazione tra Lavoratori	4,683	4,683	5,883	5,883
Trade payables to Group companies within 12 months	17,240	17,240	12,644	12,644
Trade payables to MSC group	**21,923**	**21,923**	**18,527**	**18,527**
Advances from customers, including contract liabilities	18,938	2	21,027	1
Trade payables and contract liabilities	**413,374**	**21,925**	**412,849**	**18,528**
Fees due to directors and statutory auditors	301		245	
Tax payables	9,103		7,835	
Payables to social security institutions within 12 months	19,575		28,269	

	31 December 2021	of which to related parties	31 December 2020	of which to related parties
Other payables to TJA ("Associazione temporanea di imprese")	5,556		10,807	
Payables to employees within 12 months	48,566		49,356	
Other payables within 12 months	81,919		85,487	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**167,196**	**0**	**184,175**	**0**
Other current payables to Manutencoop Società Cooperativa	36	36	26	26
Other payables to Group companies	97	97	31	31
Other current payables to MSC Group	**133**	**133**	**57**	**57**
Accrued expenses	61		3	
Deferred income	67		14	
Accrued expenses and deferred income	**128**	**0**	**17**	**0**
Other current operating payables	**167,457**	**133**	**184,249**	**57**

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 € 413,374 thousand at 31 December 2021 against a balance of € 412,849 thousand at 31 December 2020, showing an increase of € 525 thousand.

Other current operating payables showed a balance of € 167,457 thousand at 31 December 2021 (€ 184,249 thousand at 31 December 2020) and are mainly made up of the following items:

- payables to employees of € 48,566 thousand (€ 49,356 thousand at 31 December 2020) 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 € 19,575 thousand (€ 28,269 thousand at 31 December 2020);
- payables due to tax authorities for € 9,103 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 (€ 7,835 thousand at 31 December 2020);

› collections on behalf of Temporary Associations of Companies (TJA) for € 5,556 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 10,807 thousand at 31 December 2020).

As at 31 December 2021, Other payables within 12 months included the remaining payable relating to 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.. 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, as well as in the related updated installment payment plan sent by the Revenue Agency on 22 December 2020 (€ 82,200 thousand, including surcharges and collection costs). In 2021, the Company resumed operations to pay monthly installments, paying part of the installments suspended during the Covid-19 emergency period, even due to the expiry of the final deadline for suspending payments of the sums on the tax roll provided for by the legislative orders issued during the emergency period (31 August 2021), which entailed recognition of a higher collection cost on certain installments for € 606 thousand in 2021 (of which an amount of € 255 thousand recognized as an increase in the payable and € 351 thousand recognized under provisions for risks and charges, due to the different probability of application of the additional cost) in addition to default interest. The residual debt stated in the Consolidated Financial Statements amounted to € 72,194 thousand at 31 December 2021.

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

The table below sets forth the breakdown of the item for the years ended 31 December 2021 and 31 December 2020, as restated:

	For the year ended	
	31 December 2021	31 December 2020
Revenues from product sales	28,857	42,443
Service revenues	978,634	918,581
Revenues from construction activities and plant installation	86,215	98,795
Other sales revenues	25,053	18,121
REVENUE FROM CONTRACT WITH CUSTOMERS	1,118,759	1,077,940

At 31 December 2021 *Revenue from contracts with customers* amounted to € 1,118,759 thousand (€ 1,077,940 thousand at 31 December 2020).

The item showed an increase of € 40,819 thousand, driven by the Private and Public markets mainly due to two effects: there was an increase in volumes thanks to less stringent closures due the Covid-19 pandemic on the one hand and, on the other, an increase in the price charged to the customer in the integrated management heat service contracts following an increase in

energy costs. The healthcare sector also contributed to the rise in revenues for the period, recording a better performance in the first half of 2021, thanks to higher sales of PPE and the supply of bulk materials (gowns) and mattresses as requested by the hospital trusts, which were requested during the "third wave" of the Covid-19 emergency, while a slowdown was recorded in the remaining part of the year.

The contribution of foreign companies to consolidated revenues from contracts with customers amounted to € 156,467, against € 133,039 thousand recorded at 31 December 2020, which were mainly contributed to by the results achieved by the Group led by Rekeep Polska.

21. OTHER REVENUES

The table below sets forth the breakdown of the item for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Grants	531	534
Asset capital gains	928	185
Recovery of costs – seconded personnel	0	98
Compensation for damages	699	145
Revenues for leases and rentals	12	12
Other revenues	1,096	2,476
OTHER REVENUES	3,266	3,450

At 31 December 2021 the balance of *Other revenues* amounted to € 3,266 thousand compared to € 3,450 thousand in 2020, showing a decrease of € 184 thousand.

Operating grants, equal to € 531 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 for € 614 thousand.

22. 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 2021 and 31 December 2020:

	For the year ended

	31 December 2021	31 December 2020
Fuel consumption	62,961	43,878
Consumption of raw materials	130,975	119,481
Purchase of semi-finished/finished products	619	1,293
Products of auxiliary materials and consumables	11,229	18,355
Packaging	2,424	2,295
Change in inventories of fuel and raw materials	2,347	(541)
Other purchases	4,411	6,990
CONSUMPTION OF RAW MATERIALS AND CONSUMABLES	**214,966**	**191,751**
Change in inventories of finished and semi-finished products	918	5,087
CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS	**918**	**5,087**

At 31 December 2021 the item amounted to € 214,966 thousand compared to € 191,751 thousand at 31 December 2020. The increase, equal to € 23,215 thousand, was mainly due to an increase in fuel and energy prices, which mainly occurred in the second half-year, as well as to the higher consumption of raw and auxiliary materials due to the resumption of routine work during the year thanks to the less stringent measures put in place in order to cope with the Covid-19. *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.r.l. of medical devices and PPE.

23. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	31 December 2020
Third-party services	208,907	224,421
Consortia services	10,264	7,791
Equipment maintenance and repair	8,193	8,371
Professional services	32,961	37,726
Statutory Auditors' fees	357	258
Transport	12,702	12,923
Advertising and promotion	455	406

	For the year ended	
	31 December 2021	31 December 2020
Bonuses and commissions	287	170
Insurance and sureties	6,368	6,091
Bank services	390	378
Utilities	8,636	10,999
Travel expenses and reimbursement of expenses	2,733	2,359
Employee services	7,493	7,204
Other services and contingent items	11,724	11,379
Costs for services	**311,470**	**330,476**
Rent expense and Hires	5,700	5,940
Hiring of equipment and others	6,182	5,789
Costs for leased assets	11,882	**11,729**
COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS	**323,352**	**342,205**

For the year ended 31 December 2021 *Costs for services and use of third party assets* totaled € 323,352 thousand, marking a decrease of € 18,853 thousand compared to the balance of the item recorded in the previous year. The change was mainly due to a drop 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 24 below.

24. PERSONNEL COSTS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	31 December 2020
Wages and salaries	320,106	301,290
Social security charges	78,174	75,686
Secondment costs	30,756	28,688
ESI paid to INPS (National Social Security Institute) and to funds	23,553	23,209
Directors' fees	949	1,202

	For the year ended	
	31 December 2021	31 December 2020
Other personnel costs	3,122	1,535
Current benefits	**456,660**	**431,610**
Employee termination indemnity provision	739	506
Subsequent benefits	**739**	**506**
Employment termination benefits	2,797	1,024
Employment termination benefits	**2,797**	**1,024**
PERSONNEL COSTS	**460,196**	**433,140**

At 31 December 2021, Personnel Costs, equal to € 460,196 thousand, showed an increase of € 27,056 thousand compared to the previous year (when they amounted to € 433,140 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 156% at 31 December 2021 against 153% at 31 December 2020. 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 358,812 thousand (€ 351,842 thousand at 31 December 2020).

25. OTHER OPERATING COSTS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	31 December 2020
Capital losses on disposals of assets	55	185
Losses on receivables	14	50
Other taxes	2,083	2,201
Fines and penalties	1,815	83,915

	For the year ended	
	31 December 2021	31 December 2020
Credit Discount on assignments of receivables	213	214
Other operating costs and contingent items	9,426	5,168
OTHER OPERATING COSTS	**13,606**	**91,733**

Other operating costs amounted to € 13,606 thousand, showing a decrease of € 78,127 thousand compared to the balance for the previous year (€ 91,733 thousand at 31 December 2020).

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 this regard, an additional amount of € 255 thousand was recognized for higher collection costs in 2021. For more details, reference should be made to note 15 above.

After excluding the amount of the fine in the two comparative financial years, the change increased by € 3,818 thousand, mainly due to higher taxes, penalties and other operating costs.

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

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	31 December 2020
Amortization of intangible assets	6,325	7,293
Depreciation of property, plant and equipment	24,292	22,558
Amortization of Rights of use	7,155	6,787
Write-downs of receivables, net of releases	3,619	3,284
Write-down of property, plant and equipment	76	0
Other write-downs	10	550
AMORTIZATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACK OF ASSETS	**41,477**	**40,472**

At 31 December 2021 *Amortization/depreciation, write-downs and write-backs of assets* amounted to € 41,477 thousand, showing an increase of € 1,005 thousand compared to the balance of item in the previous year.

Specifically note the following:

- an increase in amortization/depreciation for a total of € 1,134 thousand, mainly attributable to property, plant and equipment;
- higher write-downs of receivables made for € 335 thousand during the year.

27. DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Dividends	302	430
Capital gains (capital losses) from sale of equity investments	1,196	4,797
DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS	**1,498**	**5,227**

In 2021, dividends were collected from other companies not included under the scope of consolidation for € 302 thousand, relating to investee companies of the Parent Company Rekeep S.p.A..

Capital gains (capital losses) from sale of equity investments included a net capital gain recorded as result of the sale by Servizi Ospedalieri S.p.A. of Fratelli Bernard S.r.l., a company specializing in industrial laundering services, of which it held an investment of 20% in the quota capital: the sale was signed on 28 December 2021 for a consideration of € 2,200 thousand, of which an amount of € 300 thousand was deferred, achieving a net capital gain of € 514 thousand in the Group's Consolidated Financial Statements, consisting of a net capital gain of € 1,800 thousand recognized in the Financial Statements of Servizi Ospedalieri, net of net capital loss arising from the consolidation adjustments allocated to the company.

The Parent Company Rekeep S.p.A. also sold an associate investment on 4 January 2021, which achieved a net capital gain of € 638 thousand in the Consolidated Financial Statements (consisting of a net capital gain of € 812 thousand recognized in the Financial Statements of the Company, net of net capital loss arising from the consolidation adjustments allocated to the company).

As at 31 December 2020, on the other hand, this item 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, as well as 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 carried out in December 2018.

28. FINANCIAL INCOME

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Interest on bank current accounts	210	14
Interest on non-property and intercompany current accounts	163	233
Interest on trade receivables	318	628
Interest from discounting of non-interest bearing loans	3	10
Interest and other income from securities	1	1
Capital gains on sale of securities	-	1,160
Other financial income	360	529
FINANCIAL INCOME	**1,055**	**2,575**

Financial income recorded a decrease equal to € 1,520 thousand compared to the previous year, when capital gains on securities for € 1,160 thousands were recognized by the Parent Company Rekeep S.p.A. following the repurchase of portions of the previous bond issue for a nominal value of € 15,800 thousand, which took place in the second quarter of 2020.

29. FINANCIAL COSTS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Financial costs for “finance” leases	145	132
Financial costs for “operating” leases	1,637	1,790
Financial costs on intercompany loans	67	183
Interest on bank loans and current account overdrafts	413	36

	For the year ended	
	31 December 2021	**31 December 2020**
Other financial costs	30,230	34,084
Interest discount on assignments of receivables without recourse	5,259	4,534
Interest on trade payables	224	510
Other financial costs	31,706	8,812
FINANCIAL COSTS	**69,681**	**50,081**
Exchange rate adjustments	(424)	(752)
PROFIT (LOSS) ON EXCHANGE RATE	**(424)**	**(752)**

Financial costs showed a total increase of € 19,600 thousand in 2021 compared to the previous year.

The change in this item was significantly affected by the refinancing transaction carried out by the Parent Company Rekeep S.p.A., which entailed an early redemption of the Senior Secured Notes issued in 2017, due 2022 and a coupon at an annual fixed rate of 9% (for a nominal value of € 333.9 million at the settlement date), as well as the issue of new Senior Secured Notes due 2026 and a coupon at an annual fixed rate of 7.25% for a total amount of € 370.0 million. At the same time as the bond issue the Revolving Credit Facility line of € 50.0 million was repaid and a new facility was signed for a maximum amount of € 75.0 million. This transaction, which will allow in the next financial years a reduction in the weight of financial charges on results of operations (payable with a coupon on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) entailed the payment of non-recurring financial charges for € 23,674 thousand during the first half of 2021.

With reference to the Senior Secured Notes, *Financial charges on other loans* included financial costs on the coupons of the Notes for € 27,514 thousand, which accrued in 2021, of which € 2,254 thousand related to interest accrued on previous notes before the sale, down by € 3,023 thousand compared to the balance recorded in the previous year (€ 30,537 thousand); the item clearly showed the benefit in term of interest accrued on the Notes, due to the lower interest rate applied on the new issue. *Other financial costs* included financial charges for amortized cost accrued in 2021 for € 7,176 thousand, including the write-off of the residual additional costs to the issue in 2017 equal to € 5,818 thousand, against a cost of € 3,977 thousand which affected the 2020 financial year (including the write-off cost on the Notes repurchased during the year, equal to € 402 thousand).

Other financial costs also included amortization charges of the initial costs for the new facility *Super Senior Revolving Credit Facility* ("RCF"). These costs, which were initially equal to € 1,260 thousand, were also amortized on a straight-line basis throughout the term of the credit facility and gave rise to amortization charges of € 258 thousand in 2021, to which must be added € 254 thousand related to the reversal through profit or loss of the residual portion of the costs concerning the previous RCF facility (initially equal to € 1.0 million), which are also amortized on a straight-line basis throughout the term of the credit facility (in 2020, the charges accrued in the period attributable to the facility amounted to € 325 thousand). Other financial

charges incurred for the Super Senior Revolving Facility included commitment fees charged by banks equal to € 673 thousand (€ 67 thousand at 31 December 2020). Finally, with regard to the facility, interest on temporary partial uses accrued for € 223 thousand in 2021, which was included in the item *Charges on other loans*. In 2020, the facility was used on 23 March 2020 and repaid on 31 December 2020 generating financial costs for the time being equal to € 1,670 thousand.

Finally, the refinancing transaction, which was completed at the beginning of 2021, entailed a further charge to the item *Other financial charges* for € 17,592 thousand, of which € 15,026 thousand related to early redemption costs on the basis of the redemption premium set in the rules of the Senior Secured Noted and € 2,567 thousand due to bank fees correlated to the new issue.

Finally, the Group recorded charges correlated to the assignments of trade receivables without recourse and VAT made during the year for € 5,259 thousand at 31 December 2021, of which € 182 thousand related to the assignments of VAT receivables requested for refund (totaling € 4,534 thousand at 31 December 2020) and financial costs accrued on the financial liability for operating leases equal to € 1,637 thousand (€ 1,790 thousand in 2020).

30. CURRENT AND DEFERRED TAXES

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Current IRES tax	12,685	13,141
Current IRAP tax	5,447	4,430
(Income) costs from tax consolidation	(2,237)	(2,536)
Adjustments to current taxes of previous years	413	707
Current taxes	**16,308**	**15,742**
Deferred IRES tax	1,520	(1,278)
Deferred IRAP tax	(56)	131
Deferred taxes relating to previous years	(29)	29
Deferred taxes	**1,435**	**(1,118)**
CURRENT AND DEFERRED TAXES	**17,743**	**14,624**

In 2021 the Group recorded taxes totaling € 17,743 thousand, marking an increase of € 3,116 thousand compared to the taxes recognized at 31 December 2020.

More specifically, the main changes are as follows:

- a decrease of € 456 thousand in the current IRES tax balance;
- an increase of € 1,017 thousand in the current IRAP tax balance;
- an increase of € 299 thousand in the balance of income from tax consolidation;
- negative adjustments to current taxes relating to previous years for € 294 thousand;
- the recognition of a net charge of € 1,435 thousand, relating to the total balance of prepaid and deferred taxes (a net income of € 1,118 thousand at 31 December 2020). 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 7).

At 31 December 2020 the Group recognized Current tax receivables for a total amount of € 5,278 thousand, relating to the net balance of the excess IRES tax advances paid to the Tax Office or receivables from parent company MSC Società di Partecipazione tra Lavoratori (formerly Manutencoop Società Cooperativa) which arose within the scope of the national tax consolidation in force with some Group companies.

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 2021 and 31 December 2020 to pre-tax profit is set out below. The theoretical IRES tax rate applicable in Italy is 24% of taxable income for the financial period. The table includes the effects on current IRES tax arising from the recognition of income from participation in the tax consolidation scheme. The theoretical IRAP tax rate applicable in Italy varies by region and business sector. The taxes of foreign companies are calculated on the basis of rates that are applicable at local level.

	31 December 2021		31 December 2020	
		%		%
PRE-TAX PROFIT	(3,259)		(68,396)	
of which Discontinued operations	*16*		*2,694*	
Current taxes calculated in Italy – IRES tax	11,368		12,438	
(Income)/ costs from national tax consolidation	(2,237)		(2,536)	
Current taxes calculated in Italy - IRAP tax	5,447		4,430	
Current taxes calculated abroad	1.316		703	
Taxes for previous years	413		707	
EFFECTIVE TAX / RATE	**16,307**	**N/A**	**15,742**	**N/A**
OF WHICH DISCONTINUED OPERATIONS	*0*	***0%***	*125*	***4.65%***

Deferred tax assets and liabilities

At 31 December 2021 the Group recorded deferred tax assets of € 15,783 thousand, net of deferred tax liabilities of € 16,384 thousand, as shown below:

	Tax effect on thebalance sheet			Tax effect through P&L	Tax effect on equity
	31 December 2020	of which Business Combinations	31 December 2021	31 December 2021	31 December 2021
Deferred tax assets:					
Expected credit losses	4,767		2,751	(2,016)	
Provisions for risks and charges	4,074		4,663	589	
Amortization	973		891	(82)	
Interest expense	3,071		3,086	5	
Cash cost deduction	49	30	35	(44)	
Other consolidation adjustments	321	30	380	37	(7)
Other temporary adjustments	4,690	31	3,977	34	(5)
Foreign exchange effect					
Total deferred tax assets	**17,945**	**91**	**15,783**	**(1,477)**	**(776)**
Deferred tax liabilities:					
Goodwill amortization	(11,428)		(11,528)	(100)	
Purchase Price Allocation	(1,539)		(1,472)	67	
Cash cost deduction	(845)		(665)	181	
Employee benefit discounting	18		3	(17)	(3)
Other consolidation adjustments	(227)		(203)	25	
Other temporary differences	(2,686)		(2,520)	(113)	
Foreign exchange effect					282
Total deferred tax liabilities	**(16,708)**	**0**	**(16,384)**	**43**	**280**
NET DEFERRED TAXES	**1,238**	**91**	**(601)**	**(1,435)**	**(497)**

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

No significant assets held for sale were recognized at 31 December 2021.

With regard to the 2020 financial year, 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 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.

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

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 2021	31 December 2020
Collection of deferred consideration from sale of Energyproject S.r.l. (2014)	0	205
Collection of consideration from sale of Sicura S.p.A. (2020)	0	53,731
CASH FLOW FROM DISPOSAL OF OPERATING ASSETS	**0**	**53,935**

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

32. 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 2021	**31 December 2020**
Net profit /(loss) attributable to shareholders (in thousands of Euro)	(22,588)	(83,154)
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.**	**N.A.**

	For the year ended	
	31 December 2021	**31 December 2020**
Net profit /(loss) from continuing operations (in thousands of Euro)	(21,001)	(83,020)
Net profit /(loss) from continuing operations pertaining to minority interests (in thousands of Euro)	(1,603)	(2,703)
Net profit from continuing operations pertaining to the Group (in thousands of Euro)	(22,604)	(85,723)
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.**	**N.A.**

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.

33. 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 2021

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment revenues	975,196	150,471	(3,642)	1,122,026
Segment costs	(927,216)	(136,273)	3,642	(1,059,846)
Operating income (loss) by segment	**47,981**	**14,199**	**0**	**62,179**
Share of net profit of associates	916	351	0	1,267
Net financial income (costs)				(66,704)
Profit (loss) before taxes				(3,258)
Income taxes				(17,743)
Profit (loss) from discontinued operations				16
NET PROFIT (LOSS) FOR THE YEAR ENDED 31 DECEMBER 2021				**(20,985)**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	492,850	139,427	(2,709)	629,568
Goodwill	388,752	15,954		404,706
Investments	12,111	4,182		16,294
Other assets not allocated and related taxes				143,306
SEGMENT ASSETS AT 31 DECEMBER 2021	**893,713**	**159,563**	**(2,709)**	**1,193,873**
Liabilities allocated to the segment	571,227	61,287	(2,709)	629,805
Other liabilities not allocated and related taxes				512,735
SEGMENT LIABILITIES AT 31 DECEMBER 2021	**571,227**	**61,287**	**(2,709)**	**1,142,540**

	Facility management	Laundering & Sterilization	Total
OTHER SEGMENT INFORMATION AT 31 DECEMBER 2021			
Investments in segment assets	11,177	15,940	**27,117**
Amortization/depreciation and write-downs of segment assets	21,277	20,200	**41,477**

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	Elisioni	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			

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

Geographical areas

The Group conducts its core business in Italy. At 31 December 2021 the activities conducted abroad were still marginal for the Group, although on the rise, and generated revenues amounting to € 154,484 thousand (€ 124,949 thousand at 31 December 2020).

The information by geographical area required by IFRS 8 is shown below for the years ended 31 December 2021 and 2020.

	Italy	Foreign countries	Eliminations	Total
INFORMATION BY GEOGRAPHICAL AREA AT 31 DECEMBER 2021				
Revenues	967,542	154,484		**1,122,026**
Non-current operating assets	536,540	17,610		**554,150**

	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**

34. COMMITMENTS AND GUARANTEES

The Group has commitments in place which arise from the execution of 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 in 2019 contributed additional leases for capital goods and for the use of a property.

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 lease agreements and their present value at 31 December 20201 and 31 December 2020:

	31 December 2021			
	"Finance" Lease		"Operating" Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	2,179	2,105	8,376	6,841
From one year to five years	4,264	4,147	25,272	21,829
After 5 years	1,186	738	9,137	8,446
TOTAL LEASE PAYMENTS	**7,628**	**6,991**	**42,785**	**37,116**
Financial charges	(637)		(5,669)	
PRESENT VALUE OF LEASE	**6,991**	**6,991**	**37,116**	**37,116**

	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	**6,426**	**6,426**	**38,788**	**38,788**

Furthermore, as at 31 December 2021, the Group granted sureties to third parties for:

- guarantees for financial obligations of € 10,459 thousand (€ 11,022 thousand compared to 31 December 2020), of which € 2,420 thousand issued in the interest of associates for overdrafts and other financial obligations (€ 2,932 thousand at 31 December 2020);

- sureties issued to third parties to ensure the correct fulfillment of contract obligations in place with customers amounting to € 342,774 thousand (€ 324,376 thousand at 31 December 2020), 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 € 6,619 thousand (€ 10,307 thousand at 31 December 2020);
- 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 € 76,889 thousand (€ 48,299 thousand at 31 December 2020).

Guarantees arising from the Senior Secured Notes issue launched in 2021 and from the Super Senior Revolving loan agreement

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. 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.

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 Servizi Ospedalieri S.p.A..

The payment obligations connected to both the Bond Issue and the Super Senior Revolving facility (RCF) are backed 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 (now MSC Società di Partecipazione tra Lavoratori S.p.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 2021 no events of default had occurred.

35. 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 MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly 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 € 188 thousand collected in consideration of these services were recognized at 31 December 2021 (€ 984 thousand at 31 December 2020).

The main contracts in place with other Rekeep Group companies, controlled by MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), with the latter and its subsidiaries, are shown below:

- MSC 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;
- MSC 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, MSC, in order to regulate the essential contents of subsequent personnel leases from MSC 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 MSC set out the conditions that regulate any future contracts for the leasing of shareholding personnel of MSC, and the operating rules for establishing and terminating said contracts;

- MSC 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 MSC 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 MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly 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 2020	31 December 2019
BALANCE SHEET		
ASSETS		
A) Subscribed capital unpaid	27	52
B) Fixed assets	127,428	316,234
C) Current assets	10,409	30,166
D) Accrued income and prepaid expenses	733	993
TOTAL ASSETS	**138,596**	**347,445**
LIABILITIES		
A) Shareholders' equity:		
Share capital	4,564	5,034
Reserves	285,866	277,737
Profit/(Loss) for the year	(186,960)	8,381
B) Provisions for risks and charges	315	684
C) Employee Severance Indemnity	878	984
D) Payables	33,343	53,995
E) Accrued expenses and deferred income	590	630
TOTAL LIABILITIES	**138,596**	**347,445**
INCOME STATEMENT		
A) Value of production	30,447	34,282
B) Costs of production	(28,917)	(33,230)
C) Financial income and costs	1,331	9,033

	31 December 2020	31 December 2019
D) Value adjustments to financial assets	(189,046)	(2,855)
Income taxes for the year	(776)	1,151
Profit/(Loss) for the year	**(186,960)**	**8,381**

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 2021, as well as those paid to executives with strategic responsibilities in the Parent Company, including for roles held in other Group companies:

	31 December 2021	31 December 2020
Board of Directors		
Short-term benefits	463	416
Post-employment benefits	0	0
TOTAL BOARD OF DIRECTORS	**463**	**416**
Executives with strategic responsibilities		
Short-term benefits	4,281	2,787
Post-employment benefits	125	133
TOTAL EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**4,406**	**2,920**
Board of Statutory Auditors		
Short-term benefits	102	104
TOTAL BOARD OF STATUTORY AUDITORS	**102**	**104**

The table below reports the fees accounted for in the 2021 consolidated income statement for audit and non-audit services rendered by EY S.p.A. and by other entities in its network:

	31 December 2021	31 December 2020

	31 December 2021	31 December 2020
Audit services	698	614
Certification services	20	34
Other services	909	744
TOTAL FEES DUE TO EY S.P.A. NETWORK COMPANIES	**1,627**	**1., 92**

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

36. 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.

On 18 January 2021, Rekeep S.p.A. also announced the launch of a new 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, organized 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 transaction enabled the Parent Company Rekeep S.p.A. to early repay the previous 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, with an outstanding nominal value equal to € 333.9 million.

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 2021 and 31 December 2020:

		Hierarchy Levels				Hierarchy Levels		
	31 December 2021	**Level 1**	**Level 2**	**Level 3**	**31 December 2020**	**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		
- of which hedging derivatives	**0**	0			**0**	0		

		Hierarchy Levels				Hierarchy Levels		
	31 December 2021	Level 1	Level 2	Level 3	31 December 2020	Level 1	Level 2	Level 3
- 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 2021 and 31 December 2020. 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 2021:

	31 December 2021	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
NON-CURRENT FINANCIAL ASSETS			
Other investments	7,140	7,140	
Non-current financial assets	4,702		4,702
Other non-current assets	3,232		3,232
Total non-current financial assets	**15,074**	**7,140**	**7,934**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	443,248		443,248
Current tax receivables	5,278		5,278
Other current assets	24,133		24,133
Current financial assets	14,799		14,799
Cash and cash equivalents	99,512		

	31 December 2021	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
Total current financial assets	**586,970**	**0**	**487,458**
TOTAL FINANCIAL ASSETS	**602,044**	**7,140**	**495,392**
FINANCIAL INCOME (COSTS)	**2,977**	**752**	**2,225**

	31 December 2021	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	412,883		412,883
Financial liabilities for non-current derivatives	0		0
Other non-current liabilities	1,391		1,391
Total non-current financial liabilities	**414,274**	**0**	**414,274**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	413,374		413,374
Current tax payables	0		0
Other current liabilities	167,457		167,457
Bank borrowings and other financial liabilities	82,077		82,077
Total current financial liabilities	**662,908**	**0**	**662,908**
TOTAL FINANCIAL LIABILITIES	**1,077,182**	**0**	**1,077,182**
FINANCIAL INCOME (COSTS)	**(74,940)**	**0**	**(74,940)**

Below is the same information for the financial 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			

	31 December 2020	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
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
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	Financial Liabilities 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)**

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), leases and medium/long-term loans.

The Group is characterized by a labor-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, the Parent Company Rekeep S.p.A. also signed a Super Senior Revolving (RCF) loan agreement for a total amount of € 75 million, governed by English law. Specifically, the RCF loan agreement was entered into between, among others, Rekeep S.p.A., on the one hand, and 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, on the other hand. 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 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 minimize 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 2021	31 December 2020	31 December 2021	31 December 2020
FINANCIAL ASSETS				
Cash and cash equivalents	99,512	90,464	99,512	90,464
Receivables and other current financial assets	14,799	5,994	14,799	5,994
Other minority interests	7,140	7,130	7,140	7,130
Non-current financial receivables	4,702	5,529	4,702	5,529
FINANCIAL LIABILITIES				
Loans:				
- Variable rate loans	21,387	9,724	21,387	9,724
- Fixed rate loans	411,919	359,785	411,919	359,785
Other current financial liabilities	61,654	61,276	61,654	61,276

Interest rate risk

With the refinancing transaction carried out by the Parent Company Rekeep 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 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 17, to which reference should be made as regards Loans, and in notes 9 and 12 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 2021	+ 150 bps	(2,756)
	- 30 bps	551
Financial year ended 31 December 2020	+ 150 bps	(2,362)
	- 30 bps	472

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 2021	31 December 2020
Employee termination indemnity	10,483	11,267
Interest-bearing loans	433,306	369,509
Trade payables and contract liabilities	413,374	412,849
Other current payables	167,457	184,249
Other current financial payables	61,654	61,276
Cash and cash equivalents	(99,512)	(90,464)
Other current financial assets	(14,799)	(5,994)
Total Net Debt	**971,963**	**942,692**
Group shareholders' equity	46,746	69,337
Undistributed net profit (loss)	22,588	83,154
Total Capital	**69,334**	**152,491**
EQUITY AND NET DEBT	**1,041,297**	**1,095,183**
INDEBTEDNESS RATIO	**93.3%**	**86.1%**

The debt ratio showed an increase compared to 31 December 2020 as a result of a decrease in the shareholders' equity of the Group against the loss carried forward at 31 December 2020, which was affected by the recognition of the fine imposed by the Competition Authority for € 82,200 thousand, as well as the continuing existence of a significant balance of current payables due to the recognition of liabilities relating to the notice of payment of the fine itself.

37. OTHER INFORMATION

In 2021 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 2021 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 17 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 at the website www.rna.gov.it, section "TRANSPARENCY - PERSONAL AID".

38. SUBSEQUENT EVENTS

New agreement for the assignment without recourse of trade receivables

On 17 January 2022, the Parent Company Rekeep S.p.A. signed a new agreement for the assignment without recourse of its trade receivables with Banca Farmafactoring S.p.A. for an amount of up to € 300 million. The agreement has a term of three years and provides for the possibility of assigning, without recourse and on a revolving basis, receivables claimed by Rekeep S.p.A. and other subsidiaries from Entities in the National Health System and Public Authorities. The new agreement replaces the previous one, which was also signed with Banca Farmafactoring S.p.A. in 2018 and which provided for an annual ceiling of up to € 200 million for the assignment of receivables of the same type.

Heterogeneous transformation and change of name of the parent company

Manutencoop Società Cooperativa transformed its legal form from a cooperative company to a joint-stock company, and, in this context, changed its company name to MSC Società di Partecipazione tra Lavoratori S.p.A., with effect from 1 February 2022. The transaction was carried out following a resolution passed by the extraordinary shareholders' meeting held on 27 November 2021 and upon completion of the formalities required by the applicable provisions of law. The Rekeep Group's parent company retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal total value.

The adoption of the new legal form of joint-stock company originated and was motivated by the need to better support the national and international development of the Rekeep Group. The cooperative company form, due to its rules of governance and remuneration of invested capital, has in fact proved unsuitable over time to cope with this program, which requires both the contribution of capital from shareholders and the financial market and access to advanced financial instruments.

There were no significant impacts on the operations of the Rekeep Group following the transformation.

International geopolitical tensions

As at the date of presentation of the Consolidated Financial Statements, the conflict that broke out on 24 February 2022 following Russia's invasion of Ukraine was still ongoing, and its evolution is not foreseeable at present. The military conflict had immediate repercussions in economic terms: the main Western political forces reacted by imposing extremely harsh economic sanctions on Russia; on the other hand, the climate of uncertainty led to a general rise in inflation.

At present, it is not yet possible to reliably estimate the impact of the international scenario described above and the repercussions that it has on the country. The Management monitors the situation on an ongoing basis.

It should be pointed out that the Group has no business relationships, nor does it have secondary offices or companies in the countries involved in the conflict.

Zola Predosa, 18 March 2022

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	Lodz (Poland)	100%	PLN
Cefalù Energia S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	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 Bolzano no. 59	Trento (TN)	97.449%	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
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)	100%	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
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)	56%	Euro

Name	Registered Office	City	% Held	Currency
Naprzód Catering sp. z o.o.	ul. Stefana Banacha 1A, 02-097	Warsaw (Poland)	100%	PLN
Naprzód Cleaning sp. z o.o.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Hospital sp. z o.o.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Inwestycje sp. z o.o.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód IP sp. z o.o. in liquidation	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Marketing sp. z o.o.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Service sp. z o.o.	ul. Traktorowa no. 126/202, 91-204	Lodz (Poland)	100%	PLN
Palmanova Servizi Energetici Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Rekeep Digital S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Facility S.a.s.	Boulevard de Sebastopol no. 52	Paris	100%	Euro
Rekeep France S.a.s.	Boulevard de Sebastopol no. 52	Paris	70%	Euro
Rekeep Mobilites S.a.S.	Rue de Moscou, no. 11bis	Paris	100%	Euro
Rekeep Polska S.A.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	80%	PLN
Rekeep Rail S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Santè S.a.S.	Rue de Moscou, no. 11bis	Paris	100%	Euro
Rekeep Saudi Arabia Ltd	P.O Box 230888, K.S.A., 28th floor, Kingdom Tower	Riyadh (Saudi Arabia)	100%	SAR
Rekeep Transport S.a.S.	Place Louis Armand-Tour de l'Horloge no. 4	Paris	100%	Euro
Rekeep United Yönetim Hizmetleri A.Ş.	United Plaza Örnektepe Mh. İmrahor Cd. Sivaseli Sk.no. 4	Istanbul	50.98%	TRY
Rekeep World S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
S.AN.CO S.c.a.r.l.	Via Aurelio Saffi no. 51	Bologna	100%	Euro
S.AN.GE S.c.a.r.l.	Viale Sarca n. 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
Treviso GS4 Soc. Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	50.1%	Euro
U.Jet S.r.l.	Via San Francescuccio odè Mietitori no. 32	Bastia Umbra (PG)	60%	Euro
U.Jet Romania Private Limited Company	str. Garii no. 10	Sighetu Marmatiei, (Romania)	100%	RON

Name	Registered Office	City	% Held	Currency
Vendi Service sp. z o.o. in liquidation	ul. Traktorowa n.126, 91-204	Lodz (Poland)	100%	PLN
Vendi Servis IP sp. z o.o.	ul. Traktorowa n.126, 91-204	Lodz (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 no. 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. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Servizi Sportivi Brindisi Soc.cons.r.l. in liquidation	Via Licio Giorgieri no. 93	Rome	50%	Euro

ASSOCIATES AND OTHER COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
2High S.r.l.	Via Farini no.6	Bologna	20.09%	Euro
Alisei S.r.l. in liquidation	Via Cesari n. 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
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. in liquidation	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
Gestione Servizi Taranto Soc.Cons.a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	47%	Euro

Name	Registered Office	City	% Held	Currency
Gestione Strade Soc.Cons.a r.l.	Strada Manara no. 64/B	Parma	25%	Euro
Global Oltremare Soc.Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	42.40%	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 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. in liquidation	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 Arabia for Operations and Maintenance Ltd in liquidation	P.O Box 230888, Riyadh, 11321, K.S.A., 28th floor, Kingdom tower.	Riyadh (Saudi Arabia)	100%	SAR
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
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 20	Changes for the financial year					Net assets 31 December 21	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
2HIGH S.r.l.	20.09%	90						90	90	0
Alisei S.r.l. in liquidation	100%	(110)				0		(110)	0	(110)
A.M.G. S.r.l.	50%	2,379		(95)	91			2,373	2,373	
BGP 2 Soc. Cons. a r.l.	41.47%	62			0			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%	59			1			60	60	
Bologna Più Soc. Cons. a r.l.	25.68%	5						5	5	
Centro Europa Ricerche S.r.l.	21.38%	66			0			66	66	
Co. & Ma. Soc. Cons. a r.l.	50%	5						5	5	
Como Energia Soc. Cons. a r.l. in liquidation	30%	7	(6)		(1)			0	0	
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	60%	6						6	6	
Consorzio Sermagest in liquidation	60%	0						0	0	
Consorzio Servizi Toscana ar.l.	60%	6						6	6	
DUC Gestioni Soc.Cons. a r.l.	49%	10						10	10	
F.lli Bernard S.r.l.	20%	1,503	(1,685)	(100)	282			0	0	
Gestione Servizi Taranto Soc.Cons.a r.l.	47%	9						9	9	
Gestione Strade Soc.Cons. a r.l.	25%	13						13	13	
GICO Systems S.r.l.	20%	203	(203)					0	0	
Global Oltremare Soc.Cons. r.l. in liquidation	60%	0	6					6	6	
Global Provincia di Rimini Soc.Cons. a r.l.	42.40%	4						4	4	
Global Riviera Soc.Cons. a r.l. in liquidation	30.66%	9	(9)					0	0	

	%	Net assets 31 December 20	Changes for the financial year					Net assets 31 December 21	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
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%	382	25		(9)			399	399	
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	49.00%	(55)					(41)	(96)	0	(96)
MCF Servizi integrati Soc. Cons. a r. l. in liquidation	60.00%	6			0			6	6	
Newco DUC Bologna S.p.A.	24.90%	1,788			41		359	2,189	2,189	
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	100%	0	21		(19)		(2)	(0)	(0)	
Rekeep Austria GmbH in liquidation	100%	0	17		(17)			0	0	0
ROMA Multiservizi S.p.A.	45.47%	1,350		0	1,384		(33)	2,701	2,701	
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.	50%	5						5	5	
Simagest 2 Soc.Cons.a r.l. in liquidation	90%	45						45	45	
Simagest 3 Soc.Cons.a r.l. in liquidation	89.99%	45						45	45	
Steril Piemonte Soc. Cons. a r.l.	25%	1,000			(14)			986	986	
Tower Soc.Cons. a r.l. in liquidation	20.17%	20	(20)					0	0	
Yougenio S.r.l. in liquidation	100.00%	(168)	473		(473)	(0)		(169)	0	(169)

	%	Net assets 31 December 20	Changes for the financial year					Net assets 31 December 21	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
NET BOOK VALUE		**8,807**	**(1,382)**	**(195)**	**1,267**	**(0)**	**283**	**8,778**	**9,153**	**(374)**

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
MSC S.p.A.	31-Dec-20	175	25,840			31-Dec-20	57	8,915	5,912	17,040
	31-Dec-21	197	29,531	37		31-Dec-21	77	15,159	4,702	14,924

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-20		116			31-Dec-20			215	
	31-Dec-21		217			31-Dec-21			182	
Alisei s.r.l. in liquidation	31-Dec-20					31-Dec-20	3			1
	31-Dec-21					31-Dec-21	3			1
AMG S.r.l.	31-Dec-20		251			31-Dec-20	1		331	
	31-Dec-21		248			31-Dec-21			210	
Bologna Gestione Patrimonio Soc.Cons. a r.l.	31-Dec-20	(148)	244			31-Dec-20	165		501	
	31-Dec-21	60	242			31-Dec-21	110		520	
Bologna Più Soc.Cons.a r.l. in liquidation	31-Dec-20					31-Dec-20		3	3	2
	31-Dec-21					31-Dec-21		3	3	2
Bologna Global Strade Soc. Cons. a r.l	31-Dec-20	457	767			31-Dec-20	86	383	1	
	31-Dec-21	247				31-Dec-21	148	383	1	
Como Energia Soc.Cons.a r.l. in liquidation	31-Dec-20		7			31-Dec-20			111	
	31-Dec-21		3			31-Dec-21				
Consorzio Imolese Pulizie soc.Cons. in liquidation	31-Dec-20					31-Dec-20		36	12	
	31-Dec-21					31-Dec-21		36	12	
Consorzio	31-Dec-20					31-Dec-20				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Sermagest Soc.Cons.a r.l in liquidation	31-Dec-21					31-Dec-21				
Consorzio Servizi Toscana Soc.Cons.a r.l in liquidation	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				
Consorzio Servizi Toscana Soc.Cons.a r.l in liquidation	31-Dec-20					31-Dec-20	282		177	
	31-Dec-21					31-Dec-21	282		177	
CO.& MA. Soc. Cons. a r.l	31-Dec-20	360	1,203			31-Dec-20	60	20	568	
	31-Dec-21	270	1,166			31-Dec-21	90	20	1,163	
DUC Gestione Sede Unica Soc. Cons. a r.l.	31-Dec-20	7,141	3,218			31-Dec-20	3,140		1,037	
	31-Dec-21	7,356	3,444			31-Dec-21	4,303		1,843	
Fr.lli Bernard s.r.l.	31-Dec-20	60	23			31-Dec-20	76	50	32	
	31-Dec-21	24	29			31-Dec-21				
Gestione Servizi Taranto Soc.Cons.a r.l.	31-Dec-20	1,570	1,345			31-Dec-20	1,584	32	847	
	31-Dec-21	4,544	4,220			31-Dec-21	5,684	23	5,019	
Gestione Strade soc.cons.r.l.	31-Dec-20	223	1,278			31-Dec-20	78	63	433	
	31-Dec-21	64	1,187			31-Dec-21	44	63	398	
Gico Systems S.r.l.	31-Dec-20	6	1,717			31-Dec-20	2		984	
	31-Dec-21					31-Dec-21				
Global Oltremare Soc.Cons.a r.l in liquidation	31-Dec-20					31-Dec-20				
	31-Dec-21		7			31-Dec-21			92	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	31-Dec-20					31-Dec-20		70	13	
	31-Dec-21					31-Dec-21		70	13	
Global Riviera Soc.Cons.a r.l.	31-Dec-20		9			31-Dec-20			(14)	
	31-Dec-21		(6)			31-Dec-21			4	
Global Vicenza Soc.Cons. a r.l.	31-Dec-20		3			31-Dec-20		10	16	
	31-Dec-21					31-Dec-21		10	17	
GR.A.AL. Soc. Cons. a. r.l.	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				
Gymnasium Soc. cons. a r.l in liquidation	31-Dec-20					31-Dec-20	1	8	33	
	31-Dec-21					31-Dec-21	1	8	33	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	31-Dec-20	285	274			31-Dec-20	114		102	3
	31-Dec-21	211	203			31-Dec-21	50		45	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
IPP S.r.l.	31-Dec-20	15	158			31-Dec-20	27	59	149	
	31-Dec-21		233			31-Dec-21	12	35	148	
Legnago 2001 Soc. Cons. r.l.	31-Dec-20		5			31-Dec-20	158		59	
	31-Dec-21		8			31-Dec-21	158		67	
Logistica Ospedaliera Soc. Cons. a r.l.	31-Dec-20		4			31-Dec-20			19	
	31-Dec-21		8			31-Dec-21			18	
Newco DUC Bologna S.p.A	31-Dec-20					31-Dec-20			51	
	31-Dec-21		15			31-Dec-21			66	
Manutencoop International Services LLC	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				
MCF Servizi integarti Soc. cons. a r.l. in liquidation	31-Dec-20					31-Dec-20	689		322	
	31-Dec-21					31-Dec-21	689		322	
Roma Multiservizi S.p.A.	31-Dec-20	716	(569)			31-Dec-20	409		627	
	31-Dec-21	361	63			31-Dec-21	261		93	
San Martino 2000 Soc.Cons. r.l.	31-Dec-20	1,555	2,618			31-Dec-20	1,114		531	
	31-Dec-21	1,414	2,539			31-Dec-21	416		859	
Rekeep Austria G.m.b.H. in liquidation	31-Dec-20					31-Dec-20		8		
	31-Dec-21					31-Dec-21				
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	31-Dec-20					31-Dec-20				
	31-Dec-21		0			31-Dec-21				
Serena S.r.l. - in liquidation	31-Dec-20					31-Dec-20		3		
	31-Dec-21					31-Dec-21		3		
Servizi Napoli 5 Soc.Cons. a r.l.	31-Dec-20	1,357	1,290			31-Dec-20	3,853		2,612	
	31-Dec-21	1,375	1,284			31-Dec-21	4,310		2,896	
S.E.I. Energia Soc. Cons. a r.l.	31-Dec-20	49	3,944	22		31-Dec-20	44	757	2,347	
	31-Dec-21	49	3,553	22		31-Dec-21	103	780	2,799	
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	31-Dec-20					31-Dec-20		75	13	2
	31-Dec-21					31-Dec-21		75	13	2
S.I.MA.GEST3 Soc. Cons. r.l in liquidation	31-Dec-20		4			31-Dec-20		3	7	
	31-Dec-21					31-Dec-21		3	6	
Società Consortile Adanti in liquidation	31-Dec-20					31-Dec-20			53	
	31-Dec-21					31-Dec-21			53	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Steril Piemonte Soc. cons. a.r.l	31-Dec-20		394			31-Dec-20	7		189	
	31-Dec-21					31-Dec-21	7		104	
Tower Soc.Cons. a r.l. in liquidation	31-Dec-20					31-Dec-20	33	29		
	31-Dec-21					31-Dec-21				
Yougenio S.r.l. in liquidation	31-Dec-20	684	192	114		31-Dec-20	705		232	29
	31-Dec-21	45	3	88		31-Dec-21	42		4	43

SUBSIDIARIES OF MSC S.P.A.

		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-20					31-Dec-20	1			
	31-Dec-21					31-Dec-21	1			
Nugareto Società Agricola Vinicola S.r.l.	31-Dec-20				703	31-Dec-20		6		
	31-Dec-21	1	38		725	31-Dec-21		6	16	
Sacoa S.r.l.	31-Dec-20	41	24			31-Dec-20	12		2	
	31-Dec-21	41	6			31-Dec-21	12		1	
Sacoa Servizi Telematici S.r.l.	31-Dec-20					31-Dec-20				
	31-Dec-21		24			31-Dec-21			25	
Segesta servizi per l'Ambiente S.r.l.	31-Dec-20	5				31-Dec-20	6			
	31-Dec-21	5				31-Dec-21	2			

ASSOCIATES OF MSC S.P.A. 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-20	72				31-Dec-20	19			
	31-Dec-21	73				31-Dec-21	19			
Consorzio Karabak 2 Società Cooperativa	31-Dec-20	4				31-Dec-20	1			
	31-Dec-21	5				31-Dec-21	1			
Consorzio Karabak 4 Società Cooperativa	31-Dec-20		1			31-Dec-20			1	
	31-Dec-21		1			31-Dec-21			1	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak 5 Società Cooperativa	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				
Consorzio Karabak 6 Società Cooperativa	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL	**31-Dec-20**	**14,627**	**45,545**	**136**	**703**	**31-Dec-20**	**12,727**	**10,530**	**18,528**	**17,077**
	31-Dec-21	**16,342**	**48,265**	**147**	**725**	**31-Dec-21**	**16,825**	**16,677**	**21,925**	**14,972**

ANNEX IV

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

	For the year ended 31 December			
	2021		2020	
Cash and cash equivalents at the beginning of the year		**90,464**		**97,143**
Cash flow from current operations:		**29,301**		**50,748**
Profit before tax	(3,242)		10,986	
Profit (loss) from discontinued operations	16		2,569	
Capital gains from disposal of discontinued operations	(16)		(13,589)	
Other unrealized write-downs on discontinued operations	0		405	
Amortization, depreciation, write-downs and (write-backs) of assets	41,477		40,666	
Accrual (reversal) of provisions for risks and charges	5,471		8,236	
Employee termination indemnity provision	739		585	
Share of net profit of associates, net of dividends collected	388		7,555	
Financial charges (income) for the year	68,202		47,130	
Net interests received (paid) in the year	(53,625)		(37,786)	
Income taxes paid in the year	(13,401)		(16,036)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*(16,724)*		*(9,587)*	
Cash flow from current operations of discontinued operations	*16*		*9,615*	
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR):		**(4,539)**		**(6,380)**
Payments of employee termination indemnity	(2,002)		(1,695)	

	For the year ended 31 December			
	2021		2020	
Use of provisions for risks and charges	(2,537)		(4,685)	
CHANGE IN NWOC:		**(11,595)**		**(16,892)**
Decrease (increase) in inventories	3,041		(5,629)	
Decrease (increase) in trade receivables	(14,964)		(24,522)	
Increase (decrease) in trade payables	329		13,259	
INDUSTRIAL AND FINANCIAL CAPEX:		**(36,447)**		**16,288**
(Purchase of intangible assets, net of sales)	(4,110)		(5,264)	
(Purchase of property, plant and equipment)	(30,813)		(28,921)	
Proceeds from sale of property, plant and equipment	1,080		629	
(Acquisition of investments)	2,633		(386)	
Decrease (increase) of financial assets	(6,336)		(4,360)	
Financial effects of business combinations	(3,764)		(6,173)	
Discontinuing operations	0		53,935	
Reclassifications:				
Change in current financial assets	*5,909*		*3,241*	
Financial effects of business combinations	*(1,046)*		*6,054*	
Financial effects of discontinued operations	*0*		*8,147*	
Cash flow from current operations of discontinued operations	*0*		*(10,615)*	
CHANGE IN NET FINANCIAL LIABILITIES:		**55,370**		**39,980**
Change in finance lease debt	565		573	
New (repayment of) operating lease debt	(8,098)		(8,125)	
Non-current borrowings	370,000		3,670	
Repayment of non-current borrowings	(334,203)		(24,963)	
Net opening (repayment) of short-term bank credit lines	(2,734)		3,504	
Other net changes in borrowings	12,674		(16,451)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*16,724*		*9,587*	
Net change in current financial assets	*(5,909)*		*(3,241)*	
Non-cash elements on acquisitions of rights of use	*4,443*		*4,953*	

	For the year ended 31 December			
	2021		2020	
Financial effects of business combinations	*1,046*		*(6,054)*	
Financial effects of discontinued operations	*16*		*(1,770)*	
Dividend distribution authorized in the previous year	*878*		*(13,000)*	
Non-monetary effects on equity investments	*0*		*12,338*	
Distribution of reserves and other changes in Equity	*0*		*0*	
OTHER CHANGES:		**(23,043)**		**(11,463)**
Decrease (increase) in other current assets	1,699		5,943	
Increase (decrease) in other current liabilities	(15,681)		4,293	
Dividend distribution authorized in previous years	(293)		(13,000)	
Acquisition/sale of minority interests in subsidiaries	(1,968)		324	
Differences from translation of financial statements in foreign currency	(1,479)		646	
Reclassifications:				
Non-cash elements on acquisitions of rights of use	*(4,443)*		*(4,953)*	
Financial effects of discontinued operations	*0*		*(5,377)*	
Dividend distribution authorized in the previous year	*0*		*13,000*	
Non-monetary effects on equity investments	*0*		*(12,338)*	
Distribution of reserves and other changes in Equity	*(878)*		*0*	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**99,512**		**90,464**

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