Interim Report

as at 30 September 2019

14 November 2019

MARR S.p.A.
Via Spagna, 20 – 47921 Rimini - Italy
Capital stock € 33.262.560 i.v.
Tax code and Trade Register of Rimini 01836980365
R.E.A. Ufficio di Rimini n. 276618
Subject to the management and coordination of Cremonini S.p.A. – Castelvetro (MO)

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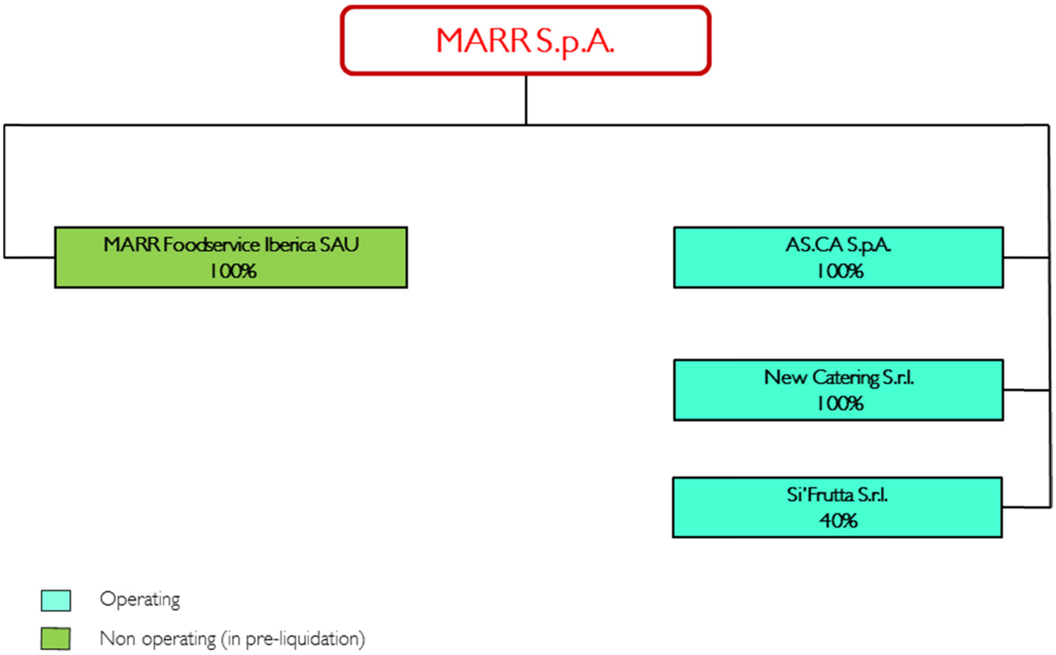
MARR GROUP ORGANISATION

as at 30 September 2019



As at 30 September 2019 the structure of the Group does not differ from that at 31 December 2018.

Compared to the situation as at 30 September 2018, it must be pointed out that during the course of the previous year some mergers, aimed at rationalising the economic, financial and administrative management of the Group, were finalized. Specifically, the merger by incorporation of the companies DE.AL – S.r.l. Depositi Alimentari e Speca Alimentari S.r.l. into the Parent Company MARR S.p.A. became effective from 1 December 2018.

The MARR Group's activities are entirely dedicated to the foodservice distribution and are listed in the following table:

Company	Activity
MARR S.p.A. Via Spagna n. 20 – Rimini	Marketing and distribution of fresh, dried and frozen food products for Foodservice operators.
AS.CA S.p.A. Via dell'Acero n. 1/A - Santarcangelo di Romagna (RN)	Marketing and distribution of fresh, dried and frozen food products for Foodservice operators.
New Catering S.r.l. Via dell'Acero n.1/A - Santarcangelo di Romagna (RN)	Marketing and distribution of foodstuff products to bars and fast food outlets.
MARR Foodservice Iberica S.A.U. Calle Lagasca n. 106 1° centro - Madrid (Spagna)	Non-operating company (in pre – liquidation).
Si'Frutta S.r.l. Via Lesina n. 25 – Cervia (RA)	Supply of fresh fruit and vegetable products to hotels, restaurants, canteens and chains operators and in industrial transformation activities.

All the controlled companies are consolidated on a line – by – line basis.
Related companies are evaluated by equity method.

CORPORATE BODIES

Board of Directors

Chairman	Paolo Ferrari
Chief Executive Office	Francesco Ospitali
Directors	Claudia Cremonini
	Vincenzo Cremonini
	Pierpaolo Rossi
Independent Directors	Marinella Monterumisi [1][2]
	Alessandra Nova [2]
	Ugo Ravanelli [1][2]
	Rossella Schiavini [1]

[1] Member of Control and Risk Committee

[2] Members of the Remuneration and Nomination committee

Board of Statutory Auditors

Chairman	Massimo Gatto
Auditors	Andrea Foschi
	Paola Simonelli
Alternate Auditors	Alvise Deganello
	Simona Muratori
Independent Auditors	PricewaterhouseCoopers S.p.A.

Manager responsible for the drafting of corporate accounting documents	Pierpaolo Rossi

DIRECTORS' REPORT

Group performance and analysis of the results for the third quarter of 2019 and as at 30 September 2019

The interim report as at 30 September 2019, not audited, has been prepared in accordance with the accounting policies and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002, while for information and the purposes of this report, reference is made to article 154-ter of the Legislative Decree 58 dated 24 February 1998.

The MARR Group closed the third quarter, the most important quarter of the business year with positive results, strengthening the leadership of the Group in the Italian market of commercialization and distribution of food products to the Foodservice sector and confirming the profitability levels achieved.

The total consolidated revenues in the third quarter and in the nine months reached 509.1 million Euros (507.2 million Euros in 2018) and 1,302.1 million Euros (1,289.8 million Euros in 2018) respectively.

As regards the sector of activity represented by "Distribution of food products to the Foodservice", MARR Group sales can be analysed in terms of client categories as follows.

The sales of the MARR Group in the first nine months of 2019 amounted to 1,280.4 million Euros (1,270.3 million in 2018), while those in the third quarter amounted to 500.7 million Euros (499.9 million in 2018).

In particular, the sales to clients in the in the Street Market and National Account segments amounted to 1,109.8 million Euros as at 30 September 2019, compared to 1,088.3 million in 2018, while sales in the third quarter amounted to 445.7 million Euros (429.8 million in 2018).

In the main Street Market segment (restaurants and hotels not belonging to Groups or Chains), sales in the first nine months amounted to 891.8 million Euros (864.5 million in 2018), while those in the third quarter amounted to 378.1 million (362.4 million in 2018). The performance of the end reference market of Street Market clients, on the basis of the most recent survey by the Confcommercio Studies Office (Survey no. 9, October 2019), showed an increase in consumption (by quantity) of +1.1% in the third quarter for "Hotels, meals and out of home food consumption", compared to -0.4% and +1.1% respectively in the first and second quarters.

Sales to National Account clients (operators in Canteens and Chains and Groups) amounted to 218.0 million Euros as at 30 September 2019 (223.8 million in 2018), with 67.6 million Euros in the third quarter (67.4 million in the same period of 2018).

Sales to clients in the Wholesale segment, which almost entirely concern frozen seafood (caught), amounted to 170.6 million Euros in the first nine months of 2019 (182.1 million in 2018), with 55.0 million in the third quarter (70.1 million in 2018), which was also affected by the rescheduling of fishing campaigns to the fourth quarter.

In the following table we provide reconciliation between the revenues from sales by category and the revenues from sales and services indicated in the consolidated financial statements:

MARR Consolidated (€thousand)	*3rd quarter 2019*	*3rd quarter 2018*	*30.09.19 (9 months)*	*30.09.18 (9 months)*
Revenues from sales and services by customer category				
Street market	378,080	362,396	891,804	864,504
National Account	67,609	67,423	218,042	223,766
Wholesale	54,981	70,092	170,568	182,058
Total revenues form sales in Foodservice	500,670	499,911	1,280,414	1,270,328
(1) Discount and final year bonus to the customers	(3,118)	(3,474)	(12,309)	(13,158)
(2) Other services	515	587	1,795	1,935
(3) Other	68	106	205	338
Revenues from sales and services	498,135	497,130	1,270,105	1,259,443

Note
(1) Discount and final year bonus not attributable to any specific customer category
(2) Revenues for services (mainly transport) not referring to any specific customer category
(3) Other revenues for goods or services/adjustments to revenues not referring to any specific customer category

Below are the figures, re-classified according to current financial analysis procedures, with the income statement, statement of financial position and net financial position for the first nine months and third quarter of 2019 compared to the corresponding periods of the previous year.

Analysis of the re-classified income statement

MARR Consolidated (€thousand)	3rd quarter 2019	%	3rd quarter 2018	%	% Change	30.09.19 (9 months)	%	30.09.18 (9 months)	%	% Change
Revenues from sales and services	498,135	97.8%	497,130	98.0%	0.2	1,270,105	97.5%	1,259,443	97.6%	0.8
Other earnings and proceeds	10,954	2.2%	10,110	2.0%	8.3	31,991	2.5%	30,362	2.4%	5.4
Total revenues	509,089	100.0%	507,240	100.0%	0.4	1,302,096	100.0%	1,289,805	100.0%	1.0
Raw and secondary materials, consumables and goods for resale	(359,017)	-70.5%	(363,397)	-71.6%	(1.2)	(1,009,573)	-77.5%	(1,014,871)	-78.7%	(0.5)
Change in inventories	(36,053)	-7.1%	(32,690)	-6.4%	10.3	(10,791)	-0.8%	2,737	0.2%	(494.3)
Services	(56,891)	-11.2%	(54,083)	-10.7%	5.2	(147,772)	-11.3%	(143,252)	-11.1%	3.2
Leases and rentals	(170)	0.0%	(2,510)	-0.5%	(93.2)	(500)	-0.1%	(7,348)	-0.5%	(93.2)
Other operating costs	(346)	-0.1%	(368)	-0.1%	(6.0)	(1,108)	-0.1%	(1,156)	-0.1%	(4.2)
Value added	56,612	11.1%	54,192	10.7%	4.5	132,352	10.2%	125,915	9.8%	5.1
Personnel costs	(9,347)	-1.8%	(9,329)	-1.9%	0.2	(28,761)	-2.2%	(28,324)	-2.2%	1.5
Gross Operating result	47,265	9.3%	44,863	8.8%	5.4	103,591	8.0%	97,591	7.6%	6.1
Amortization and depreciation	(3,917)	-0.8%	(1,782)	-0.3%	119.8	(11,462)	-0.9%	(5,216)	-0.4%	119.7
Provisions and write-downs	(3,981)	-0.8%	(3,963)	-0.8%	0.5	(10,797)	-0.9%	(10,560)	-0.9%	2.2
Operating result	39,367	7.7%	39,118	7.7%	0.6	81,332	6.2%	81,815	6.3%	(0.6)
Financial income	192	0.0%	464	0.1%	(58.6)	611	0.1%	919	0.1%	(33.5)
Financial charges	(1,639)	-0.3%	(1,240)	-0.2%	32.2	(4,950)	-0.4%	(4,088)	-0.3%	21.1
Foreign exchange gains and losses	258	0.1%	103	0.0%	150.5	249	0.0%	55	0.0%	352.7
Value adjustments to financial assets	0	0.0%	0	0.0%	0.0	0	0.0%	0	0.0%	0.0
Result from recurrent activities	38,178	7.5%	38,445	7.6%	(0.7)	77,242	5.9%	78,701	6.1%	(1.9)
Non-recurring income	0	0.0%	0	0.0%	0.0	0	0.0%	0	0.0%	0.0
Non-recurring charges	0	0.0%	0	0.0%	0.0	0	0.0%	0	0.0%	0.0
Profit before taxes	38,178	7.5%	38,445	7.6%	(0.7)	77,242	5.9%	78,701	6.1%	(1.9)
Income taxes	(10,861)	-2.1%	(10,750)	-2.1%	1.0	(22,160)	-1.7%	(22,440)	-1.7%	(1.2)
Total net profit	27,317	5.4%	27,695	5.5%	(1.4)	55,082	4.2%	56,261	4.4%	(2.1)

With reference to the values stated above, as already highlighted in the Explanatory Notes to the financial statements as at 31 December 2018 and in the previous Interim Reports, it must be highlighted that the new accounting principle IFRS16 became effective on 1st January 2019.
This standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract.

For all long-term lease contracts identified as above explained the principle implies the accounting in the financial statement of a right of use, classified in the fixed assets, and of the related financial liability, with allocation in the statement of profit and loss of the related depreciation and financial charges.
With reference to these contracts no lease and rental costs are recorded in the profit and loss statement of the Group.
It should be noted that the same period of 2018 has not been restated in compliance with the new standard so the effects of its application will be explained in the following notes with reference to each item involved.

During the first nine months, the application of the new accounting principle implied an improvement in the EBITDA of total 6.8 million Euros (equal to the value of rental fees that previously were accounted in the item "Leases and rentals costs") and in the EBIT for 0.6 million Euros; on the other hands the impact on the result before taxes has been negative for 0.7 million Euros by the effect of the accrued interests related to the amortization plans of the financial liabilities recorded in the statement of the financial position.
In the quarter the new standard has had a positive impact for 2.3 million Euros on EBITDA and for 0.2 million Euros on EBIT while the effect on the profit before taxes was equal to -0.2 million Euros.

In the third quarter, which due to the business seasonality is historically the most significant of the business year; the results achieved by the MARR's Group are the following: total revenues amounting to 509.1 million Euros (507.2 million in 2018); EBITDA[1] amounting to 47.3 million Euros (44.9 million in 2018); EBIT amounting to 39.4 million Euros (39.1 million in 2018).

[1] The EBITDA (Gross Operating Margin) is an economic indicator not defined by the IFRS adopted by MARR for the financial statements from 31 December 2005. The EBITDA is a measure used by the company's management to monitor and assess its operational performance. The management believes that the EBITDA is an important parameter for measuring the Group's performance as it is not affected by the volatility due to the effects of

In the first nine months the results achieved by the MARR's Group are the following: total revenues amounting to 1,302.1 million Euros (1,289.8 million in 2018); EBITDA amounting to 103.6 million Euros (97.6 million in 2018); EBIT amounting to 81.3 million Euros (81.8 million in 2018) and a net result amounting to 55.1 million Euros (56.3 million in 2018).

The trend in Revenues (+1.0% in the nine months and +0.4% in the quarter compared to the same period of the previous year) is a consequence of the performance of sales in the individual client categories, as analysed previously.

The item "Other earnings and proceeds" is mainly represented by contributions from suppliers on purchases and includes logistics payments which MARR charges to suppliers (as in the previous years). On the other hand, it's recall that MARR undertakes the costs for the internal distribution from the logistical platforms to the distribution centres.

In the nine months the percentage incidence of the gross margin (Total revenues, less Cost of purchase of goods plus variations in inventories) on the total revenues showed a slight improvement (+0.1%) compared to the same period of the previous year, showing an improvement compared to the first half-year, that was negatively affected by deflationary dynamics related to frozen seafood products, mainly in the "Wholesale" category.

As regards operating costs, the higher costs of transport, handling and processing of goods was mainly due to the effect of the different sales mix, as commented above, causing an increase, as percentage incidence of services on the total Revenues, compared to the same period of the previous year, both in the nine months and in the third quarter.

Leases and Rentals cost is significant reduced due to the application of the new accounting principle as explained in the previous paragraphs.

As regards the Personnel costs, it must be noted that, with a workforce which had reduced at the end of the first nine months in numerical terms compared to the same period of 2018 (836 employees as at 30 September 2019 against 840 as at 30 September 2018), during the course of last year, because of hiring new staff with a view to enhancing some of the central and commercial departments, together with the closure of the Valdagno distribution centre and the completion of the process of outsourcing in some units, the composition of the workforce itself changed, with an increase in the number of employees and a decrease in the number of manual labourers. This process, jointly with the different calendar of festivities has led, in the first six months of the year an increase in absolute value of about 0.4 million Euros compared to the same period last year. In the third quarter the Personnel costs is in line with the same quarter of 2018.

In the nine months, the increase in absolute value of depreciation is for 6.2 million Euros (2.1milions of Euros in the quarter) related to the depreciation of the right of use accounted for in the financial statements for the lease contracts as provided by IFRS16.

The item provisions and write-downs amounted to 10.8 million Euros over the nine months, an slightly increase compared to 10.6 million in 2018 (4.0 million Euros in the third quarter in line with the same period of the previous year) and is constituted for 10.4 million Euros by the provision for bad debts and for 0.4 million Euros by the provision for client severance indemnity. The percentage incidence on total revenues is unchanged compared to the previous period.

As at 30 September 2019 the net financial costs, net of those deriving from the application of IFRS 16 that totally amount to 1.2 million of Euros (0.4 million of Euros in the quarter), was substantially in line with those of the nine months of the previous year.

The management of foreign currency items shows a positive effect mainly related to the performance of the Euro compared to the US dollar (+0.2 million Euros in nine months and +0.1 million Euros in the quarter).

By effect of that illustrated above the result of recurrent activities reached 38.2 million Euros (38.4 million Euros in 2018) and 77.2 million Euros in the nine months (78.7 million Euros in the same period of 2018).

In the nine months the tax rate of the period is equal to 28.7%, aligned with that one of the previous year.

The total net result of the third quarter reached 27.3 million Euros, compared to 27.7 million Euros of the same period of the previous year.

At the end of the first nine months the net result amounted to 55.1 million Euros (56.3 million 2018).

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various types of criteria for determining taxable items, the amount and characteristics of the capital used and the relevant amortization policies. Today (following the subsequent detailing of the development of the accounting procedures) the EBITDA (Earnings before interests, taxes, depreciation and amortization) is defined as the business year Profits/Losses gross of amortizations and depreciations, write downs and financial income and charges and income tax

Analysis of the re-classified statement of financial position

MARR Consolidated (€thousand)	*30.09.19*	*31.12.18*	*30.09.18*
Net intangible assets	152,139	152,097	152,044
Net tangible assets	70,903	68,168	68,296
Right of use assets	55,796	0	0
Equity Investments evaluated using the Net Equity method	516	516	516
Equity investments in other companies	304	304	315
Other fixed assets	24,938	25,516	22,884
Total fixed assets (A)	304,596	246,601	244,055
Net trade receivables from customers	427,814	378,489	435,125
Inventories	148,087	158,878	150,289
Suppliers	(380,805)	(323,227)	(382,371)
Trade net working capital (B)	195,096	214,140	203,043
Other current assets	66,331	61,468	64,327
Other current liabilities	(36,011)	(23,678)	(36,521)
Total current assets/liabilities (C)	30,320	37,790	27,806
Net working capital (D) = (B+C)	225,416	251,930	230,849
Other non current liabilities (E)	(1,159)	(1,116)	(1,390)
Staff Severance Provision (F)	(8,141)	(8,418)	(8,669)
Provisions for risks and charges (G)	(7,772)	(8,069)	(6,265)
Net invested capital (H) = (A+D+E+F+G)	512,940	480,928	458,580
Shareholders' equity attributable to the Group	(328,228)	(324,272)	(311,255)
Consolidated shareholders' equity (I)	(328,228)	(324,272)	(311,255)
(Net short-term financial debt)/Cash	49,806	61,701	80,562
(Net medium/long-term financial debt)	(178,315)	(218,357)	(227,887)
Net financial debt - before IFRS16 (L)	(128,509)	(156,656)	(147,325)
Current lease liabilities (IFRS16)	(7,849)	0	0
Non-current lease liabilities (IFRS16)	(48,354)	0	0
IFRS16 effect on Net financial debt (M)	(56,203)	0	0
Net financial debt (N) = (L+M)	(184,712)	(156,656)	(147,325)
Net equity and net financial debt (O) = (I+N)	(512,940)	(480,928)	(458,580)

With reference to the statement of the financial position it should be noted the accounting - according to IFRS16 and as described in the previous paragraph - in the total fixed assets of the Right of use, the net book value of which as at 30 September 2019 was 55.8 million Euros and which is mainly related to the long-term lease contracts for the buildings in which the distribution centers of the Parent Company and of the subsidiary New Catering are located.
On the other hands the new principle implied the accounting of a financial liability that amounted to 56.2 million Euros at 30 September 2019.

It is highlighted that the Group applied a modified retrospective approach which does not require that the comparative data be restated.

Analysis of the Net Financial Position[2]

The following represents the trend in Net Financial Position:

	MARR Consolidated (€thousand)	*30.09.19*	*30.06.19*	*31.12.18*	*30.09.18*
A.	Cash	10,171	20,070	9,345	20,892
	Cheques	0	0	0	0
	Bank accounts	231,893	186,000	168,804	183,096
	Postal accounts	78	14	261	142
B.	Cash equivalent	231,971	186,014	169,065	183,238
C.	Liquidity (A) + (B)	242,142	206,084	178,410	204,130
	Current financial receivable due to Parent company	90	1,099	1,956	1,155
	Current financial receivable due to related companies	0	0	0	0
	Others financial receivable	2,178	1,035	923	848
D.	Current financial receivable	2,268	2,134	2,879	2,003
E.	Current Bank debt	(55,367)	(59,845)	(41,043)	(61,318)
F.	Current portion of non current debt	(129,136)	(92,713)	(77,196)	(61,971)
	Financial debt due to Parent company	0	0	0	0
	Financial debt due to related company	0	0	0	0
	Other financial debt	(10,101)	(1,183)	(1,349)	(2,282)
G.	Other current financial debt	(10,101)	(1,183)	(1,349)	(2,282)
H.	Current lease liabilities (IFRS16)	(7,849)	(7,654)	0	0
I.	Current financial debt (E) + (F) + (G) + (H)	(202,453)	(161,395)	(119,588)	(125,571)
J.	Net current financial indebtedness (C) + (D) + (I)	41,957	46,823	61,701	80,562
K.	Non current bank loans	(148,027)	(171,565)	(180,707)	(190,425)
L.	Other non current loans	(30,288)	(37,825)	(37,650)	(37,462)
M.	Non-current lease liabilities (IFRS16)	(48,354)	(48,616)	0	0
N.	Non current financial indebtedness (K) + (L) + (M)	(226,669)	(258,006)	(218,357)	(227,887)
O.	Net financial indebtedness (J) + (N)	(184,712)	(211,183)	(156,656)	(147,325)

The MARR's Group financial debt is affected by the business seasonality, that requires high net working capital during the summer period. Historically, the indebtedness reaches its peak during the first half of the year, and then decrease at the end of the business year.
At the end of the first nine months of 2019 the indebtedness reached 184.7 million Euros (147.3 million as at 30 September 2018).
The value is affected by the application from 1st January 2019 of the new IFRS16 standard implying the accounting of a financial liability for total 56.2 million Euros (of which 25.4 million with a maturity from two to five years and 22.9 million with a maturity over five years) related to the long-term lease contracts.
As already explained above the comparative data were not been restated.

[2] The Net Financial Position used as a financial indicator of debts is represented by the total of the following positive and negative components of the Statement of financial position:
Positive short term components: cash and equivalents; items of net working capital collectables; financial assets.
Negative short and long term components: payables to banks; payables to other financiers, payables to leasing companies and factoring companies; payables to shareholders for loans.

Net of the impact indicated above, by the effect of the ordinary operating management and of the cash out related to the investments for the distribution centres of the Parent Company Net (as detailed in the paragraph "Investments"), the Net Financial Positions of the Group amounts to 128.5 million Euros, improving of 26.4 million Euros compared to 154.9 million as at 30 June 2019 and of 18.8 million Euros compared to 147.3 million of the same period of the previous year.

In addition, it should be noted that in May dividends were paid for 51.9 million Euros (49.2 million Euros in 2018).

As regards the structure of the sources of financing, it must be highlighted that during the third quarter the Parent Company finalised a new loan in Pool with Cassa Centrale Banca signed and disbursed on August 2019 for 20 million Euros and with amortization plan ending in August 2022.

Furthermore, it should be highlighted that the bond in US dollars, finalized in July 2013 for 10 million Euros and expiring in July 2020, has been classified in the current financial payables for a total amount of 7.7 million Euros, net of the financial receivable regarding the related Cross Currency Interest Rate Swap agreement.

The trade net financial position at 30 September 2019 remains in line with the company objectives.

Analysis of the Trade net working Capital

MARR Consolidated (€thousand)	*30.09.19*	*30.06.19*	*31.12.18*	*30.09.18*
Net trade receivables from customers	427,814	415,807	378,489	435,125
Inventories	148,087	184,140	158,878	150,289
Payables to suppliers	(380,805)	(390,300)	(323,227)	(382,371)
Trade net working capital	195,096	209,647	214,140	203,043

As at 30 September 2019 the trade net working capital amounts to 195.1 million Euros with a decrease of some 7.9 million Euros compared to 203.0 million Euros of the 30 September 2018.

Specifically, it should be noted that, against an increase in the item Total Revenues of 12.3 million Euros, the decrease in Trade receivables from customers compared to the same period in the previous year reached approximately 7.3 million Euros, confirming the maintenance of a continued policy of careful credit management.

Inventories decrease of 10.8 million Euros compared to 31 December 2018 (+2.7 million Euros in the same period of the previous year) and of 2.2 million Euros compared to 30 September 2018 (+11.0 million Euros in the same period of the same year which was affected by the anticipation of some fishing campaigns).

Suppliers, increasing of 57.6 million Euros compared to 31 December 2018, show a decrease of 1.6 million Euros compared to the same period of the previous year.

The trade net working capital remains in line with the company objectives.

Re-classified cash-flow statement

MARR Consolidated (€thousand)	30.09.19	30.09.18
Net profit before minority interests	55,082	56,261
Amortization and depreciation	11,462	5,216
Change in Staff Severance Provision	(277)	(595)
Operating cash-flow	66,267	60,882
(Increase) decrease in receivables from customers	(49,325)	(58,435)
(Increase) decrease in inventories	10,791	(2,737)
Increase (decrease) in payables to suppliers	57,578	53,511
(Increase) decrease in other items of the working capital	7,470	6,905
Change in working capital	26,514	(756)
Net (investments) in intangible assets	(419)	(614)
Net (investments) in tangible assets	(7,589)	(3,103)
Net (investments) in right of use IFRS16	(62,031)	0
Net change in financial assets and other fixed assets	578	3,511
Net change in other non current liabilities	(254)	85
Investments in other fixed assets	(69,715)	(121)
Free - cash flow before dividends	23,066	60,005
Distribution of dividends	(51,890)	(49,229)
Capital and reserves increase	0	0
Other changes, including those of minority interests	768	(498)
Casf-flow from (for) change in shareholders' equity	(51,122)	(49,727)
FREE - CASH FLOW	(28,056)	10,278
Opening net financial debt	(156,656)	(157,603)
Cash-flow for the period	(28,056)	10,278
Closing net financial debt	(184,712)	(147,325)

Compared to the same period of the previous year, net of the effect deriving from the IFRS16, the ordinary management has generated an improvement of the free-cash flow before dividends for some 18.9 million Euros.

Investments

The following is a summary of the investments made in the first nine months and in the third quarter of 2019:

(€thousand)	*3rd quarter 2019*	*30.09.19*
Intangible assets		
Patents and intellectual property rights	29	126
Fixed assets under development and advances	167	293
Total intangible assets	196	419
Tangible assets		
Land and buildings	55	772
Plant and machinery	457	1,652
Industrial and business equipment	119	367
Other assets	473	829
Fixed assets under development and advances	1,931	3,969
Total tangible assets	3,035	7,589
Total	3,231	8,008

As concern the investments in fixed assets under development and advances, it should be highlighted that the construction works of the new headquarter located in Santarcangelo di Romagna (for a total investment amounting to 2,720 thousand Euros in the nine months, 1,376 thousand Euros in the quarter) and the expansion works at the distribution centre MARR Adriatico (for 1,105 thousand Euros in the nine months, 424 thousand Euros in the quarter) are continuing.

For what concern the investments in Land and buildings it is recalled that this ones are mainly referred to the progress of the expansion and modernization works in some distribution centers of the Parent Company which are mainly referred to MARR Venezia and to the warehouse of the subsidiary New Catering which totally amount to 472 thousand Euros in the nine months.
Investments in Plant and machinery were made in various distribution centers of the Parent Company.

Increase in the items "Other assets" was mainly related to the purchase of electronics machines and vehicles.

The intangible asset increase is linked to the purchase of new software, some of which is still being implemented.

Other informations

The Company neither holds nor has ever held shares or quotas of parent companies, even through third party persons and/or companies; consequently during the 2019 the company never purchased or sold the above-mentioned shares and/or quotas.

As at 30 September 2019 the Company does not owns own shares.

During the first nine months of 2019, the Group did not carry out any atypical or unusual operations.

Main events in the third quarter of 2019

There were no significant event during the third quarter 2019.

In relation to the events occurred during the first half year please refer to the Half Year Financial Report.

Events occurred after the closing of the quarter

On 13 November, MARR S.p.A. acquired 34% of the shares of Jolanda de Colò S.p.A. from Intrapresa S.r.l., and simultaneously signed with the company ABA S.r.l. of the Pessot – de Colò family, which owns 66% of Jolanda de Colò, an irrevocable agreement giving MARR the option, as of 31 March 2022, to purchase a majority shareholding stake in Jolanda de Colò. The agreement also provides for a mechanism of call option for MARR and put option for ABA on the remaining 33% of the share capital of Jolanda de Colò.

Through this transaction, MARR is entering into a partnership with the Pessot – de Colò family, confirmed at the head of Jolanda de Colò, in the development of the premium segment of food supplies to the Foodservice sector.
Jolanda de Colò is indeed one of the largest operators domestically in the premium segment (top range), with more than 21 million Euros in sales in the 2018 business year and approximately 5,000 clients served with more than 2,000 products of culinary excellence.

Jolanda de Colò was founded by the Pessot – de Colò family in 1976 and was initially involved in the production of meat, expanding its activities in the distribution of speciality products over the years. Specifically, the sale of not processed products has increased progressively and now represents more than 70% of sales, approximately 90% of which are concentrated in the Ho.re.ca. sector and approximately 93% in Italy.
Jolanda de Colò operates through a distribution and production centre with a covered surface area of approximately 6,000 m2 located in Palmanova (Udine).

The price for the acquisition of 34% of the shares of Jolanda de Colò amounted to 2 million Euros and was paid in full when the shares were transferred.

Outlook

In the main segment of Street Market clients, the sales trend in October indicates that the sales in the first ten months are in line with the growth objectives for the year.

Interim Condensed

Consolidated Financial Statements

MARR Group

Interim Report

as at 30 September 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€thousand)	30.09.19	31.12.18	30.09.18
ASSETS			
Non-current assets			
Tangible assets	70,903	68,168	68,296
Right of use	55,796	0	0
Goodwill	149,921	149,921	149,921
Other intangible assets	2,218	2,176	2,123
Equity Investments evaluated using the Net Equity method	516	516	516
Investments in other companies	304	304	315
Non-current financial receivables	609	723	1,071
Financial instruments/derivatives	4,134	2,513	1,309
Deferred tax assets	0	0	577
Other non-current assets	29,879	30,880	27,769
Total non-current assets	314,280	255,201	251,897
Current assets			
Inventories	148,087	158,878	150,289
Financial receivables	802	2,878	1,999
relating to related parties	*90*	*1,957*	*1,155*
Financial instruments/derivatives	1,466	1	4
Trade receivables	418,130	369,889	427,283
relating to related parties	*9,875*	*16,101*	*13,048*
Tax assets	2,458	3,312	8,639
relating to related parties	*12*	*109*	*12*
Cash and cash equivalents	242,142	178,410	204,130
Other current assets	63,873	58,156	55,688
relating to related parties	*308*	*457*	*305*
Total current assets	876,958	771,524	848,032
TOTAL ASSETS	*1,191,238*	*1,026,725*	*1,099,929*
LIABILITIES			
Shareholders' Equity			
Shareholders' Equity attributable to the Group	328,228	324,272	311,255
Share capital	*33,263*	*33,263*	*33,263*
Reserves	*221,390*	*207,868*	*207,095*
Retained Earnings	*73,575*	*83,141*	*70,897*
Total Shareholders' Equity	328,228	324,272	311,255
Non-current liabilities			
Non-current financial payables	178,315	218,357	227,887
Non-current lease liabilities (IFRS16)	48,354	0	0
relating to related parties	*665*	*0*	*0*
Financial instruments/derivatives	0	0	0
Employee benefits	8,141	8,418	8,669
Provisions for risks and costs	6,159	5,981	6,265
Deferred tax liabilities	1,613	2,088	0
Other non-current liabilities	1,159	1,116	1,390
Total non-current liabilities	243,741	235,960	244,211
Current liabilities			
Current financial payables	194,452	119,578	125,483
relating to related parties	*0*	*0*	*0*
Current lease liabilities (IFRS16)	7,849	0	0
relating to related parties	*658*	*0*	*0*
Financial instruments/derivatives	152	10	88
Current tax liabilities	14,151	1,953	13,746
relating to related parties	*10,652*	*0*	*10,513*
Current trade liabilities	380,805	323,227	382,371
relating to related parties	*10,484*	*8,829*	*10,554*
Other current liabilities	21,860	21,725	22,775
relating to related parties	*27*	*144*	*42*
Total current liabilities	619,269	466,493	544,463
TOTAL LIABILITIES	*1,191,238*	*1,026,725*	*1,099,929*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€thousand)	Note	*3rd quarter 2019*	*3rd quarter 2018*	*30 September 2019*	*30 September 2018*
Revenues	1	498,135	497,130	1,270,105	1,259,443
relating to related parties		*15,118*	*15,318*	*46,849*	*46,106*
Other revenues	2	10,954	10,110	31,991	30,362
relating to related parties		*173*	*198*	*519*	*538*
Changes in inventories		(36,053)	(32,690)	(10,791)	2,737
Purchase of goods for resale and consumables	3	(359,017)	(363,397)	(1,009,573)	(1,014,871)
relating to related parties		*(26,258)*	*(25,094)*	*(71,228)*	*(68,778)*
Personnel costs	4	(9,347)	(9,329)	(28,761)	(28,324)
Amortization, depreciation and write-downs	5	(7,898)	(5,745)	(22,259)	(15,776)
Other operating costs	6	(57,407)	(56,961)	(149,380)	(151,756)
relating to related parties		*(289)*	*(755)*	*(1,843)*	*(2,277)*
Financial income and charges	7	(1,189)	(673)	(4,182)	(3,114)
relating to related parties		*(3)*	*0*	*(10)*	*0*
Profits/(Losses) form investments evaluated using the Net Equity method	8	0	0	92	0
Pre-tax profits		*38,178*	*38,445*	*77,242*	*78,701*
Taxes	9	(10,861)	(10,750)	(22,160)	(22,440)
Profits for the period		*27,317*	*27,695*	*55,082*	*56,261*
Profit for the period atributable to:					
Shareholders of the parent company		27,317	27,695	55,082	56,261
Minority interests		0	0	0	0
		27,317	*27,695*	*55,082*	*56,261*
EPS base (euros)	10	0.41	0.42	0.83	0.85
EPS diluited (euros)	10	0.41	0.42	0.83	0.85

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(€thousand)	Note	*3rd quarter 2019*	*3rd quarter 2018*	*30 September 2019*	*30 September 2018*
Profits for the period (A)		27,317	27,695	55,082	56,261
Items to be reclassified to profit or loss in subsequent periods:					
Efficacious part of profits/(losses) on cash flow hedge instruments, net of taxation effect		177	(144)	768	(498)
Items not to be reclassified to profit or loss in subsequent periods:					
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect		0	0	0	0
Total Other Profits/Losses, net of taxes (B)	*11*	*177*	*(144)*	*768*	*(498)*
Comprehensive Income (A) + (B)		*27,494*	*27,551*	*55,850*	*55,763*
Comprehensive Income attributable to:					
Shareholders of the parent company		27,494	27,551	55,850	55,763
Minority interests		0	0	0	0
		27,494	*27,551*	*55,850*	*55,763*

CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDER'S EQUITY
(in thousand Euros)

Description	Share Capital	Other reserves											Profits carried over from consolidated	Total Group net equity
		Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital	Extraordinary reserve	Reserve for exercised stock options	Reserve for transition to Ias/Ifrs	Cash-flow hedge reserve	Reserve ex art. 55 (dpr 597-917)	Reserve IAS 19	Total Reserves		
Balance at 1st January 2018	33,263	63,348	6,652	13	36,496	79,354	1,475	7,290	(1,740)	1,468	(758)	193,600	77,863	304,726
Allocation of 2017 profit						13,998						**13,998**	(13,998)	
Distribution of parent company dividends													(49,229)	(49,229)
Other minor variations										(4)		**(5)**		(5)
Consolidated comprehensive income (1/1 -30/09/2018):														
- Profit for the period													56,261	56,261
- Other Profits/Losses, net of taxes									(498)			**(498)**		(498)
Balance at 30 September 2018	33,263	63,348	6,652	13	36,496	93,352	1,475	7,290	(2,238)	1,465	(758)	207,095	70,897	311,255
Other minor variations										(2)		**(2)**		(2)
Consolidated comprehensive income (1/10 - 31/12/2018):														
- Profit for the period													12,244	12,244
- Other Profits/Losses, net of taxes									660		114	**775**		775
Balance at 31 December 2018	33,263	63,348	6,652	13	36,496	93,352	1,475	7,290	(1,578)	1,463	(644)	207,868	83,141	324,272
Allocation of 2018 profit						12,759						**12,759**	(12,759)	
Distribution of parent company dividends													(51,890)	(51,890)
Other minor variations										(4)		**(5)**	1	(4)
Consolidated comprehensive income (1/1 -30/09/2019):														
- Profit for the period													55,082	55,082
- Other Profits/Losses, net of taxes									768			**768**		768
Balance at 30 September 2019	33,263	63,348	6,652	13	36,496	106,111	1,475	7,290	(810)	1,459	(644)	221,390	73,575	328,228

CONSOLIDATED CASH FLOWS STATEMENT (INDIRECT METHOD)

Consolidated (€thousand)	*30.09.19*	*30.09.18*
Result for the Period	55,082	56,261
Adjustment:		
Amortization and write-downs	5,231	5,221
IFRS 16 depreciation	6,235	0
Change in deferred tax	(717)	(738)
Allocation of provison for bad debts	10,404	9,894
Allocation of provison for supplementary clientele severance indemnity	393	666
Allocation of provision for inventories		
Capital profit/losses on disposal of assets	(128)	3
relating to related parties	*0*	*0*
Financial (income) charges net of foreign exchange gains and losses	4,431	3,169
relating to related parties	*10*	*(1)*
Foreign exchange evaluated (gains)/losses	159	(63)
Dividends Received	(92)	0
	25,916	18,890
Net change in Staff Severance Provision	(278)	(595)
(Increase) decrease in trade receivables	(58,645)	(67,163)
relating to related parties	*6,226*	*972*
(Increase) decrease in inventories	10,791	(2,737)
Increase (decrease) in trade payables	57,578	53,431
relating to related parties	*1,655*	*1,543*
(Increase) decrease in other assets	(4,716)	(2,451)
relating to related parties	*149*	*(1)*
Increase (decrease) in other liabilities	(36)	111
relating to related parties	*(116)*	*(208)*
Net change in tax assets / liabilities	21,368	21,021
relating to related parties	*11,135*	*19,155*
Income tax paid	(8,075)	(9,222)
relating to related parties	*(376)*	*(7,430)*
Interest paid	(4,950)	(4,088)
relating to related parties	*(11)*	*0*
Interest received	519	919
relating to related parties	*1*	*1*
Foreign exchange evaluated gains	(158)	64
Foreign exchange evaluated losses	(1)	(1)
Cash-flow form operating activities	94,395	64,440
(Investments) in other intangible assets	(419)	(247)
(Investments) in tangible assets	(7,745)	(3,754)
Net disposal of tangible assets	284	648
Right of use	0	0
Net (investments) in equity investments no consolidated on a line-by-line basis	0	(516)
Outgoing for acquisition of subsiaries or going concerns during the year (net of liquidity purchased)	(180)	(9,191)
Dividends Received	92	0
Cash-flow from investment activities	(7,968)	(13,060)
Distribution of dividends	(51,890)	(49,229)
Other changes, including those of third parties	764	(508)
Net change lease liabilities (IFRS 16)	(5,828)	0
relating to related parties	*(490)*	*0*
Other changes in financial payables (net of non-current loans received)	15,915	(1,108)
relating to related parties	*0*	*0*
New non-current loans received	64,500	97,894
relating to related parties	*0*	*0*
Non current loans repayment	(45,260)	(49,933)
relating to related parties	*0*	*0*
Net change in current financial receivables	611	(28)
relating to related parties	*1,867*	*104*
Net change in non-current financial receivables	(1,507)	(623)
relating to related parties	*0*	*0*
Cash-flow from financing activities	(22,695)	(3,535)
Increase (decrease) in cash-flow	63,732	47,845
Opening cash and equivalents	178,410	156,285
Closing cash and equivalents	242,142	204,130

For the reconciliation between the opening figures and closing figures with the relevant movements of the financial liabilities deriving from financing activities (as required by paragraph 44A of IAS 7), see Appendix 1 to the following Explanatory notes.

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Structure and contents of the interim condensed consolidated financial statements

The interim report as at 30 September 2019 have been prepared in accordance with the accounting policies and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002 while for information and the purposes of this report, reference is made to article 154-ter of the Legislative Decree 58 dated 24 February 1998.

In the "Accounting policies" section, the international accounting principles adopted do not differ from those used in the drawing up of the consolidated financial statements as at 31 December 2018, excepted for the amendments and interpretations effective from the 1st January 2019.

In particular, as already explained in the Directors' Report, it is highlighted that the international standard IFRS 16 is effective from 1st January 2019.
The new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract.
For all long-term lease contracts identified as above explained the principle implies the accounting in the financial statement of a right of use classified in the fixed assets and the related financial liability, with allocation in the statement of profit and loss of the related depreciation and financial charges.
With reference to these contracts no lease and rental costs are recorded in the profit and loss statement of the Group.
It is highlighted that the Group adopted a modified retrospective approach, without the restatement of the comparative figures.

For the purposes of the application of IFRS 8 it is noted that the Group operates in the "Distribution of food products to non-domestic catering" sector only; with regard to performance levels in the third quarter of 2019, see what described in the Directors' Report.

The interim condensed consolidated financial statements as at 30 September 2019 have been prepared on the basis of the cost method except for the derivative financial instruments, which are recorded at fair value.

The consolidated financial statements as at 30 September 2019 show, for comparison purposes, for the Income Statement the figures for the third quarter and progressive figures as at 30 September 2018 and for the Statement of the Financial Position the figures as at 31 December 2018 and 30 September 2018.

The following classifications have been used:
- "Statement of financial position" by current/non-current items,
- "Statement of profit or loss" by nature,
- "Cash flows statement" (indirect method).

These classifications are deemed to provide information which is better suited to represent the economic and financial situation of the Group.

The figures are expressed in Euros.

The statements and tables contained in this interim condensed consolidated financial statements are shown in thousand Euros.

The interim report is not audited.

This report has been prepared using the principles and accounting policies illustrated below.

Consolidation method

Consolidation is made by using the line-by-line method, which consists in recognizing all the items in the assets and liabilities in their entirety. The main consolidation criteria adopted to apply this method are the following:

- Subsidiaries have been consolidated as from the date when control was actually transferred to the Group, and are no longer consolidated as from the date when control was transferred outside the Group.
- Assets and liabilities, charges and income of the companies consolidated on a line-by-line basis, have been fully entered in the consolidated financial statements; the book value of equity investments has been written off against the corresponding portion of shareholders' equity of the related concerns, by assigning to each single item of the statement of financial position's assets and liabilities, the current value as at the date of acquisition of control (purchase method as defined by IFRS 3, "Business combinations"). Any residual difference, if positive, is entered under "*Goodwill*" in the assets; if negative, in the income statement.
- Mutual debt and credit, costs and revenues relationships, between consolidated companies, and the effects of all significant transactions between these companies, have been written off.
- The portions of shareholders' equity and of the results for the period of minority shareholders have been shown separately in the consolidated shareholders' equity and income statement: this holding is determined on the basis of the percentage held in the fair value of the assets and liabilities recorded at the date of original takeover and in the changes in shareholders' equity after this date.
- Subsequently, the profits and losses are attributed to the minority shareholders on the basis of the percentage they hold and the losses are attributed to minorities even if this implies that the minority holdings have a negative balance.
- Changes in the shareholding of the Parent Company in a subsidiary which do not imply loss of control are accounted as equity transactions.
- If the Parent Company loses control over a subsidiary, it:
    - derecognises the assets (including any goodwill) and liabilities of the subsidiary,
    - derecognises the carrying amount of any non-controlling interest,
    - derecognises the cumulative translation differences recorded in equity,
    - recognises the fair value of the consideration received,
    - recognises the fair value of any investment retained,
    - recognises any surplus or deficit in the profit and loss,
    - re-classifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate.

Scope of consolidation

The interim condensed consolidated financial statements as at 30 September 2019 include the financial statements of the Parent Company MARR S.p.A. and those of the companies it either directly or indirectly controls.
Control is achieved when the Group is exposed or has the right to variable performance levels, deriving from its own relations with the entity involved in the investment and, simultaneously, has the capacity to affect these performance levels by exercising its power over the entity. Specifically, the Group controls a subsidiary if, and only if, the Group has:
· the power over the entity involved in the investment (or has valid rights conferring upon it the current capacity to manage the significant activities of the entity being invested in);
· exposure or the right to variable performance levels deriving from relations with the entity being invested in;
· the capacity to exercise its own power over the entity being invested in terms of affecting the amount deriving from its performance.
There is a general assumption that the majority of voting rights implies control. In support of this assumption and when the Group possesses less than the majority of the voting (or similar) rights, the Group considers all the significant facts and circumstances to establish whether it controls the entity being invested in, including:
· contractual agreements with other owners of voting rights;
· rights deriving from contractual agreements;
· voting rights and potential voting rights of the Group.
The Group reconsiders whether it has control over a subsidiary or not if the facts and circumstances indicate that there have been changes in one or more of the significant elements defining control.

The complete list of subsidiaries included in the scope of consolidation as at 30 September 2019, with an indication of the method of consolidation, is reported in the MARR Group organisation.

The consolidated financial statements have been prepared on the basis of the financial statements as at 30 September 2019 prepared by the subsidiaries included in the scope of consolidation and adjusted, if necessary, in order to align them to the accounting Group policies and classification criteria, in accordance with IFRS.

As at 30 September 2019 the scope of consolidation does not differ from that at 31 December 2018.

As already commented in the Director's Report, comparing to the situation as at 30 September 2018, it should be recalled that during the course of the previous year some mergers, aimed at rationalising the economic, financial and administrative management of the Group, were finalized. Specifically, the merger by incorporation of the companies DE.AL – S.r.l. Depositi Alimentari e Speca Alimentari S.r.l. into the Parent Company MARR S.p.A. became effective from 1 December 2018.

Accounting policies

The criteria for assessment used for the purpose of predisposing the consolidated accounts up for the financial statement closed on 30 September 2019 do not differ from those used for the drafting of the consolidated financial statements as at 31 December 2018, excepted for new Accounting Standards, interpretations and changes to the Accounting Standards effective from 1st January 2019.

In particular, as reported in the introduction of these Explanatory notes, it should be highlighted the application of the new IFRS 16.
This new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts.
From 1st January 2019 it involved the accounting in the fixed assets of a Right of use the net book value of which was equal to 55.8 million Euros as at 30 September 2019, mainly related to the long-term lease contracts of the buildings in which the distribution centers of the Parent Company and of the subsidiary New Catering were located.
On the other hands the new principle implied the accounting of a financial liability that amounted to 56.2 million Euros at the end of the first nine months of 2019.
With regard to the Statement of profit or loss the new principle implied the allocation of depreciations for 6.2 million Euros, financial charges for 1.2 million Euros and lower rental fees for total 6.8 million Euros with an overall impact represented by a lower profit of 0.5 million Euros.

The new Accounting Standards, interpretations and changes to the Accounting Standards applicable from 1st January 2019, but which did not have an impact on the financial and economic position of the Group, are mentioned below:

- IFRIC 23 - Uncertainty over Income Tax Treatments. This interpretation provides indications on how to reflect in the accounting of income tax the uncertainties of the fiscal treatment of a specific phenomenon.
- Changes to IFRS 9 - Financial Instruments. The changes, published in October 2017, concern the "Prepayment Features with Negative Compensation" which enable the application of the amortized cost or fair value through other comprehensive income (OCI) for the financial assets with the option of advance extinction ("negative compensation").
- Changes to IAS 28 "Long-term Interests in Associates and Joint Ventures". On 12 October 2017, the IASB emanated these changes to clarify the application of IFRS 9 "Financial Instruments" as regards the long-term interest in subsidiary companies or joint ventures, for which the net equity method is not applicable.
- Changes to IAS 19, "Employee benefits'- Plan amendment, curtailment or settlement". This amendment, issued by the IASB on 7 February 2018, clarifies how pension costs are to be determined when changes are made to the defined benefits plan.
- Improvements to the International Financial Reporting Standards (2015-2017). The changes, published in December 2017, mainly concern the following IFRS: a) IAS 12 "Income Taxes". The proposed changes clarify that an entity should recognise all of the fiscal effects to the distribution of the dividends; b) IAS 23 "Borrowing Costs": the proposed changes clarify that, in the event that the specific finances required for the purchase and/or construction of an asset remain ongoing even after the asset in question is ready for use or sale, such loans shall cease to be considered as specific, and are therefore included in the general loans of the entity, in order for the rate of capitalisation of the loans to be determined; c) IAS 28 "Investments in Associates and joint ventures – Long-term interests in an associate or joint venture". The proposed changes clarify that standard IFRS 9 "Financial Instruments", including the impairment requirements, is also applicable to other financial instruments held in the long-term issued for an associate company or joint venture.

The new accounting standards, amendments and interpretations applicable from subsequent financial years are mentioned below:

- IFRS 17 - "Insurance Contracts". This standard, issued on 18 May 2017, establishes the standards for the recognition, measurement, presentation and representation of insurance contracts included in the standard. The objective of IFRS 17 is to guarantee that an entity provides relevant information which truthfully represents such contracts in order to represent a basis for evaluation by the reader of the financial statements of the effects of such contracts on the equity and financial situation, on the economic results and on the cash flows of the entity. On 21 June 2018, the IASB decided to issue clarifications concerning IFRS 17 "Insurance Contracts", in order to ensure that the interpretation of the standard reflects the decisions taken by the Board, with specific reference to certain points in the contracts subject to variable fees and aspects correlated to IFRS 3 "Business combination". The dispositions of IFRS 17 will be effective as of business years starting from 1st January 2021 or subsequently.
- IFRS 14 - "Regulatory deferral accounts"'. The standard, published by the IASB on 30 January 2014, enables only those who are adopting the IFRS for the first time to continue to record the amounts concerning the rate regulation according to the accounting standards previously adopted.
- Changes to IAS 1 and to IAS 8. These changes, published by the IASB on 31 October 2018, provide a different definition of "material", in other words: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". These changes will be applicable for business years starting on 1st January 2020 or subsequently. Advance application is allowed.
- Changes to IFRS 10 and to IAS 28: this change, published on 11 September 2014, provided the 1st January 2016 as the date of entry into force; application was subsequently postponed to an unspecified date. These amendments were issued because of the conflict between the requirements of IAS 28 and IFRS 10. The IASB and the committee for interpretations determined that a complete gain or loss must be recognised on the loss of control of a business, independently of the whether the business is part of a subsidiary or not.
- Changes to IFRS3 "Business Combination". These changes, issued by the IASB on 22 October 2018, are aimed at resolving the difficulties that arise when an entity determines whether it has purchased a business ot group of assets. The changes are effective for business combinations for which the date of acquisition is in force on or subsequent to 1st January 2020. Advance application is allowed.

Lastly, it must be noted that on 29 March 2018, the IASB published the reviewed version of the Conceptual Framework for Financial Reporting. The main changes compared to the 2010 version concern: i) a new chapter concerning evaluation; ii) better definitions and guidance, especially with regard to the definition of liabilities; iii) clarifications concerning important concepts, such as stewardship, prudence and uncertainty in evaluations. The amendments, where they are effective updates, will be applicable for business years starting on 1st January 2020 or subsequently.

Main estimates adopted by management and discretional assessments

The figures herein are partly derived from estimates and assumptions made by the top Management, variations in which are currently unpredictable and could affect the economic and equity situation of the Group.
These estimates do not differ significantly from those usually used in the drafting of annual and consolidated accounts.

Comments on the main items of the consolidated income statement

1. Revenues

(€thousand)	***3rd quarter 2019***	*3rd quarter 2018*	***30.09.19 (9 months)***	*30.09.18 (9 months)*
Net revenues from sales - Goods	497,550	496,434	1,268,103	1,257,170
Revenues from Services	111	85	243	239
Other revenues from sales	0	0	0	36
Advisory services to third parties	52	78	161	222
Manufacturing on behalf of third parties	11	20	25	44
Rent income (typical management)	7	10	21	35
Other services	404	503	1,552	1,697
Total revenues	498,135	497,130	1,270,105	1,259,443

For revenue from sales trend analysis please refer to the Directors' Report on management performance.

The breakdown of the revenues from sales of goods and from services by geographical area is as follows:

(€thousand)	***3rd quarter 2019***	*3rd quarter 2018*	***30.09.19 (9 months)***	*30.09.18 (9 months)*
Italy	473,295	464,266	1,195,996	1,191,064
European Union	12,209	16,296	43,788	41,764
Extra-EU countries	12,631	16,568	30,321	26,615
Total	498,135	497,130	1,270,105	1,259,443

2. Other revenues

The Other revenues are broken down as follows:

(€thousand)	***3rd quarter 2019***	*3rd quarter 2018*	***30.09.19 (9 months)***	*30.09.18 (9 months)*
Contributions from suppliers and others	9,682	9,371	29,522	28,645
Other Sundry earnings and proceeds	461	266	785	579
Reimbursement for damages suffered	645	229	1,080	515
Reimbursement of expenses incurred	149	220	430	543
Recovery of legal taxes	14	10	42	25
Capital gains on disposal of assets	3	14	132	55
Total other revenues	10,954	10,110	31,991	30,362

The "Contributions from suppliers and others" consist mainly of contributions obtained from suppliers for the commercial promotion of their products with our customers; in this regard it has to be recalled that part of the contribution from suppliers, related to end-of-year bonuses agreements, has been included to reduce the cost of purchase of goods.

3. Purchase of goods for resale and consumables

This item is composed of:

(€thousand)	*3rd quarter 2019*	*3rd quarter 2018*	*30.09.19 (9 months)*	*30.09.18 (9 months)*
Purchase of goods	356,896	361,453	1,004,124	1,009,738
Purchase of packages and packing material	1,646	1,509	3,994	3,866
Purchase of stationery and printed paper	285	216	777	584
Purchase of promotional and sales materials and catalogues	31	24	154	146
Purchase of various materials	86	109	295	328
Fuel for industrial motor vehicles and cars	73	86	229	209
Total purchase of goods for resale and consumables	359,017	363,397	1,009,573	1,014,871

As regards the performance of the purchase cost of goods destined for commercialisation, please refer to the Directors' Report on market performance.
As highlighted in the previous paragraph, the item "Purchases of goods" benefited of the part of contribution from suppliers identifiable as end-of year bonuses and amounting in the nine months to 6,124 thousand Euros (2,765 thousand Euros in the quarter).

4. Personnel Costs

As at 30 September 2019 the item amounts to 28,761 thousand Euros (28,324 thousand Euros in the nine month of 2018) and includes all expenses for employed personnel, including holiday and additional monthly salaries as well as related social security charges, in addition to the severance provision and other costs provided contractually.

This item shows an increase of about 0.4 million Euros compared to the same period last year.
Against an increase in personnel cost in the first half-year compared to the same period of 2018 related, in addition to a different calendar of festivities, also to a change in the composition of the workforce which occurred from the previous year, with an increase in the number of employees and a reduction in the number of manual labourers (by the effect of the hiring of new staff for the enhancement of some of the central and commercial departments) together with the closure of the Valdagno distribution centre and the completion of the process of outsourcing in some units, during the third quarter the item is in line with the same period of the previous year.

To this end, we would like to highlight that the average number of Group employees amounted to 845.9 at 30 September 2019 against 847.9 in same period of the previous year.

5. Amortizations, depreciations and write-downs

(€thousand)	*3rd quarter 2019*	*3rd quarter 2018*	*30.09.19 (9 months)*	*30.09.18 (9 months)*
Depreciation of tangible assets	1,699	1,679	4,931	4,951
Amortization of intangible assets	102	103	296	265
Depreciation of right of use assets	2,115	0	6,235	0
Provisions and write-downs	3,982	3,963	10,797	10,560
Total amortization and depreciation	7,898	5,745	22,259	15,776

We point out that the item "Provision and write-downs" as at 30 September 2019 refers for 10,404 thousand Euros (9,894 thousand Euros as at 30 September 2018) to the provision for bad debts in addition to a provision for supplementary client severance indemnity for 393 thousand Euros (666 thousand Euros as at 2018).

It is highlighted that, by the application of the new IFRS 16, the item "Depreciation" includes the depreciation of Right of use (equal to 6,235 thousand Euros in the nine months and 2,115 thousand Euros in the quarter) as listed above.

6. Other operating costs

The details of the "Other operating costs" are as follows:

(€thousand)	3rd quarter 2019	3rd quarter 2018	30.09.19 (9 months)	30.09.18 (9 months)
Operating costs for services	56,890	54,082	147,772	143,252
Operating costs for leases and rentals	170	2,510	500	7,348
Operating costs for other operating charges	347	369	1,108	1,156
Total other operating costs	57,407	56,961	149,380	151,756

The operating costs for services mainly include the following items: sale expenses, distribution and logistic costs of our products for 119,983 thousand Euros (116,952 thousand Euros in the 2018), costs for utilities for 8,478 thousand Euros (8,415 thousand Euros in the 2018), porterage fees and other charges for handling goods for 4,607 thousand Euros (4,209 thousand Euros of 2018), processing by third parties for 3,558 thousand Euros (3,330 thousand Euros in the 2018) and maintenance costs for 3,927 thousand Euros (3,620 thousand Euros in the 2018).

In the quarter the detail of the main items of operating costs is the following: sale expenses, distribution and logistic costs of our products for 46,589 thousand Euros (44,116 thousand Euros in 2018), costs for utilities for 3,436 thousand Euros (3,480 thousand Euros in 2018), porterage fees and other charges for handling goods for 1,882 thousand Euros (1,670 thousand Euros in 2018); processing by third parties for 1,391 thousand Euros (1,191 thousand Euros in 2018) and maintenance costs for 1,324 thousand Euros (1,227 thousand Euros in 2018).

As explained in the Half Year Financial Report, their increase is mainly related to higher distribution and handling costs for the products due to a different mix of the sales.

Costs for leases and rentals amount to a total of 500 thousand Euros in the nine months (170 thousand Euros in the quarter) and their decrease compared to the same period of the previous year is related to the application of the IFRS 16; the balance at 30 September 2019 represents short-term lease contracts not included in the scope of the new standard account.

The operating costs for other operating charges mainly include the following items: "other indirect duties, taxes and similar costs" for 494 thousand Euros, "local council duties and taxes" for 219 thousand Euros and "expenses for credit recovery" for 252 thousand Euros.

7. Financial income and charges

(€thousand)	3rd quarter 2019	3rd quarter 2018	30.09.19 (9 months)	30.09.18 (9 months)
Financial charges	1,639	1,241	4,950	4,088
Financial income	(192)	(464)	(519)	(919)
Foreign exchange (gains)/losses	(258)	(104)	(249)	(55)
Total financial (income) and charges	1,189	673	4,182	3,114

The net balances effect of foreign exchange mainly reflects the performance of the Euro compared to the US dollar, which is the currency for imports from non-EU countries.

It is specified that, in the nine months, the financial charges included interest expenses for 1,234 thousand Euros (of which 11 thousand Euros related to lease contract with the related Company Le Cupole of Castelvetro (MO), for lease of the buildings located in Via Spagna, 20 – Rimini) as a result of the application of IFRS 16; net of this amount financial charges are substantially in line with the same period of the previous year, also thanks to the renegotiation of some loans and to the interest rate trend.

8. Profits/(Losses) from investments evaluated using the Net Equity method

The amounts represents the dividends paid by the company SiFrutta S.r.l..

9. Taxes

(€thousand)	3rd quarter 2019	3rd quarter 2018	30.09.19 (9 months)	30.09.18 (9 months)
Ires-Ires charge transferred to Parent Company	9,225	9,060	19,070	19,419
Irap	1,790	1,739	3,820	3,836
Reimboursement for taxes of previouse years	(29)	4	(13)	4
Net provision for deferred tax liabilities	(125)	(53)	(717)	(819)
Total taxes	10,861	10,750	22,160	22,440

10. Earnings per share

The following table is the calculation of the basic and diluted Earnings:

(Euros)	3rd quarter 2019	3rd quarter 2018	30.09.19 (9 months)	30.09.18 (9 months)
Basic Earnings Per Share	0.41	0.42	0.83	0.85
Diluted Eaenings Per Share	0.41	0.42	0.83	0.85

It must be pointed out that the calculation is based on the following data:

Earnings:

(€thousand)	3rd quarter 2019	3rd quarter 2018	30.09.19 (9 months)	30.09.18 (9 months)
Profit for the period	27,317	27,695	55,082	56,261
Minority interests	0	0	0	0
share	27,317	27,695	55,082	56,261

Number of shares:

(number of shares)	3rd quarter 2019	3rd quarter 2018	30.09.19 (9 months)	30.09.18 (9 months)
Weighted average number of ordinary shares used to determine basic earning per share	66,525,120	66,525,120	66,525,120	66,525,120
Adjustments for share options	0	0	0	0
Weighted average number of ordinary shares used to determine diluted earning per share	66,525,120	66,525,120	66,525,120	66,525,120

11. Other profits/(losses)

The other profits/losses accounted for in the consolidated statement of other comprehensive income consist of the effects produced and reflected in the period with reference to the following items:
- effective part of the operations for: hedging interest rates related to variable rate loans existing at the date; hedging exchange risk rate related to the bond in US dollars closed with an operation of private placement in the month of July 2013; effective part of the term exchange purchase transactions carried out to hedge the underlying goods purchasing operations. The value indicated, amounting to a total profit of 768 thousand Euros in the first nine months (- 498 thousand Euros in the same period of the previous year) is shown net of the taxation effect (that amounts to approximately - 242 thousand Euros). During the third quarter the evaluation of hedging operations generated a profit in the consolidated comprehensive income statement for 177 thousand Euros (-144 thousand Euros in 2018).
According to the IFRS these profits/losses have been entered in the net equity and highlighted (according to IAS 1 revised, in force from 1st January 2009) in the consolidated comprehensive income statement.

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Rimini, 14 November 2019

The Chairman of the Board of Directors

Paolo Ferrari

Appendices

These appendices contain additional information compared to that reported in the Notes, of which they constitute an integral part.

- Appendix I Reconciliation of liabilities deriving from financing activities as at 30 September 2019 and as at 30 September 2018.

Appendix 1

RECONCILIATION OF LIABILITIES DERIVING FROM FINANCING ACTIVITIES AS AT 30 SEPTEMBER 2019 AND AS AT 30 SEPTEMBER 2018

			Non-financial changes				
	30 September 2019	Cash flows	Other changes/ reclassifications	Purchases/ IFRS16	Exchange rates variations	Fair value variation	31 December 2018
Current payables to bank	55,367	14,324	0	0	0	0	41,043
Current portion of non current debt	129,136	(33,094)	85,034	0	0	0	77,196
Current financial payables for bond private placement in US dollars	9,499	(752)	7,984	0	1,515	0	752
Current financial payables for IFRS 16 lease contracts	7,849	(5,827)	6,347	7,329	0	0	0
Current financial payables for leasing contracts	269	(180)	223	0	0	0	226
Current financial payables for purchase of quotas or shares	181	(180)	0	0	0	0	361
Total current financial payables	202,301	(25,709)	99,588	7,329	1,515	0	119,578
Current payables/(receivables) for hedging financial instruments	152	(10)	0	0	0	152	10
Total current financial instruments	152	(10)	0	0	0	152	10
Non-current payables to bank	148,027	52,334	(85,014)	0	0	0	180,707
Non-current financial payables for bond private placement in US dollars	30,163	0	(7,624)	0	420	0	37,367
Non-current financial payables for IFRS 16 lease contracts	48,354	0	(6,347)	54,701	0	0	0
Non-current financial payables for leasing contracts	125	0	(158)	0	0	0	283
Non-current financial payables for purchase of quotas or shares	0	0	0	0	0	0	0
Total non-current financial payables	226,669	52,334	(99,143)	54,701	420	0	218,357
Non-current payables/(receivables) for hedging financial instruments	0	0	0	0	0	0	0
Total non-current financial instruments	0	0	0	0	0	0	0
Total liabilities arising from financial activities	**429,122**	**26,615**	**445**	**62,030**	**1,935**	**152**	**337,945**

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiarie)	26,795
Other changes/ reclassification	445
Exchange rates variations	1,935
Fair value variation	152
Total detailed variations in the table	**29,327**
Other changes in financial liabilities	10,087
New non-current loans received	64,500
Non current loans repayment	(45,260)
Total changes shown between financing activities in the Cash Flows Statement	**29,327**

	30 September 2018	Cash flows	Purchases	Non-financial changes Other changes/ reclassifications	Exchange rates variations	Fair value variation	31 December 2017
Current payables to bank	61,318	(2,427)	0	0	0	0	63,745
Current portion of non current debt	61,971	(9,370)	0	26,473	0	0	44,868
Current financial payables for bond private placement in US dollars	319	(755)	0	319	0	0	755
Current financial payables for leasing contracts	224	(163)	0	168	0	0	219
Current financial payables for purchase of quotas or shares	1,651	(9,258)	335	0	0	0	10,574
Total current financial payables	125,483	(21,973)	335	26,960	0	0	120,161
Current payables/(receivables) for hedging financial instruments	88	81	0	0	0	0	7
Total current financial instruments	88	81	0	0	0	0	7
Non-current payables to bank	190,425	57,317	0	(26,475)	0	0	159,583
Non-current financial payables for bond private placement in US dollars	36,940	0	0	45	1,292	0	35,603
Non-current financial payables for leasing contracts	341	0	0	(168)	0	0	509
Non-current financial payables for purchase of quotas or shares	181	0	181	0	0	0	0
Total non-current financial payables	227,887	57,317	181	(26,598)	1,292	0	195,695
Non-current payables/(receivables) for hedging financial instruments	0	0	0	0	0	0	0
Total non-current financial instruments	0	0	0	0	0	0	0
Total liabilities arising from financial activities	353,458	35,425	516	362	1,292	0	315,863

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiarie)	45,199
Other changes/ reclassification	362
Exchange rates variations	1,292
Fair value variation	0
Total detailed variations in the table	46,853
Other changes in financial liabilities	(1,108)
New non-current loans received	97,894
Non current loans repayment	(49,933)
Total changes shown between financing activities in the Cash Flows Statement	46,853

STATEMENT BY THE RESPONSIBLE FOR THE DRAFTING OF CORPORATE ACCOUNTING DOCUMENTS PURSUANT TO ART. 154-BIS PARAGRAPH 2 OF LEGISLATIVE DECREE 58 DATED 24 FEBRUARY 1998

The manager responsible for preparing the company's financial reports, Pierpaolo Rossi, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this interim report corresponds to the document results, books and accounting records.

Rimini, 14 November 2019

Pierpaolo Rossi
Manager responsible for the drafting
of corporate accounting documents