

Zola Predosa, April 29, 2020

The following discussion updates certain of the operating risk factors (and related legal proceedings) described in the Offering Memorandum dated June 29, 2017 and subsequent disclosures made to bondholders.

We confirm that the other risk factors described in the Offering Memorandum, and not updated hereafter, remain applicable to the group with no material changes, unless otherwise indicated.

All terms used here with capitalized letters have the same meanings as ascribed to such terms in the Offering Memorandum.

Risk factors update as of December 31, 2019

Risks related to our business

The recent coronavirus outbreak may materially affect our business and results of operations.

The global outbreak of the novel coronavirus ("COVID-19") resulted in a widespread health crisis that adversely affected the economies and financial markets of many countries, particularly in Italy where we derive most of our revenues. The Italian government has adopted several measures in an effort to contain the spread of COVID-19. We continue to monitor our operations and government recommendations and have adopted several operational measures to react to COVID-19 related issues. For example, the spread of COVID-19 has caused us to modify our business practices (including limiting employee travel, mandatory work-from-home policies and cancellation of physical participation in meetings, events and conferences), and we may take further actions as required by government authorities or that we determine are in the best interests of our employees, customers, partners and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the disease, and our ability to perform certain functions could be harmed. Although we perform essential services and we have continued to perform under our contracts with public authorities and healthcare customers, the COVID-19 pandemic may limit the ability of our customers to perform under their existing contracts, including making timely payments to us, as well as cause other unpredictable events.

In addition, while the potential impact and duration of the COVID-19 pandemic on the global economy and our business in particular may be difficult to assess or predict, the pandemic has resulted in, and may continue to result in, significant disruption of global financial markets, which may reduce our ability to access capital or our customers' ability to pay us for past or future purchases, which could negatively affect our liquidity. The COVID-19 pandemic could also reduce the demand for certain of our services. These impacts may adversely affect our

future results, including during the second quarter of 2020. In addition, a recession or further financial market correction resulting from the spread of COVID-19 could adversely affect demand for our services or lead to greater pricing pressures. The global pandemic of COVID-19 continues to rapidly evolve, and we will continue to monitor the COVID-19 situation closely. The ultimate impact of the COVID-19 pandemic or a similar health epidemic is highly uncertain and subject to change. The extent of the impact of the COVID-19 pandemic on our operational and financial performance, will depend on future developments, including, but not limited to, the duration of the state of emergency in Italy, timing and success of measures to reopen the Italian economy following the mandatory confinement period, timing and severity of the impact on customer spending, including any recession resulting from the pandemic, all of which are uncertain and cannot be predicted. An extended period of economic disruption as a result of the COVID-19 pandemic could have a material negative impact on our business, results of operations, access to sources of liquidity and financial condition, though the full extent and duration is uncertain. In addition, the Company is party to various litigation matters pending before several courts in Italy, and insofar as COVID-19 delays hearings and the judicial administration, the Company may not be able to assert its rights or resolve litigation matters as expediently as to the Company would like, which could have an adverse effect on the Company's business.

We are involved in ongoing litigation in respect of an antitrust matter related to the CONSIP public tender relating to the cleaning of public schools, and our business and results of operations may face further significant adverse consequences deriving therefrom.

The Company provided cleaning services to over 550 public schools in Italy pursuant to individual contracts with such schools (the "**CONSIP School Contracts**"), each governed by framework agreements awarded in November 2013 pursuant to a public tender process (the "**CONSIP School Framework Agreement**"). The Italian Competition Authority (the "**ICA**") issued a decision on December 22, 2015 (the "**ICA Decision**") finding that the Company and three other competitors violated antitrust rules in the public tender process, assessing fines against the Company and such other competitors. The original fine against the Company was €48.5 million. Following a series of further administrative and court decisions, the Company's fine was reduced to €14.7 million (due to the lesser degree of the infringement than originally alleged), payable in 30 equal monthly installments starting in May 2017. This litigation is referred to as the "**CONSIP School Contracts Litigation**." The Company had appealed the decisions before the Italian Supreme Court on technical and jurisdictional grounds, but the Italian Supreme Court did not decide on the facts at issue because it rejected the appeal as a whole with decision dated January 18, 2019. CONSIP also terminated the CONSIP School Framework Agreement in November 2016, which decision the Company appealed in the Civil Court of Rome (and such appeal is still pending). Despite the termination of the CONSIP School Framework Agreement, the CONSIP School Contracts remained in force until the end of February 30, 2020 pursuant to art. 1 co. 7609 Law 145/18 that required the re-insourcing of cleaning services by the Public Administration.

In relation thereto, in June 2017, the Company was notified by CONSIP of its decision to (i) exclude the Company from new tenders for "barracks cleaning" and "public hospital cleaning" (the "**Excluded Tenders**") relating to the CONSIP School Contracts Litigation and (ii) proceed with the enforcement of the Company's bid bond provided in connection with the tender for "public hospital cleaning" (up to €10.4 million).

The Company has promptly challenged CONSIP's resolution in relation to the Excluded Tenders before the TAR Lazio, contesting the exclusion and the enforcement of the bid bond. The TAR Lazio, on March 2, 2018 rejected the Company's appeal (the "**TAR Lazio Decision on the Excluded Tenders**"). Moreover, on March 30, 2018 CONSIP informed us of its request, addressed to the competent insurance company, to enforce the Company's bid bond provided in connection with the tender for the "barracks cleaning". The relevant insurance company did not execute such request following the Council of State decision dated April 5, 2018 described below.

Following a further appeal brought by the Company before the Council of State (Consiglio di Stato), the latter, on April 5, 2018 suspended the TAR Lazio Decision on the Excluded Tenders. Both the execution of the TAR

Lazio Decision on the Excluded Tenders and its effects (including with respect to the enforcement of the performance bonds) have been suspended by the Council of State with decision dated June 19, 2018, pending the decision of the European Court of Justice on a case brought before it by the TAR Piemonte seeking to qualify the antitrust infringement as gross negligence ("errore grave commesso nell'esercizio dell'attività professionale") pursuant to the Former Code on Public Procurement.

On June 2, 2019, the European Court of Justice ruled on the abovementioned case brought by the TAR Piemonte, stating that an antitrust breach duly ascertained can be considered by a contracting authority as reason to exclude a bidder from a public tender procedure, provided that such authority motivates its decision to proceed with the exclusion. Accordingly the hearing on the merits of the appeal brought by the Company before the Council of State was rescheduled on January 16, 2020 and, following such hearing, the Company's appeal was partially rejected. The Company is currently considering a potential appeal of such decision of the Council of State through the applicable extraordinary means of appeal, such as an appeal before the Italian Supreme Court (Corte di Cassazione grounded on jurisdictional grounds), or an appeal for revocation before the Council of State.

Following the decision of the Council of State on January 16, 2020, CONSIP asked the guarantors to enforce the guarantees (bid bonds) provided on behalf of the Company in relation to the Excluded Tenders ("public hospital cleaning" tender - equal to € 10.4 million - and "barracks cleaning" tender - equal to € 3.4 million). The Company, with independent appeals and further defense briefs, challenged the bid bonds enforcement request made by CONSIP before the TAR Lazio. With a precautionary decision issued by the President of the TAR Lazio, the effect of CONSIP's request were suspended until a precautionary hearing was held on March 4, 2020 before the TAR Lazio. Following such hearing, the TAR Lazio confirmed, on a precautionary basis, the suspension of the effects of CONSIP's request until a decision on the merits of the case is issued following a hearing scheduled on July 1, 2020.

In relation to the Excluded Tenders, ANAC (*Autorità Nazionale Anti Corruzione*, the National Anti-Corruption Authority) decided to open two proceedings for the reporting of the information concerning such exclusions electronic register kept by ANAC in the section of such register dedicated to the "Useful information" (*Informazioni Utili*). Following a preliminary suspension of such proceedings ordered by ANAC, the same have been restarted and shall be concluded within 180 day's starting from May 15, 2020.

Neither of the Excluded Tenders generate revenue for the Group or are included in the Company's backlog. Moreover, the Company has never operated in the barracks cleaning market segment and, with respect to services in the hospital services sector, the Company currently operates with various counterparts and pursuant to various existing contractual relationships, including the CONSIP Mies conventions, conventions with regional authorities or pursuant to contracts awarded directly by clients. CONSIP's decision does not prohibit the Company from participating in and winning future tenders arranged by CONSIP or, more generally, arranged by public authorities. On-going tender procedures remain valid. In addition, concurrently with the notification described above, the Company received official approval from CONSIP to enter into two contracts from the "Mies 2" tender awarding an integrated multi-services technology contract, including the supply of electricity for buildings used by the public health authorities (the individual contracts have a duration of 5/7 years, at the discretion of the individual authorities, from the activation of the applicable supply, subject to a maximum supply to be provided by the Company for the relevant period equal to €251 million). The Mies2 contracts were finally entered into by the Company on September 20, 2017.

As a result of the CONSIP School Contracts Litigation, certain of our competitors have challenged our eligibility to participate in individual public tenders, alleging that we should be excluded since our alleged antitrust infringement constitutes gross negligence or bad faith. Similarly, following the ICA Decision, certain of our competitors have already challenged the eligibility of other companies allegedly involved in our alleged antitrust infringement to participate in certain public tenders, alleging that such companies should be excluded since the

alleged infringement constituted serious professional unlawful conduct under applicable law. To date - except for the abovementioned Council of State decision on the Excluded Tenders – the competent Courts have, in certain cases, rejected the requests brought by our competitors, to exclude the Company from the relevant public tender procedures, while, in other cases, the legal proceeding are still pending.

The services which have not yet been performed during the remaining life of the CONSIP School Contracts are secured by performance bonds (the "**CONSIP School Performance Bonds**") which the Company may still be liable to repay, if enforced. The Company has recorded provisions for future charges of €17.5 million as of December 31, 2019 (unchanged from December 31, 2018), taking account, among the others, of the risk of the possible enforcement of the CONSIP School Performance Bonds. The fine of €14.7 million described above, which was classified as a reserve in 2016 and for which the payment was arranged in 30 monthly instalments, was fully paid off during 2019. Any enforcement of the CONSIP School Performance Bonds could adversely affect our liquidity position.

In June 2017, we were informed that a criminal investigation against our former CEO and a current Company employee was concluded in relation to the CONSIP School public tender process. The Public Prosecutor in charge of the case requested the indictment (*richiesta di rinvio a giudizio*) of the aforementioned individuals on the ground of alleged obstruction of public tender (*turbativa d'asta*). The request of indictment was granted on July 6, 2018, and the next hearing is scheduled to take place on May 5, 2020, but it's likely to be suspended because of outbreak COVID-19. However, Company cannot be held liable pursuant to LD 231 (as defined in "*Business—Regulation*") because the alleged infringement falls outside of the scope of application of such legislation *vis-à-vis* the Company. Moreover, a competitor of the Company joined the proceeding seeking unqualified damages from the aforementioned individuals. In addition, another competitor of the Company filed an out-of-court claim for damages alleging that the antitrust breach concerned by the ICA Decision indirectly resulted in a reduction in his expected turnover related to the Consip School Contract. The Company and its legal advisors have promptly objected such claim through a formal letter sent to such competitor and believe that such out-of-court claim is without legal foundation. The occurrence of one or more of the adverse consequences described above would likely have a material adverse effect on our business, reputation, financial condition and results of operation and could adversely affect our ability to pay interest on the Notes or to repay the Notes at maturity or otherwise refinance the Notes. The estimates provided above may not fully quantify or account for the potential impact on our business or reputation of any adverse consequences related to the CONSIP School Contracts Litigation. See Report on Operations for the year ended December 31, 2019 (Section 7 – Update on Legal Proceedings) and Annual Report 2019 (Note n. 17) for further information.

We are involved in a false statement registration proceeding pending before ANAC and we may face significant consequences in respect thereof.

A False Statement Registration Proceeding against the Company is currently pending following a notice filed by the Santobono-Pausilipon Public Health Agency of Napoli to ANAC (the "**Santobono-Pausilipon False Statement Registration Proceeding**"). The false statement is alleged to have been committed by the Company while submitting the administrative documentation required in the context of a public tender process launched in 2013 by the Santobono-Pausilipon Public Health Agency of Napoli (the "**Santobono-Pausilipon Tender**"). The Company's exclusion from all current and future public tenders (*i.e.*, all public tenders other than those launched in the Laundering and Sterilization Segment and any tender procedure launched by private entities) as a result of a False Statement Registration cannot exceed one year starting from the False Statement Registration, according to the statement made by ANAC in its note announcing the commencement of the Santobono-Pausilipon False Statement Registration Proceeding (due to the application of the Former Code on Public Procurement to this proceeding). Moreover such exclusion would be general and automatic (*i.e.*, irrespective of the sector and not only in relation to the public tenders managed by the Santobono-Pausilipon Public Health Agency) and would not operate on a case-by-case basis.

On November 10, 2017, ANAC concluded the Santobono-Pausilipon False Statement Registration Proceeding by issuing a decision through which it excluded the Company from all public tenders for 6 months (the "ANAC Santobono-Pausilipon Decision"). However, following a prompt appeal brought by the Company before the TAR Lazio against the ANAC Santobono-Pausilipon Decision, which was never enforced pending the appeal - it was overturned and annulled by the TAR Lazio on December 21, 2017 (the "ANAC Santobono-Pausilipon TAR Lazio Decision"). ANAC has brought an appeal before the Council of State (*Consiglio di Stato*) against the ANAC Santobono-Pausilipon TAR Lazio Decision seeking the suspension of its effects pending the Council of State's review. With decision published on December 27, 2018, the Council of State accepted the petition brought by ANAC against the ruling of the TAR Lazio dated December 21, 2017, which overturned the ANAC Santobono-Pausilipon Decision. The Council of State decision has been appealed by the Company on January 9, 2019 to the Italian Supreme Court (*Corte di Cassazione*) seeking its reversal on the basis that the law is clear that a false declaration or false documentation in connection with a public tender is actionable, but an omission is not. The decision has also been appealed to the President of the competent division of the Council of State seeking the suspension of the enforcement as a precautionary measure pursuant to Art. 111 of the Italian Code of Administrative Procedure (*domanda cautelare monocratica*). The President granted the urgent request and therefore suspended the validity of the Council of State decision and, consequently, of the ANAC Santobono-Pausilipon Decision until the preliminary hearing of the Council of State dated January 24, 2019, which confirmed the decision made by the President pending the decision of the Italian Supreme Court (*Corte di Cassazione*). The hearing date of the Italian Supreme Court was scheduled on March, 10, 2020 but the hearing has been suspended because of outbreak COVID-19. On February 6, 2019, the decision has also been appealed by the Company to the Council of State seeking its reversal (*ricorso per revocazione*) on the basis that, contrary to what the Council of State determined: (i) the Company did not commit a false statement, having only omitted to provide such statement by one of its attorneys in fact; and (ii) the Company has never been accused of not being in full compliance with all applicable legal requirements provided by the law to be awarded with a public contract. The hearing date of the Council of State on the merit was scheduled on April 2, 2020, but the hearing has been suspended because of outbreak COVID-19 and re-scheduled on September 24, 2020. Should a False Statement Registration occur the Company could challenge it before the TAR Lazio and the State Council (in its function of Supreme Administrative Court). However, such registration and the resulting exclusion from participating in the relevant public tenders would be effective even in the event of appeal, unless the appellate court were to enjoin immediately the enforcement pending the appellate court's review.

Protracted litigation is likely which is inherently uncertain and can be costly. In addition, the occurrence of the aforementioned risk would likely have a material adverse effect on our business, reputation, financial condition and results of operation. See "*Business—Legal Proceedings—False Statement Registration proceeding pending against the Company before ANAC following the notice filed by a public-health agency to ANAC.*" It is difficult to quantify or qualitatively assess the impact of the mentioned risk. However, for illustrative purposes, in the last two years, contracts subject to potential exclusion (i.e., all contracts other than Laundering and Sterilization Segment contracts and private sector contracts) accounted for approximately €70 million and approximately €7 million, respectively, in total annual revenue and EBITDA with a typical contract duration of approximately five years.

Therefore, any potential exclusion which causes us to not be able to participate in tenders during such periods could have a substantial adverse impact on our business over a period of years.

We can provide no assurance as to what outcome will be achieved, and even regardless of the outcome, appeals and other related litigation can be lengthy and protracted, and distracting management's attention from our business priorities. The occurrence of the adverse consequences described above in respect of public office cleaning tenders specifically and/or all public contracts (i.e., other than Laundering and Sterilization Segment contracts and private sector contracts) would likely have a material adverse effect on our business, reputation, financial condition and results of operation and could adversely affect our ability to pay interest on the Notes or to repay the Notes at maturity or otherwise refinance the Notes. The estimates provided above may not fully

quantify or account for the potential impact on our business or reputation of any adverse consequences related to the Santobono-Pausilipon False Statement Registration, including due to decisions by parties such as private clients or hospitals choosing not to do business with us or other factors that may adversely impact our competitive, financial or market position. See *“Business—Legal Proceedings—False Statement Registration proceeding pending against the Company before ANAC following the notice filed by the Santobono-Pausilipon Public Health Agency of Napoli to ANAC”* and *“Forward-Looking Statements”* for further information. See also *Report on Operations for the year ended December 31, 2019 (Section 7 – Update on Legal Proceedings)* and *Annual Report 2019 (Note n. 20)* for further information.

We may be unable to obtain the performance bonds, securities or guarantees we need to compete in certain public tenders or to enter into certain contracts with our private customers, and due to our failure to perform our obligations, counterparties may enforce performance bonds we have posted.

In the ordinary course of our business and, in particular, to be able to participate in competitive tenders, enter into contracts with customers or receive advances or payments from them during the outsourced service arrangement, we are required to provide customers with bank guarantees and/or insurance bonds (including bid, advance payment, performance or guarantee bonds). Our ability to obtain such performance bonds and guarantees from banks and/or insurance companies depends on such institutions' assessment of our Group's overall financial condition, and in particular of the financial condition of the individual Group company concerned, of the risks of the service to be provided, and of the experience and competitive positioning of the company concerned in the sector in which it operates, as well as such company's financial and reputational track record, also in terms of previous enforcement of performance bonds and guarantees. If we are unable to obtain new bonds and guarantees or if we renegotiate existing bonds and guarantees on less favorable economic terms or if we are required to pay penalties in the event that we default on our obligations, our ability to obtain new orders could be impaired or become significantly more costly, which could have a material adverse effect on our business, financial condition and results of operations.

Our PSE and healthcare customer contracts and certain of our private sector contracts often require performance bonds, primarily to guarantee our performance thereunder. As of December 31, 2019, the Group (excluding associates and investments in project companies) had performance bonds outstanding in the aggregate amount of €306.1 million. These are off-balance sheet items. Performance bonds and penalties present an ongoing potential for substantial cash outflows.

In addition, some of these bonds and guarantees include cross-default provisions which could be triggered if we are in default under other bonds and guarantees, which could significantly intensify the negative effect of a default under these instruments. If our customers were to enforce the performance bonds we were required to post at the time of the relevant contract or tender, we could be subject to material payment obligations which could individually or in the aggregate have a material adverse effect on our business, results of operations and financial condition. For information regarding the potential enforcement of our performance bond pursuant to the CONSIP School Contract and the Excluded Tenders, see *“—We are involved in ongoing litigation in respect of an antitrust matter related to the CONSIP public tender relating to the cleaning of public schools, and our business and results of operations may face further significant adverse consequences deriving therefrom and “Business—Legal proceedings—CONSIP School Tender Litigation.”* See also *Annual Report 2019 (Note n. 17)* for further information.

We are susceptible to claims of anti-competitive practices and we are currently involved in ongoing litigation in respect of an antitrust matter related to the CONSIP public tender for contracts to clean offices used by Italian public entities (FM4 Tender), and our business and results of operations may face further significant adverse consequences deriving therefrom.

We may be accused of anti-competitive practices. Any such claims could adversely affect our reputation and potentially result in fines, which the law provides are calculated as a percentage of the tender value, with the percentage being determined by the type of offence. In addition, anticompetitive practices may, under certain interpretations of applicable law or public tenders, be deemed a cause for temporary exclusion from future tenders by the public contracting authorities, whether at the initiative of the public authority or as a consequence of lawsuits brought by our competitors. Any such fines or exclusions together with any legal proceedings could have an impact on our business, financial condition and results of operations.

As discussed elsewhere in this Report, the ICA issued a sanction against us in connection with alleged anti-competitive practices relating to the CONSIP School Framework Agreement. See “—We are involved in ongoing litigation in respect of an antitrust matter related to the CONSIP public tender relating to the cleaning of public schools, and our business and results of operations may face further significant adverse consequences deriving therefrom”.

In addition, on June 19, 2014, the Company tendered to CONSIP for contracts to clean offices used by Italian public entities (the “**FM4 Tender**”). On March 23, 2017, we were informed that the ICA has opened an investigation against the Company and six other competitors to determine if antitrust violations were committed in connection with the FM4 Tender (on November 22, 2017 and on April 18, 2018, eleven additional companies were implicated by the scope of the ICA in the investigation). The allegations in the FM4 are similar to those in the CONSIP School Contracts Litigation and the potential consequences in terms of exclusion from public tenders could be similar to those described above in respect of all public contracts (i.e., other than Laundering and Sterilization contracts and private sector contracts) (with significant, but uncertain, adverse financial effects on the Company). On December 12, 2018, the Company was among the recipients (along with the main market operators such as CNS – Consorzio Nazionale Servizi Società Cooperativa, Engie Servizi S.p.A. (formerly Cofely Italia S.p.A.), Manitalidea S.p.A., and Romeo Gestioni S.p.A.) of a notice in which it was notified about the results of a preliminary investigation related to the possible infringement of competition rules through an unlawful agreement aimed at rigging the FM4 Tender. The Company opposed the determination by filing a brief with ICA and it also attended a hearing before the Authority itself on March 12, 2019.

On May 9, 2019, after the completion of the ICA Investigation, the ICA issued a decision that the Company and other competitors involved in the investigation violated antitrust rules in the FM4 Tender process, assessing a fine against the Company and such competitors (the “**ICA FM4 Tender Decision**”). The fine against the Company amounts to € 91.6 million. The Company, on July 3, 2019, challenged the ICA FM4 Tender Decision before the TAR Lazio seeking the suspension of its effects (including the payment of the fine) pending the TAR Lazio review (the “**ICA FM4 Tender Decision Appeal before the TAR Lazio**”).

On July 18, 2019 the TAR Lazio granted the request of suspension of the payment obligation concerning the fine related to the ICA FM4 Decision filed by the Company until a decision on the merit of the case is issued by the Court, subject to issuance by the Company of a guarantee in favor of the ICA (including through an insurance policy) within 60-days from July 18, 2019. The hearing for the discussion of the merit of the case has been scheduled on May 6, 2020, however, it is likely that such hearing is postponed to June 10, 2020, as requested by the Company due to outbreak COVID-19.

The Company challenged the TAR Lazio decision issued on July 18, 2019 before the Council of State on August 1, 2019. On September 12, 2019 the Council of State rejected our appeal, confirming the TAR Lazio decision. On September 17, 2019 the Company informed the market that it had not provided any guarantee in favor of the ICA. On October 29, 2019, the ICA formally requested the Company to provide such guarantee within 15 days, thus enforcing the TAR Lazio Decision dated July 18, 2019. The ICA also informed the Company that failure to provide such guarantee by the said deadline would have resulted in the due amount being registered as a tax debt of the Company in the tax register of the Italian Revenue Agency (Agenzia delle Entrate). The Company did not provide the requested guarantee and the sums requested by the ICA have been registered

as tax debt of the Company and made enforceable by the Italian Revenue Agency. Following the issuance of a notice of payment on December 18, 2019 for an amount equal to € 94.611 million (including collection charges for € 2.8 million). On December 23, 2019 the Company submitted a request for payment of these sums in instalments, which was formally granted on January 10, 2020 by the Italian Revenue Agency. The decision of the Italian Revenue Agency grants the Company the possibility to pay the due amount in 72 monthly instalments at an interest rate of 4.5% as from 24 January 2020. The Company has started to pay these instalments on a regular basis, pending the outcome of the legal action brought against the ICA FM4 Tender Decision.

Furthermore, on June 28, 2019 we were also notified by CONSIP of its decision to exclude the Company from FM4 Tender alleging the Company's gross negligence ("errore grave commesso nell'esercizio dell'attività professionale") pursuant to the Former Code on Public Procurement triggered by the Company's alleged breach of the antitrust rules as well as the alleged Company's failure to provide reliable information to CONSIP during the tender procedure (again in connection with alleged antitrust infringement). Moreover, CONSIP decided to proceed with the enforcement of the Company's bid bond (amounting to € 3.9 million) provided in connection with such tender (the "**Consip FM4 Tender Exclusion**"). On July 3, 2019, the Company challenged the Consip FM4 Exclusion before the TAR Lazio seeking its annulment as well as the suspension of its enforcement as a precautionary measure, pending the Court's review on the merits of the case. On July 10, 2019 the TAR Lazio granted the Company's request of suspension of the enforcement of the Consip FM4 Tender Exclusion as a first precautionary measure, pending its decision on the ICA FM4 Tender Decision Appeal before the TAR Lazio. A second preliminary hearing was scheduled by the TAR Lazio on September 11, 2019. Following such hearing the TAR Lazio granted the suspension of the enforcement of the Company's bid bonds provided in connection with the FM4 Tender, but the TAR Lazio did not grant the request of suspension of the Consip FM4 Tender Exclusion *per se*, and scheduled a hearing to discuss the merits of the case on July 15, 2020. The Company challenged the precautionary decision not to grant the suspension of the Consip FM4 Tender Exclusion *per se* before the Council of State alleging it was erroneous, but the Council of State rejected such appeal on November 28, 2019.

As a result of the ICA FM4 Tender Decision, certain of our competitors have challenged our eligibility to participate in individual public tenders, alleging that we should be excluded since our alleged antitrust infringement constitutes gross negligence or bad faith. Moreover one contracting authority has excluded the Company from a public tender procedure alleging the same arguments and an additional contracting authority has started a proceeding aimed at excluding the Company from a public tender procedure for the same reason. The Company is currently challenging such decisions.

Furthermore, as a result of the Consip FM4 Exclusion, we were also notified by ANAC of its decision to start a proceeding against us alleging that we rendered false statements in the context of the FM4 Tender. On November 4, 2019 the Company challenged such ANAC decision before the TAR Lazio. Such appeal was then removed from the TAR Lazio's docket following a further decision taken by ANAC on January 24, 2020 to suspend its proceeding opened against the Company pending a decision of the TAR Lazio on both the ICA FM4 Tender Decision Appeal before the TAR Lazio and the Company's appeal against the Consip FM4 Tender Exclusion.

The Company could be excluded by public contracting entities arranging the applicable tender or upon a decision of an administrative court following a claim by competitors suing to block our participation in a tender or by regulators from public tenders in any sector on a case by case basis or for all such tenders for up to one year. See "*Business—Regulation*," "*Business—Legal Proceedings*," "*We are involved in false statement registration proceeding pending before ANAC and we may face significant consequences in respect thereof*,"

To date, since the FM4 Tender was not awarded, the latter did not generate any revenue for the Company to be included in the Group's portfolio, nor it was included in the Company's backlog. On March 6, 2020 the Company was also notified by CONSIP of its decision to (i) exclude the Company from a CONSIP tender for

museums cleaning; (ii) proceed with the enforcement of the Company's bid bond provided in connection with such tender (such request was notified on 13 March 2020); and (iii) inform ANAC about the Company's exclusion for the purpose of reporting such information in the electronic register kept by ANAC in the section of such register dedicated to the "Useful information" (*Informazioni Utili*). The Company challenged such CONSIP decision before the TAR Lazio seeking the suspension of its effects pending the TAR Lazio's review. On April 22, 2020 the TAR Lazio suspended the enforcement of the Company's bid bonds provided in connection with such tender and scheduled a hearing for the discussion of the merits of the case on October 21, 2020.

See "—We are involved in ongoing litigation in respect of an antitrust matter related to the CONSIP public tender relating to the cleaning of public schools, and our business and results of operations may face further significant adverse consequences deriving therefrom" and "Business—Legal Proceedings—ICA Investigation on the FM4 Tender—CONSIP School Tender Litigation." See also Report on Operations for the year ended December 31, 2019 (Section 7 – Update on Legal Proceedings) and Annual Report 2019 (Note n. 17) for further information.

We may be deemed liable for damages caused by our TJA partners/subcontractors and have responsibilities towards their employees.

In carrying out our activities, we partner with third parties in TJAs and we subcontract certain services to third party companies. Reliance on TJA partners and/or subcontractors reduces our ability to directly control the workforce and the quality of the services provided. Accordingly, we are exposed to risks relating to managing TJA partners and subcontractors and the risk that they may fail to meet agreed quality benchmarks under the contract or to generally comply with applicable legislative or regulatory requirements. In case of default by a TJA partner/subcontractor, we may be deemed jointly liable for any damages suffered by the customer as a consequence of such default, especially when such TJA partner/subcontractor renders services as an input to services provided in conjunction with the Group. While TJA partners are each liable to the customer and our subcontracts usually provide for an indemnity from the subcontractor to cover our costs in case of such a claim as well as the assignment of claims and other provisions regarding the enforcement of the contract, we cannot assure you that customers or courts will agree and will not impose sanctions on us or prevent us from participating in future public tenders.

Under Italian law, concession holders have responsibilities towards the concession-granting authority with respect to the conduct and quality of work of such concession holder's subcontractors and the actions of the subcontractor's employees. Duties that the law recognizes include the following duties of the concession holder and imposes joint and several responsibility for any resultant breach thereof: to maintain a safe work environment, to supervise the quality of the subcontractors' work product and to monitor and cause the subcontractors pay salary, social security and tax payments to the subcontractor's employees for the duration of the subcontract and for two years after its expiration.

We have become party to an action before the Court of Ivrea regarding a fire occurred in March 2013 in the former Olivetti area at Scarmagno (Turin). Three of the Company's former employees, the owner of one of the Company's sub-contractors and the owner of the firm that stocked combustible material have been charged with negligence and violations of safety regulations that caused the fire to start and spread over a large area following the performance of facility management services. We were joined to the claim by the plaintiffs, as a severally liable party in respect of financial and non-financial damages. The Company appeared as a severally liable party in respect of all the financial and non-financial damages. The request for damages amounts to approximately €4 million. On February 24, 2017, the Criminal Court of Ivrea ruled the full acquittal of all the defendants; both the Office of the Public Prosecutor before the Court of Ivrea and the aforementioned plaintiffs have challenged such decision before the Criminal Court of Appeal of Turin. A hearing before such appellate court has not been scheduled yet.

In relation to the same fire event, the three insurance companies involved paid the injured parties approximately €40 million in damages and then formalized through a letter their application to recover the damages from both

the individual persons charged and their employers, including us. The claims for damages amount to approximately €55 million in total, including the claims from the owners of the properties affected and the above-mentioned insurance company claims. In relation thereto, AIG Europe Limited, one of the three mentioned insurance companies also brought a suit against the Company, the owner of the building and the Company's subcontractor before the Civil Court of Milan aimed at recovering the damages allegedly caused by the Company's employees. Moreover, Assicurazioni Generali joined the proceeding, seeking damages jointly from the Company and one of its subcontractors. AIG Europe Limited's request for damages amounts to €187,130, while the request from Assicurazioni Generali to €24.3 million. Between December 2018 and April 2019, the parties entered into settlement agreements under which UnipolSai Assicurazioni, in its capacity as insurer to the Company, disbursed the amounts owed by the latter, and they also waived any rights to further litigate the matter. Therefore, at the hearing held on May 14, 2019, the proceedings before the Court of Milan have been discontinued by the parties.

See "—Business—Legal Proceedings—*Prelios SGR S.p.A. —Scarmagno Fire.*" See also *Annual Report 2019* (Note n. 31) for further information.

We may incur liabilities or be excluded from contracting with public authorities for the actions of our employees.

Our employees deliver services within buildings, for specific fixed assets (i.e., telecommunications equipment) and at locations owned or operated by our customers. As a result, we may be subject to claims in connection with damage to property, business interruptions, unauthorized use of the customer's property, unauthorized entry or breach of security protocols, negligence or willful misconduct or other tortious acts by our employees or people who have gained unauthorized access to premises through us. Such claims may be substantial and may result in adverse publicity for our Group. Accordingly, these claims could have a material adverse effect on our business, financial condition and results of operations.

In addition, the tender process by PSEs and healthcare customers involves risks associated with fraud, bribery and corruption and the procurement process by private sector customers involves risks associated with fraudulent activity (private bribery). Although we maintain internal monitoring systems, and we have never been convicted, fined or sanctioned in connection with fraud, bribery or corruption, we may be unable to detect or prevent every instance of fraud, bribery and corruption involving our employees or agents in the future. We may therefore be subject to civil, administrative and criminal penalties, also pursuant to the provisions of LD 231 (as defined in "Business—Regulation") and to reputational damage as a result of such occurrences. Investigations and convictions (including non-final and binding ones) with regards to certain scheduled crimes (*moralità professionale*), including, *inter alia*, fraud, bribery and corruption, environmental violations antitrust infringements, false statements to a public contracting authority and crimes against the person or workplace safety violations may expose us to sanctions and penalties, civil and administrative fines, operational bans (including on a precautionary basis—e.g., ordered by the competent authorities pending the investigation phase, thus before a first instance decision on the case has been issued) and render us ineligible to maintain our existing PSE or healthcare customer contracts and/or participate in current and future public tenders. As a result, the involvement or association of our employees or agents with fraud, bribery or corruption, or other relevant violations or allegations or rumors relating thereto, could therefore have a material adverse effect on our business, financial condition and results of operations. See "Business—Regulation," "Business—Legal Proceedings," "—We are involved in false statement registration proceeding pending before ANAC and we may face significant consequences in respect thereof," "—We are involved in ongoing litigation in respect of an antitrust matter related to a public tender and we may face significant consequences in respect thereof," "Business—Legal Proceedings—False Statement Registration proceeding pending against the Company before ANAC following the notice filed by the Santobono- Pausilipon Public Health Agency of Napoli to ANAC," "Business—Legal Proceedings—Bribery investigation (Brindisi)" and "Business—Legal Proceedings—Pending

criminal proceeding and investigation involving our Chief Executive Officer relating to matters that occurred at his previous employer."

For example, on April 3, 2017, the Public Prosecutor of the Court of Napoli served a search warrant and a formal notice announcing the commencement of a criminal investigation against three employees and a former employee of the Company in relation to the alleged bribery by such persons of one or more public officials in the context of the tender for the awarding of certain cleaning services at the Santobono-Pausilipon Public Health Agency (Azienda Ospedaliera di Rilievo Nazionale Santobono-Pausilipon) of Napoli. The employees of the Company are under investigation for the crime of corruption, which could trigger administrative liability for the Company under LD 231. In relation thereto, on April 27, 2017, the Company was formally informed by the competent Office of the Judge of the Preliminary Investigations that the Public Prosecutor requested such judge to issue a temporary injunction prohibiting the Company from contracting with public authorities (*misura cautelare del divieto di contrattare con la P.A.*) against the Company pending the conclusion of the aforementioned criminal investigation.

Following a hearing on May 26, 2017, the judge rejected the temporary injunction, finding that the conditions for such injunction were not satisfied. On August 3, 2017, the Judge of the Preliminary Investigations (GIP) dismissed the investigation as to the position of two of the aforementioned employees, while, on December 28, 2017, the competent Judge for the Preliminary Hearing (GUP) proceeded with the indictment of the remaining employee and the former employee, as well as the Company. The next hearing is scheduled to take place on May 5, 2020 but it's likely to be suspended because of outbreak Covid-19. See "*Business—Legal Proceedings—Pending Criminal investigation (Santobono-Pausilipon Public Health Agency of Napoli)*".

Furthermore, in December 2017 and January 2018, two current employees and a former one of the Company were served with a formal notice concerning the conclusion of the preliminary investigation (*avviso di conclusione delle indagini preliminari*) which led to an indictment (*rinvio a giudizio*) for one of the employees and a dismissal request of charges against the other one in relation to an investigation opened by the Office of the Public Prosecutor before the Court of Rome in relation to our participation in the FM4 Tender alleging obstruction of public tender (*turbativa d'asta*). The competent Judge for the Preliminary Hearing (GUP) proceeded with the indictment one of the employee only and the next hearing is scheduled on May 5, 2020 but it's likely to be suspended because of outbreak Covid-19. However, Company cannot be held liable pursuant to LD 231 (as defined in "*Business—Regulation*") because the alleged charges fall outside of the application of such legislation *vis-à-vis* the Company.

Furthermore, in May 2019, a former employee of the Company and the Company were served with a formal notice concerning the conclusion of the preliminary investigation (*avviso di conclusione delle indagini preliminari*) which led to an indictment (*rinvio a giudizio*) for both the former employee and the Company in relation to an investigation opened by the Office of the Public Prosecutor before the Court of Alessandria in relation to two different work accidents involving two workers who suffered serious injuries. The competent Judge proceeded with the indictment for both the former employee and the Company and the next hearing is scheduled on November 11, 2020. The Company could be held liable pursuant to LD 231 (as defined in "*Business—Regulation*") because the alleged charges are included in the scope of application of LD 231.

See "*—We are involved in ongoing litigation in respect of an antitrust matter related to the CONSIP public tender relating to the cleaning of public schools, and our business and results of operations may face further significant adverse consequences deriving therefrom.*

In addition, on May 8, 2014, the Public Prosecutor of Milan commenced a criminal investigation in connection with the tenders associated with the Milan 2015 Expo against, among others, (i) the former chairman of the Company, (ii) the former chairman and the former commercial director of Servizi Ospedalieri, in connection with alleged criminal conducts relating to certain public tender processes. During the preliminary investigations, the

Public Prosecutor maintained that (i) the former chairman of the Company obstructed public tenders and disclosed non-public information (*turbativa d'asta e rivelazione di segreto d'ufficio*); (ii) the former commercial director of Servizi Ospedalieri obstructed public tenders (*turbativa d'asta*) and (iii) the former chairman of Servizi Ospedalieri obstructed public tenders and was also liable of corruption (*turbativa d'asta e corruzione*). In July 2015, the former chairman and the former commercial director of Servizi Ospedalieri were served with a formal notice concerning the conclusion of the preliminary investigation (*avviso di conclusione delle indagini preliminari*) which, pursuant to the Italian Criminal Procedure Code, can anticipate the formal request of indictment (*richiesta di rinvio a giudizio*). Such notice did not mention the allegation of corruption against the former chairman of Servizi Ospedalieri, nor was it served to the former chairman of the Company. The corruption allegedly committed by the former chairman of Servizi Ospedalieri may trigger administrative liability of Servizi Ospedalieri under LD 231; however, as of the date of this Report, no charges have been formally brought against the former chairman of Servizi Ospedalieri nor against Servizi Ospedalieri, the latter not being therefore a party to the investigations. As of the date of this Report, we are not in a position to predict the outcome of the aforementioned investigations. Based on the information available to us, we believe that no criminal conducts were committed by the former chairman of the Company, the former chairman and the former commercial director of Servizi Ospedalieri. The former chairman of Servizi Ospedalieri currently serves as a director of the Company.

Finally, in April 2019 the Public Prosecutor before the Court of Locri notified current and former officers of Servizi Ospedalieri with preliminary notices to appear for questioning before the Court within a preliminary investigation proceeding for conspiracy to commit abuse of office in their capacity as private individuals (*concorso esterno in abuso d'ufficio*) in the delivery of laundering services to the health unit (ASL) of Locri. In April 2020 the Public Prosecutor of Reggio Calabria (who, based on our understanding was deemed competent for this proceeding) requested an extension of the investigation phase. However, Company cannot be held liable pursuant to LD 231 (as defined in "Business—Regulation") because the alleged charges fall outside of the application of such legislation *vis-à-vis* the Company.

Our operations could be adversely affected if we are unable to retain key employees and/or key members of our management.

We depend on certain key executives and personnel for our success. Our performance and our ability to implement our strategy depend on the efforts and abilities of our executive officers and key employees. Our operations could be adversely affected if, for any reason, a number of these officers or key employees do not remain with us. Please refer to section 19 "Outlook" of the Report on Operations at December 31, 2019 and to section "General Information" of the Annual Report for recent updates on Governance.

Risks related to our capital structure

The following risk factors, related to the actions to be taken before or on the Completion Date (13th October 2017) and/or related to the Acquisition are no longer applicable since the consummation of the Acquisition on the Completion Date:

- ***The Issuer does not currently control the Company or its subsidiaries and affiliates, and the Issuer will not control them until the consummation of the Acquisition.***
- ***As of the Issue Date and prior to the Completion Date, the governance of the Company and its subsidiaries will be subject to the 2016 MFM Shareholders' Agreement which may cause deadlocks to occur in our general shareholders' assembly and/or Board of Directors' decision making process, which in turn may delay or prevent critical decisions from being made.***

The claims of the holders of the Notes will be effectively subordinated to the rights of our future secured creditors to the extent of the value of the assets securing such indebtedness which does not constitute Collateral.

The Indenture provides for a negative pledge but allows us and our restricted subsidiaries, subject to specified limitations, to incur other secured indebtedness that will be effectively senior to the Notes and the Notes Guarantee to the extent of the value of the assets (other than the Collateral) that secure that indebtedness. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, administration, reorganization, or other insolvency or bankruptcy proceeding, the proceeds from the sale of assets (other than the Collateral) securing any such secured indebtedness will be available to pay obligations on the Notes only after all such secured indebtedness (including claims preferred by operation of law) has been paid in full. As a result, holders of Notes may receive less, ratably, than holders of such secured indebtedness. As of December 31, 2019, other than the Notes of €360.0 million, we had €5.9 million of financial leases outstanding which was secured over assets other than the Collateral (buildings and equipment), and €8.9 million of indebtedness outstanding (three years credit facility from C.C.F.S.) secured by a first rank pledge on the shares of H2H Facility Solutions S.p.A..

We are exposed to risks related to Group companies that include non-controlling shareholders and our investments with third parties.

We conduct our business through operating subsidiaries that in some cases include non-controlling shareholders and investments with third parties (related to project financing activities and our affiliate Roma Multiservizi). While we generally consider entering into such partnerships or investments to be positive developments, various disadvantages may result from the participation of non-controlling shareholders whose interests may not always be aligned with ours. Some of these disadvantages may, among other things, result in our inability to implement organizational efficiencies and transfer cash and assets from one subsidiary to another in order to allocate assets most effectively. In addition, we may have to make payments in connection with put options and earn-out agreements with non-controlling shareholders.

On January 15, 2018 the subsidiary Rekeep World S.r.l. (formerly "Manutencoop International FM S.r.l.") transferred a stake of 30% of the capital of Manutencoop France S.a.r.l. (a company established for the purpose of developing commercial initiatives on French territory, with registered office in Paris) to TMS Servizi Integrati S.r.l., a company incorporated under Italian law. Following this transfer, the Group's percentage of ownership of Manutencoop France S.a.r.l. amounted to 70%. The Investment Agreement signed on October 6, 2017 provided for the minority shareholder to be granted a Put option exercisable by June 30, 2023, linked to a further call option expiring by June 30, 2025 granted to Rekeep World if the put option has not been exercised. These options will be recognized as a potential financial liability in the Consolidated Financial Statements until the effective exercise date, on the basis of estimates updated annually in relation to the results of the French company.

On October 30, 2019, Rekeep Word acquired a stake of 80% of the share capital of the Polish company Naprzód S.A., the parent company of the Polish group with the same name, which mainly operates in the healthcare sector where it provides facility management services (in particular cleaning and disinfection, including specialist hospital services for the maintenance of areas and medical tools, and assistance to the patient in the arrangement of beds, as well as in transport, operations and medical procedures), catering and medical transportation services, including outsourcing services, ambulance hire, security in mass events and the transport of disabled people. The investment agreement provides for a call option for Rekeep World and a put option for the minorities (which may be exercised between October 30, 2024 and October 30, 2025) for the transfer of an additional 20% of Naprzód SA.

The strike price of these options will be calculated with reference to 20% of the equity value of the acquired Group at the exercise date, to an extent equal to the product between the LTM consolidated EBITDA of the quarter immediately prior to that exercise date and 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 agreement.

At the date of the Consolidated Financial Statements at December 31, 2019, however, the management did not have sufficient information to reliably determine the amount of the strike price of the options, although considering it probable that these options would be exercised, and therefore did not recognize the related financial liability and the resulting goodwill. To date, it is objectively unlikely to make a reliable estimate of the two amounts referred to above due to a series of uncertainties such as (i) the significant time span between the date of these Consolidated Financial Statements and the date on which the reference values will be set out; (ii) the number of variables relevant to the measurement under consideration and their poor predictability, with particular reference to the net financial position and net working capital resulting from the growth path that the acquired group is embarking on recently, both internally and externally; (iii) the need for the Rekeep Group's management to become familiar with the business drivers that are peculiar to the Polish market and to some facility services which at present are not yet included in its core business.

In order to provide full and exhaustive disclosures on the transaction under examination, it should be noted that the total financial liability that would have been reported in these financial statements had all the uncertainty factors mentioned above been absent, would have been equal to the present value of the difference between the updated measurement of 100% of the equity investment (calculated on the basis of the 2024 data and the applicable multiplier) and the amount measured in the current financial year for its 80% (€16.2 million). This means that if the updated measurement of the equity investment were equal to the current one, the financial liability related to the options described above would amount to approximately €4 million discounted to present value. If, on the other hand, in line with the expectations of the Group's management, the income and financial performance of the Naprzód Group would lead to an updated measurement of the higher equity investment, the liability to be recognized would have been higher for the same discounted amount.

All the other risk factors related to capital structure described in the Offering Memorandum remain applicable to the group with no material changes, excluding those related to the Merger since the Consummation of the Merger itself on July 1, 2018.

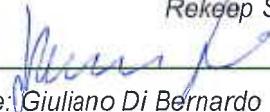


Risks related to our indebtedness

All risk factors related to our indebtedness described in the Offering Memorandum, including those in the sub-section "Risks related to the Notes, the Notes Guarantee and the Collateral remain applicable to the group with no material changes, with the exception of the following:

- **Consummation of the Transactions is dependent upon completion of the Shareholder Financing which may not be raised on satisfactory terms, if at all, and additionally, the Shareholder Financing, if completed, may increase certain risks to the Issuer and its subsidiaries.**
- **If consummation of the Acquisition is delayed beyond the Escrow Longstop Date, or if the other conditions to the escrow are not satisfied, the Issuer will be required to redeem the Notes, which means that you may not obtain the return you expect on the Notes.**

related to the actions to be taken before or on the Completion Date (13th October 2017) and/or related to the Acquisition, which are no longer applicable since the consummation of the Acquisition on the Completion Date.

Rekeep S.p.A.
By: 
Name: Giuliano Di Bernardo
Title: Chairman and CEO

