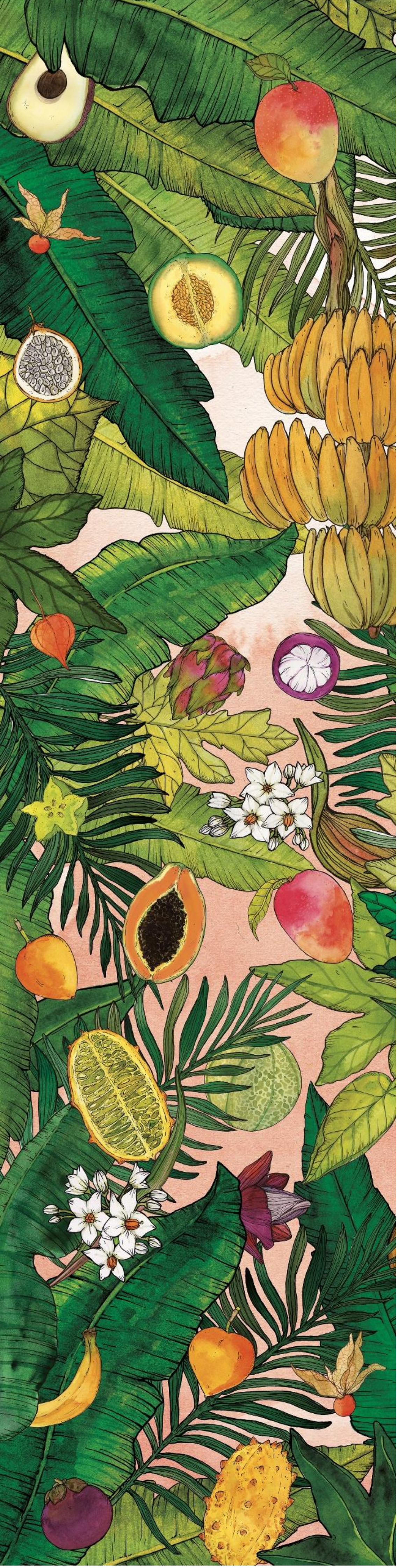


GRUPPO ORSERO

2019 FINANCIAL REPORT

Contents


F.lli
Orsero
QUALITÀ

The Group

Market leader in Southern Europe with 80 years of experience in its sector, Orsero Group operates through a network of companies based in Italy, France, Spain, Portugal, Greece, Costa Rica, Colombia and Mexico.

Every year we market over 750,000 tons of fruit and vegetables, supplied by more than 1,500 growers carefully selected throughout the world's principal production areas.

We manage an integrated supply chain: sourcing, shipping, ripening, distributing and marketing.

We work in a sustainable and responsible manner along the entire supply chain, for all aspects concerning economic, social and environmental wellbeing.

Every day we distribute a complete range of products of over 300 items with a high level of service and customised solutions to meet our clients' requirements.

The Group generates sales of approximately one billion €, of which about 928 million € in the distribution segment*.

Orsero S.p.A. is listed on the MTA (Mercato Telematico Azionario) – Star Segment – managed by Borsa Italiana S.p.A.

www.orserogroup.it

DISTRIBUTION

present in
PORTUGAL
SPAIN
FRANCE
ITALY
GREECE
MEXICO

+300
different
skus

+750,000**
tons
distributed every year

IMPORT
& SHIPPING

imported from
COSTA RICA
CAMEROON
ECUADOR
COLOMBIA
DOMINICAN REPUBLIC

bananas
& pineapples

~15 million**
boxes
imported every year

~1 billion €
of turnover

* 2019 data. For more details *www.orserogroup.it* ** 2019 internal reporting statistics

We draw the world closer, every day

F.lli Orsero brand

The attention to product quality which is the cornerstone of the company philosophy led to the launch of the F.lli Orsero brand which is synonymous with Extra Premium fruit and vegetables.

F.lli Orsero ensures high product quality through the management and control of the entire supply chain: from production to the arrival at the point of sale, always in perfectly fresh conditions.

In addition to bananas and pineapples, the range includes citrus fruit, apples, melons, pears and a complete line of exotic fruits and vegetables.

F.lli Orsero has also recently launched a new line of home produced fresh cut ready-to-eat high quality fruit and an ample selection of fresh HPP cold-pressed juices and smoothies.

www.fratelliorsero.it

+35,000 plts
capacity of fruit and banana storage

+165,000 sqm
of total working area

22 ripening centres
in Europe

25 warehouses
for product handling

26 fruit and vegetable market stands

5 fresh cut facilities
4,000 sqm of production area

Business segment and main companies

Distribution

Company	warehouses	market stands	fresh cut facilities
FRUTTITAL (Italy)	5	7	3
FRUTTITAL FIRENZE (Italy)	1		1
GALANDI (Italy)		1	
FRUTTITAL CAGLIARI (Italy)	1	1	
MONCADA (Italy) (50%)	1		
H.nos FERNANDEZ LOPEZ (Spain)	7	9	1
SEVIMPOR (Spain)	1		
AZ FRANCE (France)	4		
FRUTTICA (France)	1		
EUROFRUTAS (Portugal)	2	8	
BELLA FRUTTA (Greece)	1		
COMM. DE FRUTA ACAPULCO (Mexico)	1		

Import & Shipping

SIMBA (Italy)

SIMBACOL (Colombia)

COSIARMA (Italy)

ORSERO COSTA RICA (Costa Rica)

Services & Holding

ORSERO S.P.A. (Italy)

FRESCO SHIP'S AGENCY & FORWARDING (Italy)

ORSERO SERVIZI (Italy)

FRUPORT (Spain) (49%)

Key economic, equity and financial data

Economic data:

Thousands of Euro	31.12.2019	31.12.2019 Pro-forma without IFRS 16 effect	31.12.2018
Net Sales	1,005,718	1,005,718	952,756
Adjusted Ebitda*	38,706	28,929	32,857
% Adjusted Ebitda	3.8%	2.9%	3.4%
Adjusted Ebit	12,953	11,914	17,478
Ebit	8,378	7,340	11,352
Net Profit from continuing operations	2,264	2,640	8,002
Net Profit of "Discontinued Operations"	-	-	-
Net Profit	2,264	2,640	8,002
Net Profit attributable to non-controlling interests	242	246	29
Net Profit attributable to Parent Company	2,022	2,394	7,974
Adjusted net profit	5,280	5,655	11,844

* Adjusted Ebitda: it's determined by adding to the Operating Result (EBIT) the amounts for depreciation, amortization, and provisions, and excluding non-recurring costs/income and costs related to the medium/long-term incentive plan for management.

Capital data:

Thousands of Euro	31.12.2019	31.12.2019 Pro-forma without IFRS 16 effect	31.12.2018
Net Invested Capital	277,830	218,217	186,246
Capital and reserves attributable to Parent Company	150,221	150,593	149,704
Non-Controlling Interest	710	714	475
Total Shareholders' Equity	150,931	151,307	150,178
Net Financial Position	126,898	66,911	36,068

Main indicators:

Thousands of Euro	31.12.2019	31.12.2019 Pro-forma without IFRS 16 effect	31.12.2018
Group ROE	1.36%	1.62%	5.63%
ROI	4.66%	5.46%	9.38%
Net Financial Position/Total Shareholders' Equity	0.84	0.44	0.24
Net Financial Position/Adjusted Ebitda	3.28	2.31	1.10

Cash flow data:

Thousands of Euro	31.12.2019	31.12.2019 Pro-forma without IFRS 16 effect	31.12.2018
Net Profit	**2,264**	**2,640**	**8,002**
Net cash flows provided by (used for) operating activities	25,468	17,105	31,851
Net cash flows provided by (used for) investing activities	(42,134)	(38,981)	(22,489)
Net cash flows provided by (used for) financing activities	(3,056)	2,154	(12,971)
Increase/ (decrease) of cash and cash equivalent	(19,722)	(19,722)	(3,608)
Net cash and cash equivalents, at beginning of the year	**76,285**	**76,285**	**79,893**
Net cash and cash equivalents, at end of the year	**56,562**	**56,562**	**76,285**

The tables above provide initial preliminary details of the Group business trend in 2019, fully described later on in the dedicated sections of this report.
Please note that, in accordance with IFRS 16 which entered into force on January 1, for the first time the results of the financial statements reflect the "right of use" value of the rental and operating lease agreements entered into by the Group companies. In compliance with this standard, a gross value of the right of use assets is recognized in tangible assets, equal to the value of the financial liabilities assumed at the transition date of January 1, 2019, or on a subsequent date for rental and/or operating lease agreements entered into in 2019, financial liabilities which are determined on the basis of the value of the future contractual payments discounted using an appropriate rate ("borrowing rate") based on the temporal duration of the rental and/or operating lease agreement, the creditworthiness of the various companies and the currency. The adoption of this standard impacts the main economic indicator used by the Group, the Adjusted EBITDA (increasing it by Euro 9,777 thousand, due to the replacement of the cost of payments with depreciation and financial expenses), as well as the extent of net invested capital and the net financial position, raising them both by Euro 59,612 thousand and Euro 59,988 thousand, respectively, based on the values attributed to those assets, with a total negative effect on the result of Euro 375 thousand.
Given the relevance of these numbers, financial statements at December 31, 2019 were prepared and named "Pro-forma without IFRS 16 effect", which, sterilizing the effects of the adoption of this standard, allow for a consistent and understandable comparison with the figures from the previous year, also as regards NFP/Adjusted Ebitda and NFP/SE ratios. This is even more important insofar as the covenants on the existing loan contracts should be contractually calculated without applying the new accounting standard IFRS 16 as this ensures "official" information on compliance with the covenants.

Orsero S.p.A. corporate information

Registered Office:

Orsero S.p.A.
Via Gaudenzio Fantoli 6/15,
20138 Milan

Representative office:

Corso Venezia 37,
20121 Milan

Administrative office:

Cime di Leca 30,
17031 Albenga (SV)

Legal data:

Share capital: 69,163,340
No. of ordinary shares with no nominal value: 17,682,500
Tax ID and Milan Register of Companies enrolment no.: 09160710969
Milan Chamber of Commerce enrolment no. R.E.A. 2072677
Company website www.orserogroup.it
Country-wide Issuer as of January 1, 2019

Composition of Orsero S.p.A. corporate bodies

Orsero S.p.A., Parent Company of the Orsero Group, adopted the "traditional system" of management and control.

Board of Directors[1]:

Paolo Prudenziati	Chairman
Raffaella Orsero	Deputy Chair, Managing Director, Chief Executive Officer
Matteo Colombini	Managing Director, Chief Financial Officer
Armando Rodolfo de Sanna	Independent Director
Vera Tagliaferri	Independent Director
Laura Soifer	Independent Director
Gino Lugli	Director
Alessandro Piccardo	Director
Carlos Fernández Ruiz	Director

Board of Auditors[2]:

Michele Paolillo	Chairman
Guido Riccardi	Statutory Auditor
Paolo Rovella	Statutory Auditor
Elisabetta Barisone	Alternate Auditor
Giovanni Tedeschi	Alternate Auditor

Risks and Related Parties Committee:

Vera Tagliaferri	Chair
Armando Rodolfo de Sanna	Member
Laura Soifer	Member

Remuneration and Appointments Committee:

Armando Rodolfo de Sanna	Chairman
Vera Tagliaferri	Member
Gino Lugli	Member

Independent Auditors:

KPMG S.p.A.

(1) The Board of Directors, consisting of seven members, was appointed by the Shareholders' Meeting on November 30, 2016 (then Glenalta Food S.p.A.) as of February 13, 2017 and shall remain in office until the date of approval of the financial statements at December 31, 2019. On September 15, 2017, the Shareholders' Meeting resolved to increase the number of members of the Board of Directors from 7 to 9, with the appointment of Carlos Fernández Ruiz and Alessandro Piccardo. On October 25, 2019, the Shareholders' Meeting resolved to appoint Laura Soifer as director, subject to and with effect from the date of trading start of Ordinary Shares on the MTA, for the residual term of the current Board.

(2) The Board of Statutory Auditors, consisting of 3 statutory auditors and two alternate auditors, was appointed by the Shareholders' Meeting on November 30, 2016 (then Glenalta Food S.p.A.).

Group Structure

Summary representation of the Group. For a complete list of Group companies, please refer to the paragraph "Consolidation principles and area" of the Notes.

Alternative performance indicators

In this annual financial report, certain economic-financial indicators are presented and analyzed that are not defined as accounting measures by IAS-IFRS, but which make it possible to discuss the Group's business. These figures, explained below, are used to comment on the performance of the Group's business in the sections "Key economic, equity and financial data", "Directors' report on operations" and in the "Notes", in compliance with the provisions of the Consob Communication of July 28, 2006 (DEM 6064293) and subsequent amendments and supplements (Consob Communication no. 0092543 of December 3, 2015 implementing the ESMA/2015/1415 guidelines).
The alternative performance indicators listed below should be used as a supplement to those provided in accordance with IAS-IFRS to assist users of the financial report in better understanding the Group's economic, equity and financial performance. It should be emphasized that the criterion used by the Group may not be the same as that adopted by other groups and thus the figure obtained may not be comparable with that determined by these other groups.
The definitions of the alternative performance indicators used in the Annual Report are as follows:
Adjusted EBITDA: it is determined by adding to the Operating Result (EBIT) the amounts for depreciation, amortization and provisions, and excluding the non-recurring costs/income and costs related to the medium/long-term incentive plan for management, which have been thoroughly analyzed in this report.
Adjusted EBIT: it is determined by excluding from the Operating Result (EBIT) the non-recurring costs/income and costs related to the medium/long-term incentive plan for management.
Current result for the year: used for a comparison in terms of total consolidated result, represents the result for the year net of non-recurring income and expense, inclusive of the relative taxes. As

such, this indicator provides useful and immediate information on the profit trends for the year without considering non-recurring components.

Fixed assets: calculated as the algebraic sum of the following items: goodwill, other intangible assets, tangible assets, financial investments, other fixed assets, and deferred tax assets. Any fair value of hedging derivatives, as well as non-current financial assets included in the item "other fixed assets", should be excluded from these items.

Net working capital: calculated as the sum of inventories, trade receivables and trade payables.

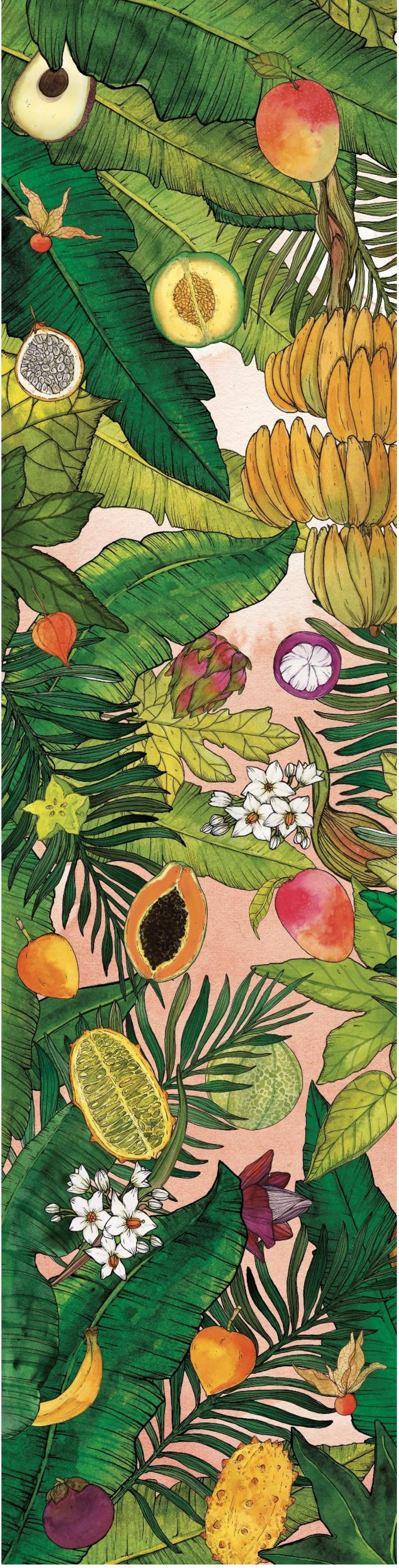
Other current assets/liabilities: the sum of the following items: current tax receivables, other current assets, assets held for sale, other non-current liabilities, deferred tax liabilities, provisions for risks and charges, employees benefits liabilities, current tax and social contributions liabilities, other current liabilities, and liabilities held for sale. Any fair value of hedging derivatives and current financial assets included in the item "other current assets" should be excluded from these items.

Net invested capital (NIC): calculated as the sum of net working capital, fixed assets, and other current assets/liabilities, as defined above. This indicator represents the capital "Requirements" necessary for the company's operation at the reporting date, financed through the two components, Capital (Shareholders' Equity) and Third-party Funds (Net Financial Position).

Net financial position (NFP): calculated as the algebraic sum of the following items: cash and cash equivalents, non-current/current financial liabilities, which also include payables associated with acquisition prices still to be paid and the positive/negative fair value of hedging derivatives, non-current financial assets, recorded under the item "Other fixed assets" and current financial assets included in the item "Other current assets".

ROI: calculated as the ratio between Adjusted EBIT and Net invested capital.

Group ROE: calculated as the ratio between the net profit pertaining to the Group and Group shareholders' equity.



Directors' Report on operation

Significant events during the year

Below are the most significant events that took place in 2019. Very briefly, they mainly consist of the successful conclusion of the procedure to transfer the Orsero shares from the AIM market to the STAR segment of the Borsa Italiana telematic market, the acquisition of equity investments on the main markets in which the Group operates (Italy, France and Spain) and the agreement reached with the related company Nuova Beni Immobiliare for the purchase of warehouses in Milan, Verona, Rome, Molfetta and Solgne (France); these warehouses were already leased by the Group, while the sales were completed in December 2019 (Solgne warehouse) and January 2020 (Italian warehouses).

Orsero shares transfer to the STAR segment

Starting December 23, 2019, Orsero shares have been listed on the STAR segment of the Borsa Italiana telematic market, upon completion of a process that saw the Group first access the AIM market through the February 2017 merger with Glenalta and ultimately reach the main market, with a leap in quality both in terms of the visibility of the shares and the necessary implementation of the internal governance structure; a full account is given in the "Report on Governance". In regard to the latter, please note that starting December 23, 2019, Laura Soifer joined the Board of Directors as Independent Director, replacing Luca Giacometti. Again starting that same date, the parent company has established a Remuneration and Appointments Committee assigned duties relating to the remuneration and appointment of managerial figures, as well as a Control, Risks and Related Parties Committee, responsible for matters concerning related party transactions, control and risks; both have been set up in compliance with the Corporate Governance Code. Again, starting December 23, 2019, the new Company Articles of Association have come into force.
The management team believes that the transition from the AIM to the MTA has allowed, and will allow, the Group to benefit from increased share liquidity and therefore from greater interest from the market and from Italian and international institutional investors, as well as greater visibility on the reference markets with additional advantages in terms of competitive positioning.

Acquisition of Sevimpor Distribuidora De Frutas De Importacion S.L.

In January 2019, the Spanish subsidiary Hermanos Fernández López S.A. acquired the entire share capital of the company Sevimpor Distribuidora De Frutas De Importacion S.L., which handles the wholesale distribution of fresh fruit and vegetables and is specialized in the ripening of bananas from the Canary Islands. The transaction price came to Euro 1.51 million and was entirely financed by own funds. The transaction is of significant strategic value for the Group as it strengthens its presence in the Spanish market, in which it has important growth outlooks, and will make it possible to develop commercial and logistical synergies that will allow for a more effective and efficient distribution of its products, also exploiting the proximity to the port of Algeciras.

Acquisition of the Fruttica Group

March 2019 instead saw an agreement reached for the acquisition of the Fruttica Group (see SDIR [system for the dissemination of regulated information] press release of March 12, 2019) for a value of Euro 10.4 million, of which Euro 8 million was paid at the time the deed was stipulated, Euro 2 million will be paid in two tranches, 12 and 24 months after the deed date, and Euro 0.4 million by way of earn-out, payable upon achieving specific objectives in the next couple of years (FYs 2020 and 2021). The purchase deed was stipulated early May and the company was consolidated with effect starting April 1, 2019. The transaction was financed in full through the use of resources pertaining to the Orsero Group. The Fruttica Group is specialized in the import and wholesale distribution of fruit and vegetables, with a specific focus on the distribution of Italian grapes in France (approximately 50% of the volume), along with melons, pears and vegetables. It is based in Cavaillon, Provence, where the Orsero Group already has its own logistics platform. The Fruttica

Group distributes more than 20,000 tons of fruit and vegetables every year to customers mainly belonging to large-scale distribution, with an annual turnover of Euro 24 million and an Adjusted EBITDA in excess of Euro 2.5 million.

Acquisition of Fruttital Cagliari

In June 2019, an agreement was reached for the acquisition, completed in the early days of July and effective as of July 1, 2019, of the remaining 75% of the share capital of the company Fruttital Cagliari S.r.l., specialized in the wholesale distribution of fruit and vegetables in the Sardinian territory and of which the Orsero Group had already held the remaining 25% of the share capital for a number of years. The price agreed is Euro 5.1 million, of which Euro 4.05 million was paid when the deed was entered into and the remaining amount of Euro 1.05 million will be paid within 12 months of the deed date. The transaction is financed in full through the use of own financial resources. Fruttital Cagliari is specialized in the wholesale distribution of fresh fruit and vegetables and, from the perspective of procurement flows, it is already integrated within the Group, particularly as regards bananas and pineapples. In the 2017-2018 two-year period, the Company earned average revenues of around Euro 16 million, with an average Adjusted EBITDA of Euro 1.2 million. Please also note that the Group has opened its fourth fresh-cut fruit processing center in Cagliari; this activity is highly complementary with the company acquired, due to the possibility of developing significant commercial synergies.

Acquisition of Italian and French warehouses

As the year ended and a new one began, the deeds of purchase were finalized for the Solgne warehouse (December 20, 2019) and the Milan, Verona, Rome and Molfetta warehouses (January 14, 2020) owned by the related company Nuova Beni Immobiliari S.r.l. for a total value of Euro 19 million. The acquisition of the warehouses, which the Group was using under a lease stipulated through to end 2035, comes as part of a Plan prepared pursuant to Art. 67 of the Bankruptcy Law, whereby the company Nuova Beni Immobiliari has reached an agreement with its financial creditors on how to repay its debt. The acquisition of the Solgne warehouse by the company AZ France S.A.S., for a value of Euro 2 million, was financed partly through own funds and partly by a 10-year mortgage loan for Euro 1.65 million. The January acquisition of the Italian warehouses by Fruttital S.r.l., which will therefore only take effect in FY 2020, for a value of Euro 17 million, was partly financed through own funds and partly by a 10-year mortgage loan for Euro 15 million. Please note that in terms of the application of the new IFRS 16 standard, these transactions result in a reduction of financial debt, thanks to abook value of Euro 2 million, which replaces the value of the IFRS 16 residual right of use, which as at that date came to Euro 2.8 million. And the difference booked for FY 2020 will be even greater, with book values recorded at Euro 17 million instead of the IFRS 16 right of use of Euro 27.5 million. As these are classed as related party transactions, the investment was first examined by the Related Parties Committee, which duly approved it.

Customs dispute

We should here point out the unfavorable outcome of the dispute that had begun back in 2001, as described in the Information Document dated November 11, 2016 (see paragraph 3.2.17, first sub-paragraph) and reported in the SDIR communication of last July 10. Despite the success suggested by previous rulings, the Court of Appeal of Venice issued an order to pay the MEF and Customs Agency a provisional amount of Euro 1,580,950.15, together with a third party, plus legal interest and the procedural costs, which have not been defined to date. The quantification of the relative damages in favor of the MEF, the Customs Agency and the Commission of the European Union will possibly need to be settled following separate civil proceedings. In July 2019, an appeal was already lodged before the Court of Cassation and immediately following a petition for the suspension of the provisional amount to be paid imposed by the Venice Court of Appeals. During FY 2019, the subsidiary Simba S.p.A. made a provision of Euro 1.6 million temporarily recognized for that purpose, equal to the amount demanded in the ruling mentioned above.

Other significant events during the year

Investments during the period

In FY 2019, investments were made in tangible and intangible assets for a total of Euro 31,280 thousand, inclusive of Euro 5,994 thousand for "rights of use" pursuant to IFRS 16 and net of the goodwill recognized on the Sevimpor, Fruttica and Fruttital Cagliari acquisitions, analyzed in the dedicated chapter of the Notes.

Marketing campaign at the central railway station in Milan

Particularly worthy of mention is the advertising campaign for the "F.lli Orsero" fresh-cut line launched with a temporary store at Milan's central railway station, which has met with consistent success amongst the general public, as demonstrated by the more than 35 thousand receipts issued, for a daily average of more than 350 purchasers who thus expressed their interest in the products in our new range of fresh-cut fruit ready for consumption.

Other events

In order to simplify the Group's corporate structure, on July 29, 2019 the deed was stipulated for the merger by incorporation into Orsero of GF Distribuzione S.r.l. and GF Porterm S.r.l., sub-holdings that were entirely controlled by the Parent company. This transaction, which is neutral on a consolidated level, had a negative impact of Euro 18,221 thousand on the Parent company, due to the difference between the book values of the equity investments held and those of the shareholders' equity of the two sub-holdings, as better explained in the Notes to the Separate financial statements.
Furthermore, in relation to the nearly complete settlement of the liquidation process of the related company K-Air S.p.A., the Parent Company Orsero S.p.A. settled its debt of Euro 1.1 million with respect to this company by making a partial payment such as to offset the expected outlay on enforcement of the guarantee provided previously in favor of K-Air, with a neutral effect on the consolidated income statement.

Analysis of the economic and financial situation of Orsero Group

The Separate financial statements for Orsero and the Consolidated financial statements for Orsero Group as at December 31, 2019 were prepared in accordance with international accounting standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and endorsed by the European Union, including all International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and of the previous Standing Interpretations Committee (SIC). Additionally, in compliance with the provisions issued in implementation of Art. 9 of Italian Legislative Decree no. 38/2005, the indications have been considered as given in Consob Resolution no. 15519 of July 27, 2006, setting out "Provisions on financial statements", Consob Resolution 15520 of July 27, 2006, setting out "Amendments and supplements of the Issuers' Regulation adopted by Resolution no. 11971/99", Consob Communication no. 6064293 of July 28, 2006, setting out "Corporate disclosures required in compliance with Art. 114, paragraph 5 of Italian Legislative Decree no. 58/98", communication DEM/7042270 of May 10, 2007 and Bank of Italy/Consob/Isvap document no. 2 of February 6, 2009. This report was prepared in accordance with Art. 2428 of the Italian Civil Code; it provides the most significant information on the economic, equity, and financial situation as well as the performance of Orsero Group, as a whole and in the various sectors in which it operates. For the purpose of preparing the separate and consolidated financial statements, the option was exercised, as granted by current legislation on financial statements, of presenting a single report on operations that accompanies both the separate and consolidated financial statements of the Parent Company ("Orsero"), giving more prominence, unless otherwise indicated, to the phenomena at Group level. To allow for comparison with the FY 2018 data, please note that in this report the data used is obtained from the "Pro-forma without IFRS 16 effect" financial statements to compare the economic, financial and equity data.
The consolidated financial statements show profits of Euro 2,264 thousand (at December 31, 2019, "Pro-forma without IFRS 16 effect": Euro 2,640 thousand and as at December 31, 2018: Euro 8,002 thousand), of which Euro 2,022 thousand pertains to the Group (at December 31, 2019 "Pro-forma without IFRS 16 effect": Euro 2,394 thousand and at December 31, 2018: Euro 7,974 thousand), after having applied amortization, depreciation and impairment for Euro 25,753 thousand (at December 31, 2019 "Pro-forma without IFRS 16 effect": Euro 17,015 thousand and at December 31, 2018: Euro 15,379 thousand), net non-recurring expenses for Euro 4,575 thousand, net income (loss) from equity investments for Euro 959 thousand and share of net profit of associates and joint ventures for Euro 751 thousand.
The Orsero separate financial statements show profit of Euro 1,496 thousand (as at December 31, 2018: profit of Euro 4,041 thousand), after depreciation, amortization, and provisions for Euro 432 thousand (as at December 31, 2018: 220 thousand), and accounting for dividends from the subsidiaries for Euro 9,570 thousand, from associates totaling Euro 490 thousand, and net non-recurring charges of Euro 1,359 thousand (as at December 31, 2018: charges of Euro 122 thousand).
Below is a breakdown of the main income statement items, almost all identifiable in the financial statements with the exception of the "Adjusted EBITDA", which is the main performance indicator used by the Group, as further explained and identified below (for information on how calculations are performed, please refer to the chapter entitled "Alternative performance indicators"). As noted, to allow for a consistent comparison with the results from December 31, 2018, the financial statements as at December 31, 2019 have been prepared "Pro-forma without IFRS 16 effect", eliminating the effects on the income statement and balance sheet of the adoption of IFRS 16. The analysis of the differences identified between the data as at December 31, 2019, the December 31, 2019 "Pro-forma without IFRS 16 effect" and the data as at December 31, 2018, is shown in the following tables.

Thousands of Euro	31.12.2019	31.12.2019 Pro-forma without IFRS 16 effect	31.12.2018
Net Sales	1,005,718	1,005,718	952,756
Adjusted Ebitda	38,706	28,929	32,857
Adjusted Ebit	12,953	11,914	17,478
Operating Result (Ebit)	8,378	7,340	11,352
Financial income	264	264	186
Financial expenses and exchange rate differences	(4,888)	(3,474)	(2,647)
Net income (loss) from equity investments	959	959	1,163
Share of net profit of associates and joint ventures	751	751	1,187
Profit before tax	5,465	5,841	11,241
Net profit from continuing operations	2,264	2,640	8,002
Net profit of "Discontinued operations"	-	-	-
Net profit	2,264	2,640	8,002
Net Profit attributable to non-controlling interests	242	246	29
Net Profit attributable to Parent Company	2,022	2,394	7,974
Adjusted net profit	5,280	5,655	11,844

The Group's 2019 performance come in overall below expectations, mainly due to the negative trend of the transactions of the company AZ France, whose Adjusted Ebitda differs by Euro 5,502 thousand on last year, linked to a combination of events, most of which are non-recurring, as well as a more normal performance of the Spanish business after the excellent year enjoyed in 2018, a non-profitable level of banana prices and the incurring of non-recurring expenses for factors that in total more than offset the solid improvement recorded by shipping.
Adjusted EBITDA "Pro-forma without IFRS 16 effect", totaling Euro 28,929 thousand, inclusive of the contribution of Euro 2,960 thousand by the newly acquired companies, marked a decline of Euro 3,928 thousand compared to last December 31, and the profit for the year of Euro 2,640 thousand decreased by Euro 5,363 thousand.
This difference stems from:

- lower operating performance (measured by the Adjusted Ebitda) amounting to Euro 3,928 thousand;
- higher amortization/depreciation and provisions of Euro 1.636 thousand;
- higher net financial expense for Euro 272 thousand and net exchange differences of Euro 477 thousand;
- lower pro-rata result of the companies measured at equity of Euro 436 thousand;
- lower net non-recurring expenses of Euro 1,347 thousand;
- lower taxes for Euro 38 thousand.

The table below instead shows a comparison of the current results of the two financial years, highlighting the reduction from Euro 3.8 to Euro 3.0 million in non-recurring items, essentially consisting (in FY 2019) of costs for the transition process of the Orsero share listing to the STAR segment of Borsa Italiana and the provision made for the customs dispute, as well as the entry of a proceed of Euro 827 thousand pursuant to IFRS 3 "step-up" acquisition connected with the acquisition of Fruttital Cagliari.

Thousands of Euro	31.12.2019	31.12.2019 Pro-forma without IFRS 16 effect	31.12.2018
Net profit	**2,264**	**2,640**	**8,002**
One-time costs related to Simba duty litigation, net of tax	1,600	1,600	-
Costs related to M&A activity, net of tax	217	217	-
Non recurring costs related to MTA/Star listing process, net of tax	986	986	-
Effect "step acquisition" ex IFRS 3	(827)	(827)	-
Figurative cost of Stock Grant, net of tax	-	-	1,628
Other non-recurring profit/loss, net of tax	1,040	1,040	2,214
Adjusted Net Profit	**5,280**	**5,655**	**11,844**

In terms of turnover, the overall increase in revenues came to Euro 52,962 thousand (+5.56%) compared to December 31, 2018 only in part - Euro 25,666 thousand - due to the companies acquired in 2019 and the disposal of the minor company Vado Container Services.
The main changes were, on the positive side, in the Italian and Spanish companies in the Distribution sector and maritime transport operations, which more than offset the decline in revenues of the French company. With respect to Italy, revenues of Euro 3,525 thousand were recorded by the fresh-cut channel in relation to the gradual entry into operation of the commercial facilities and processing rooms built in the centers of Verona and Bari and, in Cagliari, in an external warehouse, which are additional to the sales made by the structure already in place at the Florence warehouse, equal to Euro 5,544 thousand. The results achieved to date are satisfactory, especially in terms of the constant progress made in sales, while the contribution to the result is still impacted by the typical project start-up phase.

Thousands of Euro	31.12.2019	31.12.2019 Pro-forma without IFRS 16 effect	31.12.2018
"Distribution" Sector	927,707	927,707	869,118
"Import & Shipping" Sector	214,710	214,710	210,631
"Services" Sector	12,380	12,380	14,002
Net Sales Inter-sector	(149,079)	(149,079)	(140,995)
Net Sales	**1,005,718**	**1,005,718**	**952,756**

The table below shows the segment results in terms of Adjusted Ebitda, highlighting, net of said AZ France effects and the contribution of the newly-acquired companies, an overall decline of Euro 2.6 million in the performance of the other "Distribution" segment companies, mainly impacted (for Euro 2.0 million) by a return to a more normal level of profitability of the Spanish operations, after the excellent year enjoyed in 2018, also influenced by the increase in operating expenses linked to the growth in business and the start-up of the new Seville platform.
By contrast, the improvement recorded in the "Import and Shipping" segment is significant, thanks to the good performance booked by shipping, as a result of a higher load factor and the switch of the travel schedule from 4 to 5 weeks, which assured fuel savings and increased efficiency to loading operations on the central American ports, such as to more than offset the costs for chartering the fifth ship. The improvement in shipping was offset by the decline of almost Euro 2.7 million in the Adjusted Ebitda of the company Simba, selling bananas and pineapple; this was brought about both by a rather non-remunerative trend of market prices and the adoption of a policy for the recognition of a guaranteed margin to the Group's distributors, which effectively limited operative autonomy.
The service segment is mainly represented by the parent company Orsero, flanked on a lesser scale by the operative companies in customs services, most of which are provided to third party and IT services, mainly inter-company. The result measured by Adjusted Ebitda is typically negative, as the Parent company determines its result according to the dividends collected. The negative

change to Adjusted Ebitda as compared with last year mainly suffers the greater costs incurred for action taken to promote the brand and the Group as a whole.

As specified in more detail in the notes, the difference between the financial statements and the financial statements "Pro-forma without IFRS 16 effect" is linked to the recovery in warehouse and point of sale rents for Distribution sector companies (Euro 6,160 thousand) and freight contracts on the fleet of reefer containers for the ship-owning company (Euro 3,233 thousand), costs which are moreover discounted in their entirety in the form of higher depreciation and financial expenses, such as to mean that the final result books a loss of Euro 375 thousand.

Thousands of Euro	**31.12.2019**	**31.12.2019 Pro-forma without IFRS 16 effect**	**31.12.2018**
"Distribution" Sector	32,218	26,046	31,114
"Import & Shipping" Sector	10,996	7,711	5,710
"Services" Sector	(4,508)	(4,828)	(3,967)
Adjusted Ebitda	**38,706**	**28,929**	**32,857**

As regards the Statement of financial position, the main data used and reviewed periodically by Management for the purpose of making decisions regarding resources to be allocated and evaluation of results is presented. As noted in the beginning of this report, the adoption of IFRS 16 entailed the recognition of significant amounts in terms of Invested Capital and Net Financial Position, in relation to which the pro-forma statements offer an understandable comparison between the two years and, in the future, help to recalculate the covenant ratios, where, as reported on existing loans, it regards a situation prior to the effect of IFRS 16.

Thousands of Euro	**31.12.2019**	**31.12.2019 Pro-forma without IFRS 16 effect**	**31.12.2018**
Fixed Assets	256,336	196,724	165,453
Net Working Capital	30,550	30,550	32,447
Other current assets/(liabilities)	(9,057)	(9,057)	(11,655)
Net Invested Capital	277,830	218,217	186,246
Total Shareholders' Equity	150,931	151,307	150,178
Net Financial Position	126,898	66,911	36,068

The main changes in the financial structure at December 31, 2019 compared to December 31, 2018, which will be extensively analyzed in the notes to the financial statements, are primarily linked to:

- the increase in non-current assets of Euro 90,883 thousand, with Euro 59,612 thousand linked to rights of use pursuant to IFRS 16 (of which Euro 64,962 thousand from the initial recognition at January 1, Euro 237 thousand from the effect of the change in scope, Euro 5,994 thousand from new contracts, or investments, entered into during the year, net of amortization/depreciation for Euro 8,738 thousand and the derecognition of the value of the right of use of the Solgne warehouse for Euro 2,841 thousand, replaced by the purchase of the warehouse for Euro 1,980 thousand), Euro 15,244 thousand for intangible assets inclusive of goodwill counted on acquisitions for the period and Euro 23,895 thousand for tangible assets, all values gross of amortization and depreciation for the period;
- marginal decrease in commercial Net Working Capital for Euro 1,897 thousand, with a non-material component from the scope change effect, more than offset by the lesser net value of other receivables and payables, meaning that the change in terms of total Net Working Capital comes in showing an increase of Euro 700 thousand;

- increase in the Net Financial Position of Euro 90,830 thousand, of which Euro 59,988 thousand consisting of the value of the residual payable pursuant to IFRS 16, Euro 25,286 thousand for investments in tangible and intangible assets net of goodwill calculated on the year's acquisitions, Euro 17,014 thousand for the acquisitions of Sevimpor, the Fruttica Group and Fruttital Cagliari, with the difference used to finance the working capital requirements and payment of the Orsero dividend, net of cash flow from operations.

The summary representation of the consolidated financial statements through the main indicators highlights the goodness of the Group's capital and financial structure, also within an "IFRS 16 compliant" context.

Thousands of Euro	31.12.2019	31.12.2019 Pro-forma without IFRS 16 effect	31.12.2018
Net Financial Position/Total Shareholders' Equity	0.84	0.44	0.24
Net Financial Position/Adjusted Ebitda	3.28	2.31	1.10

Please remember that the Net Financial Position is calculated in complete compliance with the ESMA recommendation (see note 14 of the Notes), as the algebraic sum of the following items: cash and cash equivalents, non-current/current financial liabilities, which starting this year also include payables associated with rental and operating lease agreements pursuant to IFRS 16 as well as payables associated with acquisition prices still to be paid and the positive/negative fair value of hedging derivatives, non-current financial assets, recorded under the item "Other fixed assets" and current financial assets included in the item "Other current assets".

Commentary on performance of the business sectors

In 2019, from the operating perspective, the Group focused its attention on growth in the Distribution sector, both internally, particularly through the development of the fresh-cut fruit business in Italy with the set-up of three processing rooms located in the Verona and Molfetta warehouses and, in Cagliari, in the rented structure, as well as externally, with the acquisitions made in Spain, France and Italy, commented on previously.
This section provides information on the Group's performance as a whole and in its various sectors by analyzing the main indicators represented by turnover and Adjusted Ebitda. As already mentioned, 2019 recorded a performance that was down on the previous year; the information required by IFRS 8 is provided below, broken down by "business sector". The operating areas identified by the Orsero Group are identified in the sectors of activities that generate net sales and costs, the results of which are periodically reviewed by the highest decision-making level for assessment of performance and decisions regarding allocation of resources.

The Group's business is divided into three main sectors:

- Distribution Sector
- Import & Shipping Sector
- Services Sector

The table below provides a general overview of the performance of the different sectors in the two-year period 2018-19. Please note that the data and comments on the sectors given below show the results of only companies that are consolidated on a line-by-line basis; information is given on the performance of associates further on in the notes.

Thousands of euro	Distribution	Import & Shipping	Services	Orsero / eliminations	Total
Net sales 31.12.2019	927,707	214,710	12,380	(149,079)	1,005,718
Net sales 31.12.2019 Pro-forma without IFRS 16 effect [A]	927,707	214,710	12,380	(149,079)	1,005,718
Net sales 31.12.2018 [B]	869,118	210,631	14,002	(140,995)	952,756
Net sales change [A] - [B]	58,589	4,080	(1,623)	(8,084)	52,962
Adj.EBITDA 31.12.2019	32,218	10,996	(4,508)	-	38,706
Adj.EBITDA 31.12.2019 Pro-forma without IFRS 16 effect [A]	26,046	7,711	(4,828)	-	28,929
Adj.EBITDA 31.12.2018 [B]	31,114	5,710	(3,967)	-	32,857
Adj.Ebitda change [A] - [B]	(5,068)	2,001	(860)	-	(3,928)
NFP 31.12.2019	N.d.	N.d.	N.d.	N.d.	126,898
NFP 31.12.2019 Pro-forma without IFRS 16 effect [A]	N.d.	N.d.	N.d.	N.d.	66,911
NFP 31.12.2018 [B]	N.d.	N.d.	N.d.	N.d.	36,068
NFP change [A] - [B]					30,843

We would now like to comment on the trends of the individual operating sectors, referring to the Notes for all the details of the various investees and the consolidation criteria adopted. Note that the following figures have been determined based on the accounting standards of consolidation in accordance with International Accounting Standards and Group standards and for that reason may be different from those that may be deduced from the individual statutory financial statements filed by the companies.

Distribution Sector

Thousands of Euro	31.12.2019	31.12.2019 Pro-forma without IFRS 16 effect	31.12.2018
Net Sales	927,707	927,707	869,118
Contribution margin	105,674	105,672	103,485
% Contribution margin	11.39%	11.39%	11.91%
Gross profit	63,601	63,059	63,266
Adjusted Ebitda	32,218	26,046	31,114
% Adjusted Ebitda	3.47%	2.81%	3.58%
Net Profit	10,557	10,792	15,467

In this sector of activity, companies are involved in the distribution of fresh fruits and vegetables from many countries around the world, at any time of the year, in the relevant regions, in addition to the companies located in Mexico dedicated to the production and export of avocados. The distribution sector companies are located and operate on the markets of Mediterranean Europe (Italy, France, Iberian Peninsula and Greece) and Mexico.
The widespread presence in the regions, with specialized platforms in the processing and storage of fresh products, allows the Company to serve both traditional wholesalers/markets and large scale distribution (GDO), with different mixes in different Countries depending on the higher (e.g. France) or lower (e.g. Spain) incidence of GDO on these markets. Overall, in 2019 GDO sales account for around 59% of the aggregate value of sales in the European Distribution sector.
With large scale distribution, there are framework agreements that govern the main specifications and features of the product being delivered while, as a rule, the volumes and prices of the products are defined on a weekly basis, following the dynamics of the market. Suppliers, selected in some of the world's most important production areas, guarantee the offer of a full range of products available 365 days a year. The table above differs from the summary tables of the other sectors shown below for the presence of a specific indicator of the distribution sector, such as the "1st sales margin", also called the contribution margin, which in distribution companies constitutes the main indicator used to monitor business activity. The "1st sales margin" represents the difference

between net sales and the direct costs of the products sold (meaning the purchase costs of the goods, plus incoming and outgoing cargoes, customs duties and packaging costs) where it is considered that these costs represent most of the costs incurred by the company and therefore the positive or negative changes in the 1st margin tend to be reflected almost entirely on the profit or loss for the year.
The increase in revenues of Euro 58,589 thousand includes for Euro 28,569 thousand the contribution of the newly acquired companies (Sevimpor for the entire year, the Fruttica Group only starting from April 1 and Fruttital Cagliari for the second half) and the higher turnovers of the companies operating in Italy, Spain and Mexico, offset by the decline in sales in France by the company AZ France. In this regard, the reduction in Adjusted Ebitda has already been reported, down Euro 5.5 million on 2018 in connection with the unusual, highly negative performance of the fruit campaigns in both the first and second half of the year, in turn linked to the market situation, as well as internal structural issues. In order to remedy this situation, in addition to adding new senior management figures at the same time as making the Fruttica acquisition, the Group also strengthened the commercial structure of AZ France, also integrating it with resources from the Italian and Spanish companies with a view to offering the necessary support; the effects of said interventions are expected starting this year.
As regards the Euro 2.0 million decline in Adjusted Ebitda of the Spanish operations, it should be noted that they operated at margin values of 3.0% normal for the sector and, compared with the previous year, are penalized by the extremely favorable performance of 2018 with respect to FY 2019 during which the increase in volumes led to a rise in operating expenses, also linked to the launch of the new Seville platform.
As regards the Italian business, please note the growth in turnover, which has now exceeded Euro 384 million, the stability in absolute value of the margin measured by Adjusted Ebitda, the acquisition of Fruttital Cagliari, through which it is expected that Group sales will increase considerably on the Sardinian markets, the launch of the fresh-cut business at the Verona, Molfetta and Cagliari warehouses, flanked by operations already carried out for some time at the Florence warehouse. 2019 fresh-cut sales came to Euro 9,096 thousand, with a first margin of Euro 1,147 thousand.
Finally, the economic performance of the companies acquired during the year was in line with expectations, contributing for Euro 3.0 million to Adjusted Ebitda and Euro 1.9 million to the net result.
On a sector level, the change in the net sector result for FY 2019 “Pro-forma without IFRS 16 effect” shows a negative change of Euro 4,675 thousand (of which Euro 4,143 thousand due to AZ France alone). This was caused by:

- the reduction of Adjusted Ebitda by Euro 5,068 thousand;
- higher amortization/depreciation and provisions for Euro 1,035 thousand;
- higher financial income, financial expenses and exchange differences of Euro 307 thousand (higher costs);
- lower net non-recurring expenses of Euro 421 thousand;
- lower taxes for Euro 1,316 thousand.

Import & Shipping Sector

Thousands of Euro	31.12.2019	31.12.2019 Pro-forma without IFRS 16 effect	31.12.2018
Net Sales	214,710	214,710	210,631
Adjusted Ebitda	10,996	7,711	5,710
% Adjusted Ebitda	5.12%	3.59%	2.71%
Net Profit	(2,706)	(2,577)	(3,989)

The import and sale of bananas and pineapples is one of the Group's main activities as a whole because of the importance and weight of these items within the range of fruit and vegetables and the fact, not inconsiderable in terms of stability of the operational cycle, of their availability throughout the year. The Group supplies bananas and pineapples as a result of long-term relationships established with the most important producers based in the Central American countries and, for a portion of the banana product, in Africa. Bananas and pineapple are sold under the brands "F.lli Orsero" and "Simba", in addition to numerous private labels.
Maritime transport of bananas and pineapples of Central American production is carried out mainly with owned ships, until the end of 2018 by the four reefer units "Cala Rosse" which were joined by a fifth ship under a freight contract in 2019, which connect, on the basis of a 28-day travel schedule, which is now of 35 days, Central America with the Mediterranean, thereby allowing punctual arrival of fresh fruit in European markets on a weekly basis.
The segment's income performance, as compared with FY 2018, shows a clear improvement in Adjusted Ebitda, Euro 2,001 thousand or +35%, made possible by the recovery on more normal levels of profitability of shipping, after the two difficult years experienced in 2017 and 2018, which more than offset the loss originating from the import of bananas and pineapples.
As mentioned, in 2019 the ship owning company amended its travel schedule from 4 to 5 weeks, adding a fifth chartered ship to solve the open issues relating to the Caribbean ports, which were making the respect for the 28-day round-trip schedule very difficult or even impossible. With the new scheduling, the weekly arrival of fruit from central America remains unchanged, continuing to constitute a major advantage point for the Group, but pressure has been relieved at the loading of the fruit in the central American ports and ships can travel at lower speed ("eco-speed"), thereby guaranteeing both a lesser fuel consumption and reduced stress on the ships themselves when sailing across the Atlantic. Thanks to fuel savings obtained and greater volumes carried (more than 507 thousand pallets, equal to a load factor of 94.2% as compared with the 492 thousand pallets of 2018), Adjusted Ebitda came in at Euro 10,579 thousand, as compared with the Euro 5,819 thousand of FY 2018.
As instead regards the import of bananas and pineapples by the company Simba, 2019 again sees growth of the premium F.lli Orsero branded products volumes, which rose to 49% (2018: 46%) for bananas marketed, and 53% (2018: 51%) for pineapples. Despite this progress, the economic result was still unsatisfactory, offering a negative Adjusted Ebitda of Euro 2,958 thousand, moreover impacted significantly by the strategic choice made to establish a guaranteed margin on bananas and pineapples for distributors - which account for 85% of Simba's turnover - so as to prevent them from procuring these products from the market, thereby creating inefficiencies in the value chain. In thus doing, Simba's result effectively depended on, and was tied to, that of the distributors.
Accordingly, also upholding the relevant observations by the financial community expressed during the periodic meetings, it has been acknowledged that at present Simba's placement should be considered more correctly within the Distribution sector; following this change, the "Import & Shipping" sector will change name to "Shipping", insofar as it includes shipping only, and period reporting starting Q1 2020 will be structured as follows, with a clear adjustment of 2019 data to allow for a consistent comparison.
The improved operating profitability positively impacted the net result, up by Euro 1,411 thousand compared to the previous year due to:

- a recovery in operating performance measured by the Adjusted Ebitda amounting to Euro 2,001 thousand;
- higher amortization/depreciation and provisions of Euro 517 thousand;
- lower financial income, financial expenses and exchange differences of Euro 20 thousand (lower costs);
- higher net non-recurring expenses of Euro 97 thousand;
- lower taxes for Euro 6 thousand.

"Services" Sector

Thousands of Euro	31.12.2019	31.12.2019 Pro-forma without IFRS 16 effect	31.12.2018
Net Sales	12,380	12,380	14,002
Adjusted Ebitda	(4,508)	(4,828)	(3,967)
Net Profit	2,324	2,336	(7,925)

This sector includes the activities related to the Parent Company as well as the activities of providing services in customs and in the IT sector, carried out by some smaller companies.
The Adjusted Ebitda of the sector typically has a negative sign, because, in view of the Parent Company's nature as a holding company, the income and ultimately the profit or loss for the year are tied to the dividends received from Group companies.
As compared with FY 2018, the reduction of Euro 861 thousand in Adjusted Ebitda mainly stems, as mentioned, from the increase in promotional expenses in favor of the brand and Group as a whole, and partly from a more reduced level of charge-backs of the holding company to the subsidiaries for royalties and remuneration.
Towards year end, the equity investment was sold off in the minor company Vado Container Services, operating in the maintenance of containers at the Vado Ligure terminal, insofar as no longer synergic to the Group's business.
Finally, please note that the result for this sector does not appear to be very significant as it was impacted by components, such as intercompany dividends and, in FY 2018, impairment losses, that were typically eliminated on consolidation.

Analysis of the economic and financial situation of the Parent Company Orsero

The Orsero annual financial statements at December 31, 2019 show profit of Euro 1,496 thousand (2018: profit of Euro 4,041 thousand), after depreciation, amortization, and provisions for Euro 432 thousand (2018: Euro 220 thousand), dividends collected for Euro 10,060 thousand, and non-recurring charges recorded for Euro 1,359 thousand.

The following are details of the main income statement items:

Thousands of Euro	31.12.2019	31.12.2018
Net Sales	3,026	3,314
Adjusted Ebitda	(5,455)	(4,789)
Adjusted Ebit	(5,888)	(5,009)
Ebit	(7,247)	(7,272)
Financial income	173	86
Financial expenses and exchange rate differences	(2,349)	(1,282)
Dividends*	10,060	8,000
Net income (loss) from equity investments*	(649)	1,717
Profit before tax	(13)	1,249
Net Profit from continuing operations	1,496	4,041
Net Profit of "Discontinued Operations"	-	-
Net Profit	1,496	4,041

* Included in the "Net income (loss) from equity investments"

In terms of the income statement, the result of the Parent Company is of limited relevance as the revenue side is essentially linked to the services provided to the Group and the collection of dividends, while on the cost side, personnel costs, legal and tax consultancy - handled centrally - reversed to the companies as applicable, and promotional expenses of the brand are the most significant components, which result in a negative Adjusted Ebitda value; therefore, the discussion in relation to the consolidated income statement is much more relevant.
Adjusted Ebitda recorded a decrease of Euro 666 thousand because of greater brand promotional expenses, taking in consideration the fact that the 2018 amount of such indicator was net of euro 2.142 thousand costs related to the stock grant plan, costs that were not entered in 2019 since the assigned objective has not been achieved.
Dividends collected came to Euro 10,060 thousand, as compared with Euro 8,000 thousand last year. In 2019, equity/financial components - typically included in the consolidated financial statements given that they are mainly intercompany in nature - include the waiver of receivables from the subsidiary Orsero Servizi for Euro 200 thousand and the impairment of the equity investment VCS, sold off towards year end, for Euro 455 thousand, in order to bring the carrying amount of this company, following the distribution of a Euro 570 thousand dividend, to the value of Euro 150 thousand, which is equal to the price of sale. Last year, the equity items instead regarded the result of the liquidation of the company Siter Trasporti and the capital gain on the disposal of the equity investment in Cultifruit.
As regards the Statement of financial position, the main data used and reviewed periodically by Management for the purpose of making decisions regarding resources to be allocated and evaluation of results is presented.

Thousands of Euro	**31.12.2019**	**31.12.2018**
Fixed Assets	170,652	171,627
Net Working Capital	27,023	50,594
Net Invested Capital	197,675	222,221
Total Shareholders' Equity	142,723	161,742
Net Financial Position	54,952	60,479
Net Financial Position/Total Shareholders'Equity	0.39	0.37

The slight reduction in fixed assets is mainly due to the effect of the merger by incorporation of the sub-holding companies GF Distribuzione S.r.l. and GF Porterm S.r.l., as a result of which the equity investments held by these have been booked at consolidated equity values, less the respective carrying amounts in the Parent company, for a comprehensive net effect of Euro 11,545 thousand; a partial impact was also caused by the initial booking of rights of use pursuant to IFRS 16 for Euro 2,187 thousand. Together, however, these values were more than offset by the repayment of shareholder loans by Cosiarma for Euro 14,000 thousand.
The reduction in net invested capital is due to the reduction in the net financial receivable in relation to the cash pooling arrangements with the two sub-holding companies incorporated, equal to more than Euro 34 million.
The change in Shareholders' Equity between 2018 and 2019 essentially stems from the incorporation of the two sub-holding companies GF Distribuzione and GF Porterm, for which the respective carrying amounts in Orsero exceeded their values of shareholders' equity. The net effect on the separate financial statements was Euro 18,221 thousand, whilst the effect is entirely neutral in the consolidated financial statements. Other changes mainly relate to: (i) dividend payment of Euro 2,032 thousand; (ii) the purchase of treasury shares made in 2019 in accordance with the buy-back plan guidelines approved by the competent bodies; and (iii) the posting of the mark-to-market value of the hedging derivatives in place for the loan, of original figure of Euro 60 million.

Reconciliation between the results and shareholders' equity of the Parent Company and the Group

The reconciliation schedule for the results and shareholders' equity of the Parent Company and the analogous consolidated values are provided below:

Thousands of euro	**Share capital and reserves at 31.12.2019**	**Net Profit 2019**	**Total Shareholders' equity at 31.12.2019**
Orsero S.p.A. (Parent company)	**141,227**	**1,496**	**142,723**
The difference between the carrying amount and the corresponding equity	(54,802)	-	(54,802)
Pro-quota gains/losses achieved by subsidiaries	-	10,625	10,625
Pro-quota recognition of associated companies consolidated using the equity method	(460)	751	291
Dividends distributed by consolidated companies to the Parent company	10,615	(10,615)	-
Consolidation differences	45,111	827	45,938
Elimination of capital gain and/or other transactions carried out by subsidiaries	6,509	(1,062)	5,447
Total Group equity and net profit attributable to Parent company	**148,200**	**2,022**	**150,221**
Minority interests and net profit attributable to non controlling interests	468	242	710
Total shareholders' equity and net profit	**148,667**	**2,264**	**150,931**

Risk profiles of the business, control systems, environment

The Orsero Group's business is focused on the import and distribution of fruit and vegetables, alongside the activities in the sectors of transport and services over time.

Strategic and operational risks

Operational risks

The Group is exposed to operational risks linked to the use of ships and storage plants, quality control, ripening and processing plants and these consist of the risk of losses caused by errors, breaches, downtime and damage, caused by internal processes, personnel, systems or external events. Should such circumstances arise, considering the medium-level likelihood of such, a risk would be run that may have a significant negative impact on the Group's economic, equity and financial position. The risk is considered of medium relevance. Orsero Group's activities are characterized by the need to ensure the optimal preservation of fruit throughout the whole source path to the final market and the regularity of supply. For this purpose, the Orsero Group uses its own fleet, represented by four reefer ships and the chartered ship that transport bananas and pineapples from Central America to the Mediterranean weekly and the warehouses where bananas are ripened and the fruit is stored, and is able to maintain control over the cold chain for the entire time.

Risks connected with the performance of results and economic margins

The Orsero Group recorded oscillations in the performance of its margins and economic results, connected with the performance of the various fruit campaigns held during the year at the distributors and the performance of the ship-owning business and the import of bananas and pineapples, which is usually more variable. It cannot be excluded that oscillations and reductions in the results and margins may also take place in the future and this may have very significant impacts on the Group's economic, equity and financial position. The likelihood of this occurring is considered "medium". Please note that the margins of the Distribution sector, due to its intrinsic characteristics and as it is differentiated between the different countries of Mediterranean Europe, usually show limited differences in performance, where the greater volatility of the Import & Shipping sector is due to factors that cannot be entirely controlled by the Company, namely: (i) the performance of banana and pineapple production and imports in Europe; (ii) the performance of the shipping charter market, in particular as regards the reefer transport segment; (iii) the level of fuel prices; (iv) the onset of events that can impact the normal provision of the shipping service, such as, by way of example, unfavorable atmospheric events or operating difficulties in the cargo loading or unloading ports due to strikes; and (v) fluctuation in the exchange rate. In order to mitigate this risk, the Group constantly monitors its business, seeking to interpret the dynamics and find effective, efficient solutions.

Risk connected with procurement difficulties and the volatility of commodity prices
The Orsero Group business, represented by the import and distribution of fruit and vegetables, is very much dependent on the procurement of certain products, such as bananas, pineapples, avocado, etc. and the fluctuation of the related purchase prices, particularly in consideration of product availability and the risks linked to the absence of any formalized short- or longer-term contracts with most of its suppliers. There is also a risk that the Group may be unable to transfer any higher purchase prices of products onto the prices of sale applied on the reference markets. Should such circumstances arise, considering the medium-level likelihood of such, they may have a significant negative impact on the Group's equity and/or financial position. This risk is considered of medium relevance. The quality and quantity of the supply of these products, and the availability and sustainability of the purchase price of the goods marketed by the Orsero Group, which, by nature, are perishable, may be impacted by factors that are difficult for it to predict or control. In particular, procurement conditions are extremely sensitive to the climatic factor (periods of drought or excessive rainfall, storms or hail on plantations), as well as soil conditions or the presence of weeds or parasites that determine the higher or lower availability of products, and consequently, their purchase price. The change in the prices of raw materials is generally handled through the pricing policy of the products for sale. To address these issues, the Orsero Group is implementing a strategy of diversifying its sources, both in terms of geographical supply areas as well as suppliers, in order to mitigate and offset any product shortages during the various seasons (or "campaigns") for the products. For the Orsero Group, one of the priorities has always been developing relations with suppliers, many of whom have established consolidated relationships over time, thus guaranteeing the consistency of the necessary procurement and possible mediation of purchase prices.

Risks connected with shipping in regard to fuel
With regards to the shipping business, the fuel (bunker) used to power the ships is one of the main cost factors of the Import & Shipping sector (as at December 31, 2019, the cost for fuel purchases accounted for 11.9% of sector revenues and 31.5% of revenues from the ship-owning business). Historically, major fluctuations have been recorded in the price of the bunker, impacting the increase in costs incurred for purchasing the fuel used to power the ships and, consequently, the Group's result. There is therefore a risk that very significant (or repeated) fluctuations in the cost of fuel may only partly be covered by the hedges implemented by the Group and that in the event of contracts not including BAF clauses, the rise in bunker prices may generate a negative impact on the profitability of charters to customers. The likelihood of these circumstances occurring, is considered "medium". It should also be noted that starting January 1, 2020, "IMO 2020" regulations have come into force, which require the use of more refined fuels with a lesser sulfur content and, therefore, on the basis of the current oil market context and related current cost, more expensive. In compliance with these regulations, in 2019 the Group began using fuels with sulfur contents within the regulatory limits and, therefore, as expected, more expensive than previous higher sulfur content bunker. There is therefore a risk that compliance with said environmental regulations may entail problems essentially linked to availability and the expected higher cost of the new fuel required, with potential, possibly significant, negative impacts on the economic, equity and financial position. In order to manage the risk of cost fluctuations, linked to fluctuations in the price of oil, the Orsero Group, in line with the practice of the shipping sector, stipulates, where possible

and based on agreements reached with customers, transport contracts with the "bunker adjustment factor" (BAF) clause that allows an adjustment of the transport price depending on the increase or decrease of the bunker price. It should also be noted that to reduce the risk of significant price fluctuations, the Orsero Group generally stipulates hedging contracts for part of its bunker consumptions according to the best strategies identified.

Risk connected with the transport of third-party operator products
Through Cosiarma, the Group uses part of the capacity of its ships to also carry products pertaining to third party operators. There is therefore a risk connected with failure to renew such cargo contracts or with the renewal of such contracts but at more onerous conditions. Such circumstances, which are classed as "medium" probability, may have very significant negative effects on the Group's economic, equity and financial position. The risk described is considered as of medium/high relevance. Additionally, Cosiarma has a reduced customer base, precisely due to the market on which it operates, whose relations are generally regulated by annual contracts; this makes for uncertainty as to the continuation of such relations and the potential renewal at their expiry dates. Potential negative impacts cannot be excluded on the business and economic results and the Group's equity and financial position, in the event of failure to stipulate one or more contracts, without there being equal replacement traffic or in the event of renewals at less remunerative contractual conditions. The management constantly monitors its customer portfolio, paying careful attention to their needs and maintaining contact with the main operators with a view to potentially improving the quantity and quality (price) of the cargo carried.

Risks associated with dependence on distribution channels
The Orsero Group's turnover depends significantly on sales to both Large Scale Distribution ("GDO") and traditional wholesalers. In particular, in FY 2019, the Orsero Group's turnover from GDO was approximately 59% of total aggregated revenues of all European Distribution companies, or 51% of the Group's total consolidated turnover. The Group is exposed to risks relating to the potential interruption of relations with its customers, or a worsening of such relations as compared with the situation as at the reference date. Should such circumstances occur (considered unlikely), this would entail a risk of a significant negative impact on the Group's economic, financial and equity position. This risk is considered of medium relevance. It should be noted that contracts with the GDO are governed by framework agreements, which regulate the main specific characteristics of the product being delivered. Except for specific cases, product volumes and prices are defined on a weekly basis, also in order to manage some factors not necessarily related to the product such as the Euro/Dollar exchange rate or the cost of oil that affects the transport cost. In this context, the Orsero Group has always responded with a strategy aimed at increasing its size and with a continuous effort to adapt and improve efficiency, while maintaining the objective of safeguarding the basic economic efficiency of its operations. Since 2012, the marketing of bananas and pineapples under its own brand has represented an effective strategic response from a structured and mature group to a radical change in the mechanisms of its core business. The Orsero Group is well aware of the risk associated with this challenge but believes that it is balanced by a unique opportunity to create over time a name and an Italian quality brand able to stand on the market and compete with the major multinationals in the sector.

Financial risks

In going about its business, the Orsero Group is exposed to financial risks connected with its operations; more specifically, it is exposed to the credit risk, the liquidity risk and the market risk (including the foreign exchange risk, the interest rate risk and the price risk). Financial risks are handled in accordance with specific organizational rules that regulate and manage the same and the control of all transactions relevant to the breakdown of financial and/or trade assets and liabilities.

Risks associated with credit

The Orsero Group is exposed to the credit risk, mainly deriving from commercial relations with its customers and, in particular, any delays or non-payments by such, which, should such occur, may have negative effects on the economic, equity and financial position of Orsero and/or the Orsero Group. The onset of circumstances connected with the credit risk is considered unlikely to occur. Considering the foregoing, this risk is considered of little relevance. As at December 31, 2019, the Group's provision for bad debts of Euro 12,537 thousand accounts for 9.4% of the Orsero Group's gross trade receivables. It should also be noted that this measure reflects the need expressed in the tax systems of the various countries to not reverse non-performing loans until completion of the envisaged bankruptcy proceedings, thereby "inflating" the book values with receivables that have already been fully impaired.

The management monitors the commercial credit risk using formalized procedures for selecting and evaluating the customer portfolio, defining the limits of reliance, monitoring the expected income flows and any recovery actions, and has also stipulated suitable, specific insurance policies with leading counterparties.

Liquidity risk

The Group manages the liquidity risk with a view to ensuring the presence, on a consolidated level, of a liability structure that matches the composition of financial statement assets, in order to maintain a solid level of capital. The Group constantly monitors forecast cash flows, available credit facilities, loan repayment plans, available liquid funds and any financial needs of subsidiaries, in order to identify the most appropriate ways by which to guarantee the most efficient management of financial resources.

Interest rate risk

The Group helps finance its medium/long-term investments and working capital through use of credit instruments. The Group mainly uses medium-term credit facilities in euros, part of which at fixed rate and part at variable rate; a suitable partial IRS plain vanilla hedge has been activated on the main one (2018-2024 pool loan for an original figure of Euro 60 million), with a view to mitigating the risk of fluctuation of the reference rates (Euribor) over time; instead, in the case of the only debenture loan issued, the option was chosen for an entirely fixed rate structure. As at December 31, 2019, the hedges adopted by the parent company for the risk in changes to interest rates hedge approximately 69% of medium and long-term variable rate loans, thereby meaning that approximately 81% of the Group's entire medium-term debt is at fixed rate. It is stressed that, in the Group's opinion, such choices are today very prudent, also in view of the expected medium-term evolution of reference rates in Europe.

Foreign exchange risk

The Orsero Group is exposed to the risk of changes in foreign exchange rates (in particular US dollars), for currencies that differ from that used to express commercial and financial transactions, for which no hedges are adopted. This circumstance may have negative effects on the economic, equity and financial position of Orsero and/or the Orsero Group. The onset of the above circumstances, considering how unlikely they are to arise, would entail a risk that may have negative effects on the economic, equity and financial position of Orsero and/or the Orsero Group; this risk is, however, considered of little relevance. In line with industry practice and in order to benefit from greater flexibility in its commercial strategy, the Group has chosen not to adopt any policies to hedge foreign exchange rates. Traditionally, there is no direct, automatic relationship between the performance of the dollar and margins, both due to the price setting system, which, as they vary from week to week, makes it possible to "offload" much of the exchange effect on the end market, and to the partial offsetting performed by the shipping business having an opposite currency profile, with surplus revenues in dollars as compared with cost which reduces the overall net exposure to the US dollar of the Group. Despite this, we cannot exclude any significant and/or repeated changes to the USD/EUR exchange rates that cannot be offset by an increase in the product price of sale and, therefore, which may reduce the revenues deriving from the Group's banana and pineapple import business, with consequent negative effects on the

Group's economic, equity and financial position. Together with the Treasury and Sales Offices, the management team constantly monitors changes in exchange rates so as to promptly take any opportune corrective action.

Risks associated with loan agreements and the debenture loan
The Orsero Group has in place with some of the most important banks a number of medium-term contracts; some of these contracts present financial covenants and mandatory early repayment clauses whereas certain hypotheses of default, termination, withdrawal or application of the acceleration clause or cross default, should arise. The Group is therefore exposed to the risk of having to repay its financial debt early, if such hypotheses should occur; this may determine very significant negative effects on the economic, equity and financial position of the parent company and/or Group. The onset of such circumstances has been considered of medium probability of occurrence and significant relevance. Please note that the two main financial payables of the Group are the pool loan for an original figure of Euro 60 million, maturing on June 30, 2024, entirely held at variable rate but with a fixed rate swap hedge for 78% of the nominal amount, and the debenture loan for Euro 30 million, maturing on October 4, 2028, at a fixed rate. Please note that as at the date of the presentation of this financial report, the Group has fulfilled the financial covenants and obligations envisaged by the loan contracts and debenture loan; the Group's management constantly monitor the situation of the financial covenants in order to verify that they are duly respected.

Risks connected with the adequacy of the provisions for risks and charges and the current dispute, damages to image and reputation
The Group is exposed to the risk of having to make outlays deriving from disputes currently not covered by specific provisions in the financial statements, in the event it should lose current disputes; this may determine significant effects on the Group's economic, equity and financial position, correlated to the unfavorable effects of such disputes. Where said circumstances should arise (considered as medium probability), this would entail a risk of significant impact on the Orsero Group's economic, equity and financial position. The risk described is considered of medium relevance. As at December 31, 2019, the company Simba has set aside a provision for risks in the amount of Euro 1,600 thousand, relative to a customs dispute in progress, considering the likelihood of losing.
Please also note that regardless of the grounds of the claims made, any onset of legal or arbitration proceedings in regard to the Group may damage the image and reputation enjoyed by Orsero, with possible negative effects on the Group's business and economic, equity and financial position. The Group's management team constantly monitors the onset and evolution of any disputes, also through the support offered by legal advisors, to ensure that the best, most appropriate action is taken to protect the Group.

Legal and compliance risks

Risks associated with potential environmental damages
The Orsero Group is exposed to the risk of serious failures or breakdowns of ships, plants, facilities and/or machinery that could result in a slowdown in the Orsero Group's activities, damages to third parties, accidents or environmental damage. The Orsero Group, through dedicated offices, continues all the activities needed to ensure respect for the environment, as well as optimization of the use of energy sources and natural resources.

Risks associated with the administrative liability of legal entities
The Group is exposed to the risk of incurring the administrative liability of legal entities envisaged by Italian Legislative Decree 231 and any sanctions envisaged by said same Decree (or other similar applicable local regulations), due to a potential assessment of the inadequacy of the model adopted, in accordance with said Decree, by the Parent company and Italian subsidiaries and/or the failure to apply a similar model by the Group's foreign companies. The onset of such circumstances, which is considered unlikely to occur, would, however, entail a risk that may have

negative effects on the Group's economic, equity and financial position. Starting in 2010, the Orsero Group (formerly GF Group) has applied the organizational model and the code of ethics and appointed the ethical committee as provided by the Italian Legislative Decree of June 8, 2011, in addition to the supervisory body, in order to ensure compliance with the prescribed conditions of fairness and transparency in the conduct of business, safeguarding the company's position and image, shareholders' expectations and employees' work. The model is a valuable tool for raising awareness among all those who work on behalf of the Orsero Group so that they ensure proper and consistent conduct in carrying out their activities and a means of preventing the risk of committing crimes. The Model 231 and the Code of Ethics are available for consultation from the corporate governance section of the website www.orserogroup.it.

Other information

Share performance

As of December 30, 2019, the Orsero share recorded a list price of Euro 6.38 per share, down by 12.4 percentage points (Euro 7.28 per share at January 2, 2019). The stock market capitalization at December 30, 2019 was Euro 112.8 million (Euro 140.8 million at December 28, 2018).

The following table summarizes the main data relating to the shares and stock market at December 31, 2019.

Dati azionari e borsistici	Esercizio 2019
Prezzo prima quotazione (02/01/2019)	7.28
Prezzo quotazione massima	8.12
Prezzo quotazione minima	5.88
Prezzo ultima quotazione (30/12/2019)	6.38
Volume medio giornaliero (n. azioni)	8,106
N. azioni circolazione	17,682,500
Capitalizzazione	112,8 M€

Significant shareholders

Below is a list of shareholders with an investment in excess of 5% (considering the classification of the Issuer as an SME in accordance with Art. 1, paragraph 1, letter w-quater.1 of Italian Legislative Decree no. 58/1998, as subsequently amended and supplemented (the "Consolidated Law on Finance" or "TUF")), as resulting from the Consob communications received in accordance with Art. 120 of the TUF and other information available to the Company.

Shareholder's name	Number of shares	% on the total share capital
FIF Holding S.p.A	5,664,400	32.03%
Grupo Fernandez S.A.	1,000,000	5.66%
Praude Asset Management Ltd.	1,547,026	8.75%
Global Portfolio Investments S.L.[1]	996,500	5.64%

(1) The declaring company at the top of the control chain is Indumenta Pueri S.L. .

Treasury shares

Please note that, as part of the treasury share purchase program approved by the Board of Directors on June 28, 2018, following the authorization given by the shareholders' meeting held on April 20, 2018, in the period running from October 4 to 11, 2019, Orsero purchased 3,250 shares for a weighted average price average price of Euro 6.43 and a comprehensive value of Euro 20,908. Following these transactions, considering the shares previously held in the portfolio, as at December 31, 2019, Orsero S.p.A. directly holds 755,637 treasury shares, accounting for 4.27% of the share capital, for a value of Euro 7,426 thousand, stated as a direct reduction of other items of the net figures, as per the statement of changes to equity as at December 31, 2019.
Please note that 500,000 treasury shares are allocated for the Management Medium/Long-Term Incentive Plan implemented by Orsero and called the "Orsero S.p.A. Stock Grant Plan", reserved to directors with executive positions in Orsero and certain managers with strategic roles in the Company and relating to the three-year period 2017-2019. This plan envisages the free assignment to the beneficiaries described above of ordinary Orsero shares held in the Company's portfolio (up to a maximum of 500,000 shares, already held by the Company), subject to the achievement of the performance objectives determined by the Board of Directors for each year in the Plan's three-year performance period. The FY 2017 and 2018 objectives were achieved, even if the latter not entirely, and resulted in the assignment to the aforementioned individuals of a total of 320,002 shares, which will be delivered within 15 trading days of the approval by the Orsero Shareholders' Meeting of the financial statements as at December 31, 2019, for a total amount of Euro 4,470 thousand. This value represents the fair value as at the date of assignment of the Plan, equal to, in compliance with IFRS 2, the stock market listing of Euro 13.97. Please note that due to failure to achieve the objective set for FY 2019, no stock grants have been assigned under the scope of the incentive plan.
As at December 31, 2019, the Group does not hold, directly or indirectly, shares in parent companies and it did not acquire or sell shares in parent companies during the year.

Corporate governance

The Group adheres to the Corporate Governance Code of listed Italian companies, published in March 2006. In compliance with the regulatory obligations, the "Corporate Governance Report" is drawn up once a year, which, in addition to providing a general description of the Group's corporate governance system, also gives information on the ownership structures and adhesion to the individual provisions of the Corporate Governance Code and observance of the relevant commitments. Below is a summary description of the main components of corporate governance. For a more analytical description of the elements comprising corporate governance, reference is made to a reading of the complete document on the Annual Report, available from the governance section of www.orserogroup.it. More specifically, reference is made to the above document for information about the internal control system, aimed at managing risks relating to the financial disclosure pursuant to Art. 123-bis of the TUF.

Board of Directors

The Parent company's Board of Directors in office as at the date of approval of these financial statements, numbers 9 members and was appointed by the Ordinary shareholders' meeting held on November 30, 2016 (with effect from February 13, 2017, the date of merger effect); it was thereafter supplemented on September 15, 2017 and will now remain in office until approval of the financial statements as at December 31, 2019. It is noted that following the resignation of the Director Luca Fabio Giacometti, on the proposal of the Board of Directors, the Parent company's Shareholders' Meeting held on October 25, 2019 appointed Laura Soifer as member of the Board of Directors, with effect starting the start date of trading.

Board of Statutory Auditors

The Board of Statutory Auditors in office as at the date of approval of these financial statements was appointed by the Ordinary shareholders' meeting held on November 30, 2016 (with effect from February 13, 2017, the date of merger effect); it will remain in office until approval of the financial statements as at December 31, 2019.

Financial disclosure and relations with Shareholders

In order to maintain a constant dialogue with its shareholders, potential investors, and financial analysts, and in adherence with the Consob recommendation, Orsero S.p.A. has established the Investor Relator function. This role ensures continuous information between the Group and financial markets. Economic and financial data, institutional presentations, official press releases, and real-time updates on the share price are available on the Group's website in the Investor Relations section.

Substainability Report 2019-(Non-Financial Statement)

In compliance with the provisions of Italian Legislative Decree no. 254/2016, the Group has supplemented corporate reporting with the Non-Financial Statement, prepared in the form of a Sustainability Report. This document is made available to the public on the website www.orserogroup.it at the same time as the 2019 Annual Financial Report, of which this document is an integral part.

Tax consolidation

Almost all Italian subsidiaries participate in the "tax consolidation" system headed by Orsero, in accordance with arts. 117 et seq. of the Income Tax Code ("TUIR").

Workforce

The Notes provide an indication of the average staff employed by the Group in the years 2018 and 2019. During the year, there were no accidents and serious injuries at work for personnel registered as employees of Group Companies.

Safety and protection of the health of workers

As regards the environment, the Group has always adopted policies that are conducive to food safety and hygiene, respect for and protection of the environment and safety at work. The numerous certifications (such as HACCP, ISO 9001 and 14001, BRC, IFS, OHSAS 18001) obtained by the Group attest to this, as do the significant investments made in recent years to install several photovoltaic plants that can satisfy a good portion of the energy needs of the relative operational sites. It should be noted that an excellent result was achieved on injury reduction due to training, supervision and awareness-raising activities, thus raising the focus on the subject.

Research and development

Considering the nature of the Orsero Group business, there was no basic or applied research carried out; however, as already indicated in the previous Reports, the Group is continuing its implementation and engineering of a new integrated information and management system to meet the specific needs of the distribution sector, with innovative economic/financial planning instruments.

Information pursuant to Art. 1, paragraph 125 of Italian Law no. 124 of August 4, 2017

In accordance with Art. 1, paragraph 125 of Italian Law no. 124 of August 4, 2017 and Art. 3-quater, paragraph 2 of Italian Decree Law no. 135 of December 14, 2018, please note that some of the Group's Italian companies benefit from the aids for which publication is mandatory in the National State Aid Register.

Art. 36 of the Consob Market Regulation (adopted by Consob Resolution no. 16191/2007 as subsequently amended)

As described in the notes, the Group holds investments in some companies located outside Europe and in regard to the regulatory provisions pursuant to the title, please note that as at December 31, 2019, there were no companies coming under the scope of application of the regulatory provisions of Art. 36 of the Market Regulation, i.e. an amount of assets and revenues that exceeds 2% and 5% of the consolidated assets and revenues and the sum of all non-European companies, as a whole, is less than 10% the consolidated assets and 15% the consolidated revenues.

Art. 37 of the Consob Market Regulation

Please note that as at December 31, 2019, FIF Holding does not manage and coordinate the Parent company Orsero in accordance with Art. 2497 of the Italian Civil Code, and, therefore, the regulatory provisions of Art. 37 of the Market Regulation, do not apply.

Management and coordination

Orsero S.p.A. is not managed or coordinated pursuant to Article 2497 *et seq.* of the Italian Civil Code. The parent company FIF Holding does not manage or coordinate Orsero S.p.A. insofar as the latter operates under corporate and entrepreneurial autonomy, with autonomous capacity for negotiating relations with customers and suppliers and defining its strategic guidelines, organization and development, without any interference; FIF Holding also does not carry out any centralized group duties; the Orsero Board of Directors operates autonomously and FIF purely performs the role of reference shareholder.
All direct and indirect Italian subsidiaries of Orsero S.p.A. have fulfilled publishing obligations laid down by Art. 2497-bis of the Italian Civil Code, indicating that Orsero S.p.A. is the subject managing and coordinating them.

Transactions with related parties

In accordance with the provisions of the Regulation adopted by Consob with resolution no. 17221 of March 12, 2010 and subsequent amendments, Orsero S.p.A. has adopted a Procedure for Transactions with Related Parties, approved by the Board of Directors on February 13, 2017, and available on the Group's website https://www.orserogroup.it/governance/procedure-societarie/.
The Related Party Procedure identifies the principles the Company follows in order to ensure transparency and substantive and procedural fairness of transactions with related parties carried out by the Parent Company, directly or through subsidiaries. It aims to monitor and track the

necessary information about transactions in which directors and managers have a personal interest and related party transactions, in order to control and, where necessary, authorize, such.
The Group's core business, settled at market prices, has developed through contracts that specifically regard the management of equity investments, the settlement of cash flow through centralized treasury and intra-group loans, the sharing of general, administrative and legal services, assistance related to IT services and commercial agreements. For information on tax, please refer to the paragraph "Tax consolidation". Please note that during FY 2019, no related party transactions were implemented other than those implemented as part of the Group's core business and with the exception of the purchase, towards year end, by AZ France from the related company Nuova Beni Immobiliari of the Solgne warehouse that was previously leased. With this transaction, which anticipates that finalized in January by Fruttital in connection with the Italian warehouses, the French company acquired the warehouse making an investment of Euro 1,980 thousand, financed Euro 1,650 thousand with a 10-year mortgage loan and for the remainder with its own funds.
With reference to dealings with related parties, please refer to the details provided in the Notes.

Investments during the year

Period Group investments made in tangible and intangible assets totaled Euro 31,280 thousand, inclusive of Euro 5,994 thousand for "rights of use" pursuant to IFRS 16 and net of the goodwill recognized on the Sevimpor, Fruttica and Fruttital Cagliari acquisitions, analyzed in the dedicated chapter below in this report. The tables below explain the main investments made during the year and their accounting breakdown by segment.

Description	Country	Amount M€
Fresh-cut project in Italy	Italy	1.8
Verona warehouse enlargement and refurbishment	Italy	4.3
Solgne warehouse	France	2.2
New ripening rooms and cooling equipment	France	3.2
Siviglia warehouse	Spain	3.2
Dry-docking of 2 vessels	Italy	3.3
ERP Project	Italy	1.0
Total principal investments		**19.0**

	INVESTMENTS			
Thousands of euro	**"Distribution" Sector**	**"Import&Shipping" Sector**	**"Services" Sector**	**Total**
Intellectual property rights	197	-	118	315
Concessions, licenses and trademarks	15	-	200	215
Assets in progress and advances	833	-	20	853
Other intangible assets	7	-	1	8
Total investments in intangible assets	**1,052**	**-**	**339**	**1,391**
Land and buildings	4,374	-	3	4,377
Plantations	-	-	-	-
Plant and machinery	10,109	3,252	-	13,361
Industrial and commercial equipments	90	4,053	1	4,144
Other tangible assets	2,668	184	435	3,287
Assets in progress and advances	4,703	-	16	4,719
Total investments in tangible assets	**21,944**	**7,490**	**455**	**29,888**
Total investments	**22,996**	**7,490**	**794**	**31,280**

Transactions deriving from atypical and/or unusual transactions

In compliance with the provisions of the Consob Communication of July 28, 2006, in FY 2019, the Company did not implement any atypical and/or unusual transactions as defined in that Communication, with the exception of the purchases of the former Nuova Beni Immobiliari warehouses, formalized in December 2019 and January 2020, and the incorporation of the sub-holdings GF Distribuzione and GF Porterm into the parent company Orsero S.p.A.; this latter transaction is neutral in the consolidated accounts, as extensively described in the main body of this report and the related notes.

Transactions deriving from non-recurring transactions

In accordance with the Consob Communication of July 28, 2006, it is specified that in 2019, the Group incurred costs relating to non-recurring transactions.
In accordance with Consob Communication no. 15519 of February 28, 2005, please note that "Other revenues and costs" includes Euro 820 thousand and Euro 5,395 thousand respectively of non-recurring income and expenses; for details, please refer to Note 26 "Other revenues and costs" and Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Right to opt out of the obligation to publish an information document in the event of significant transactions

Please note that on September 9, 2019, the Company's Board of Directors resolved to apply the derogation envisaged by Art. 70, paragraph 8 and Art. 71, paragraph 1-bis of Consob Regulation no. 11971/99.

Definition of SME

As regards the definition of SMEs, as per Article 1, paragraph 1, letter w-quater. 1) of the TUF, it is noted that as at this reporting date, the Company comes under the scope of this definition given that, on the basis of the verification performed on the financial statements closed as at December 31, 2019, the simple average of daily capitalizations calculated with reference to the original price, recorded during the corporate year, as envisaged by Art. 2-ter, point 1, letter (a) of the Issuers' Regulation, totals less than the Euro 500 million threshold, insofar as the above-specified capitalization comes to approximately Euro 126 million.

Personal data protection

The Orsero Group has taken action to best fulfill the obligations envisaged by EU Regulation 679/2016, instituting a series of procedures aimed at guaranteeing constant conformity with the provisions of the law and a high degree of confidentiality of customer information, in accordance with the provisions of GDPR 679/2016.
The processing carried out by the Orsero Group is based on lawfulness, correctness, transparency, limitation of purpose, data minimization, precision, storage limitation, integrity and confidentiality, as well as the new standard of accountability introduced by the Regulation.
The company has implemented organizational, physical and logical security measures to guarantee the protection of personal data in compliance with the provisions of EU Regulation 2016/679 and Italian Legislative Decree no. 2003/196.

Significant events after the 2019 closing

On January 14, 2020, Fruttital S.r.l. purchased four strategic properties from the related company Nuova Beni Immobiliari S.r.l., already being used by Fruttital, for a total price of approximately Euro 17 million. This transaction was approved by the Parent company (Orsero S.p.A.)'s Board of Directors

after first obtaining the favorable opinion of the Control, Risks and Related Parties Committee, in compliance with the Orsero Related Party Procedure. The properties concerned by the transaction have a surface area of approximately 34,000 m^2 and are located in Milan, Verona, Rome and Molfetta (BA). Each of the four logistics platforms comprises a warehouse area in which to store the goods at a controlled temperature, a processing and packaging area, an incoming acceptance and dispatch area and the related operative offices. These properties were already being used by Fruttital for its distribution of fresh fruit and vegetables, under a lease contract stipulated in 2015 and expiring in 2035, with total annual charges of approximately Euro 2 million. The investment was financed in the amount of Euro 15 million through a ten-year mortgage loan and for the remainder using the Group's own resources. This transaction is economically beneficially, given the Group's possibility of taking possession of the properties in which the core business of Fruttital is conducted, and, therefore, to no longer need to pay for the cost of their lease, and for the values at which the transaction was performed.
Please note that as a result of the transaction, the Group's net financial position, in light of the effects of accounting standard IFRS 16, will reduce by more than Euro 10 million, as the price for the purchase of the properties, of approximately Euro 17 million, is less than the value of the right of use and corresponding payable booked at the present value of the property lease charges during the above period, of approximately Euro 27.5 million.

Effects of the Coronavirus epidemic

The Group's management is closely monitoring the evolution of the situation but has not currently noted any effects not balanced by an increase in the unit sale price of the product. In general, our activity shows an increase in the sales to the Large Distribution channel matching a physiologic decrease in the sales to the "traditional" wholesale channel, at present the segment more heavily influenced by the Government regulations also because of its relations with the Ho.Re.Ca. businesses. We cannot, We cannot, however, exclude the possibility that major impacts be determined on the economic and financial position of the Group, to an extent that at present it is not possible to quantify, should the situation continue for a considerable length of time and new and more strict regulations imposed in Italy and Europe on logistics and circulation of the goods. The management, who constantly follows the situation, will promptly disclose to the public any possible negative evolution of the Group activities and, if possible, make estimations on the potential impacts of Covid-19.

Proceedings against the Deputy Chair and Managing Director

As regards that indicated in the Information Prospectus of December 19, 2019, Orsero S.p.A. declares that it has been informed by Raffaella Orsero, Deputy Chair and Managing Director of the Company, that on February 19, 2020, the Court of the Preliminary Hearing ruled not to proceed in her regard and in regard to the other defendants, for the alleged misappropriation charges. As regards the other hypothesized charges, the Court upheld the petition submitted by Ms Orsero, to which the Public Prosecutor had consented, issuing a plea bargain ruling for two years' imprisonment with the benefit of release on probation. Ms Orsero stressed that "the plea bargaining did not constitute any abstract nor concrete admission of guilt, just like the related ruling did not constitute any ascertainment of the charges, it was merely a procedural choice dictated by the desire to close the proceedings".

Outlook for the Orsero Group

In the past three years, the Orsero Group has implemented a strategy of focusing on its core business; this strategy and the activities and operations carried out in accordance with it, have laid the foundation for a potential growth and expansion of the Group in a sector characterized by concentration phenomena in the main reference markets. The strong competitive positioning and a solid financial structure which is adequate for the business made it possible to complete acquisitions in the last three years, and make it possible to weigh up acquisitions in areas in which the Group intends to grow in the short/medium-term (processed fruit, dried fruit, aromatic herbs, berries, etc.), obviously keeping a close eye on the price requested from the sellers of potential target companies to ensure it is correct and adequate to the risk profile of said activities. In the period immediately ahead, while we will remain attentive to possible opportunities for growth through new acquisitions, we expect to continue to focus on achieving operating synergies and progressively improving the efficiency of the structure, in order further to enhance the Company's stability and value.

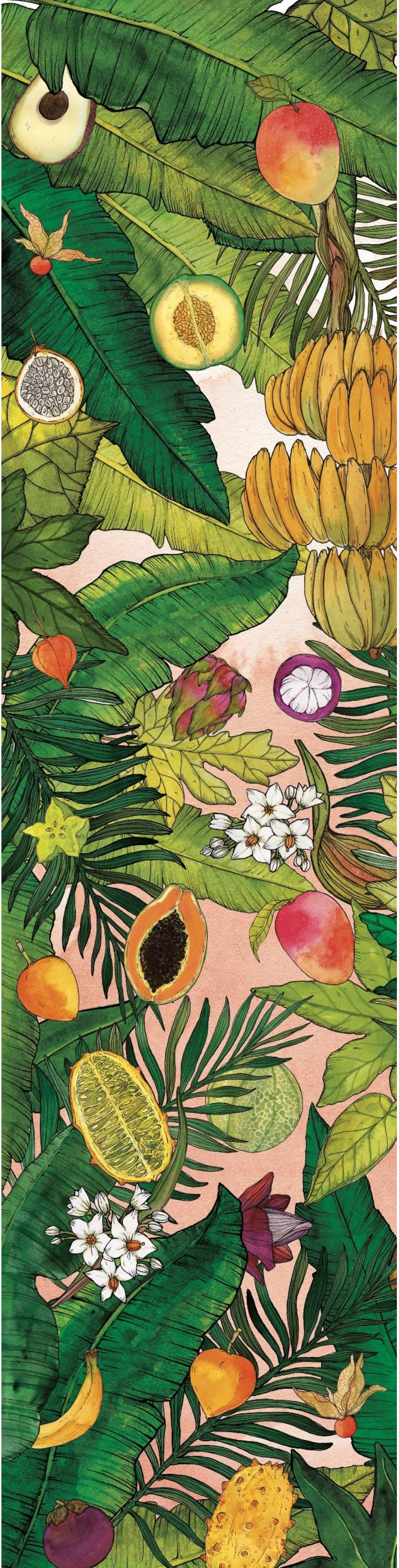
Financial Statements as at December 31, 2019 of Orsero S.p.A. - Proposed resolution

Shareholders,
Following your review of the financial statements as at December 31, 2019, we propose:

1) approving the financial Statements as at December 31, 2019 of Orsero S.p.A.;
2) allocating the 2019 profit of Euro 1,496,197 as follows:

- Euro 74,810 to the legal reserve;
- assigning Shareholders a dividend in kind of up to 250,000 treasury shares, in the amount of 1 share every 69 shares held and with a maximum limit in value of Euro 1,334,650;
- the difference to the reserve.

On behalf of the Board of Directors
The Chairman
Paolo Prudenziati



Consolidated Financial Statements at December 31, 2019

Consolidated Financial Statements

Consolidated statement of financial position (1) (2) (3)

Thousands of euro	NOTES	31/12/2019	31/12/2018
ASSETS			
Goodwill	1	46,828	32,975
Other intangible assets	2	5,145	5,057
Tangible assets	3	181,722	103,145
Financial investments	4	8,117	8,919
Other fixed assets	5	5,401	6,080
Deferred tax assets	6	9,122	9,277
NON-CURRENT ASSETS		**256,336**	**165,453**
Inventories	7	36,634	35,838
Trade receivables	8	121,439	109,360
Current tax receivables	9	16,971	17,210
Other current assets	10	11,066	9,014
Cash and cash equivalent	11	56,562	76,285
CURRENT ASSETS		**242,672**	**247,706**
Assets held for sale		**-**	**-**
TOTAL ASSETS		**499,008**	**413,160**
Share Capital		69,163	69,163
Reserves		79,036	72,567
Net profit		2,022	7,974
Group equity	**12**	**150,221**	**149,704**
Minorities	**13**	**710**	**475**
TOTAL SHAREHOLDERS' EQUITY		**150,931**	**150,178**
LIABILITIES			
Non-current financial liabilities	14	131,583	82,984
Other non-current liabilities	15	349	482
Deferred tax liabilities	16	5,216	5,451
Provisions for risks and charges	17	4,345	2,697
Employees benefits liabilities	18	9,422	8,559
NON-CURRENT LIABILITIES		**150,915**	**100,173**
Current financial liabilities	14	51,897	29,387
Trade payables	19	127,523	112,751
Current tax and social security contributions liabilities	20	6,400	7,316
Other current liabilities	21	11,343	13,354
CURRENT LIABILITIES		**197,162**	**162,808**
Liabilities held for sale		**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**499,008**	**413,160**

(1) The notes commenting on the individual items are an integral part of these Consolidated Financial Statements.

(2) The Group adopted IFRS 16 for the first time on January 1, 2019, using the modified retrospective approach, therefore without restating the comparative data from previous years. For more details, refer to the Accounting standards, amendments and IFRS interpretations section applied from January 1, 2019.

(3) In accordance with Consob resolution no. 15519 of July 27, 2006, the effects of related party transactions are given in the explanatory notes to the Consolidated Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Consolidated income statement (1) (2) (3)

Thousands of euro	NOTES	Year 2019	Year 2018
Net sales	22-23	1.005.718	952.756
Cost of goods sold	24	(927.927)	(874.801)
Gross profit		**77.792**	**77.956**
Overheads	25	(67.693)	(67.016)
Other income and expenses	26	(1.720)	412
Operating result (Ebit)		**8.378**	**11.352**
Financial income	27	264	186
Financial expenses and exchange rate differences	27	(4.888)	(2.647)
Net income (loss) from equity investments	28	959	1.163
Share of net profit of associates and joint ventures	28	751	1.187
Profit before tax		**5.465**	**11.241**
Tax expenses	29	(3.201)	(3.239)
Net profit from continuing operations		**2.264**	**8.002**
Net profit of "Discontinued operations"		-	-
Net profit		**2.264**	**8.002**
attributable to non-controlling interests		**242**	**29**
attributable to parent company		**2.022**	**7.974**
Earnings per share "base" in euro	31	**0,119**	**0,470**
Earning per share "Fully Diluted" in euro	31	**0,117**	**0,462**

(1) The notes commenting on the individual items are an integral part of these Consolidated Financial Statements.
(2) The Group adopted IFRS 16 for the first time on January 1, 2019, using the modified retrospective approach, therefore without restating the comparative data from previous years. For more details, refer to the Accounting standards, amendments and IFRS interpretations section applied from January 1, 2019.
(3) In accordance with Consob resolution no. 15519 of July 27, 2006, the effects of related party transactions and the effects of non-recurring income and expenses are given in the explanatory notes to the Consolidated Financial Statements and in Annex 2 “Financial statements tables stated in accordance with Consob Resolution 15519/2006”.

Consolidated Statement of Comprehensive Income

Thousands of euro		Year 2019	Year 2018
Net profit		**2,264**	**8,002**
Items that may not be subsequently reclassified to net profit or loss	18	(441)	151
Items that may be subsequently reclassified to net profit or loss	14	930	(1,340)
Total comprehensive income		**2,754**	**6,813**
attributable to non-controlling interests		**242**	**29**
attributable to parent company		**2,511**	**6,785**

As outlined at the start of the Report on operations, while the comparison at operational level is carried out also with reference to the “Pro-forma without IFRS 16 effect” data as at December 31, 2019, in this section relating to the notes to the financial statements, the comparison is made with reference to the “reported” data of the financial statements as at December 31, 2019 compared to December 31, 2019.

Consolidated Statement of Cash Flows (1) (2) (3)

Thousands of euro	Notes	Year 2019	Year 2018
A. Net cash flows provided by (used for) operating activities			
Net profit		**2,264**	**8,002**
Income taxes	28	3,201	3,239
Net financial expenses	26	4,623	2,461
1. Net Profit before Tax, Interests, Dividends and (earnings)/losses from disposal of assets		**10,088**	**13,702**
Non-cash adjustments not related to working capital:			
Provisions	23-24	2,046	1,706
Depreciations and Amortizations	23-24	23,707	13,673
2. Cash flows before working capital changes		**35,842**	**29,081**
Changes in Working Capital:			
Change in inventories	7	(570)	(2,340)
Change in trade receivables	8	(9,244)	1,833
Change in trade payables	19	9,562	9,356
Other working capital changes	9-10-15-16-17-18-20-21	(2,297)	(378)
3. Cash flows after working capital changes		**33,292**	**37,551**
Other non-cash adjustments:			
Net financial expenses	26	(4,623)	(2,461)
Income taxes	28	(3,201)	(3,239)
4. Cash flows after other changes		**25,468**	**31,851**
Net cash flows provided by (used for) operating activities (A)		**25,468**	**31,851**
B. Net cash flows provided by (used for) investing activities			
Tangible assets			
(Investment)	3	(34,883)	(14,957)
Disposals	3	5,442	491
Intangible assets			
(Investment)	1-2	(15,244)	(1,962)
Disposals	1-2	131	3,631
Financial Investments			
(Investment)	4	(751)	(4,604)
Disposals	4	1,561	203
Financial assets			
(Investment)	5-6	-	-
Disposals	5-6	884	(6,085)
Disposals / (acquisitions) of investments in controlled companies, net of cash*		726	794
Net cash flows provided by (used for) investing activities (B)		**(42,134)**	**(22,489)**
C. Net cash flows provided by (used for) financing activities			
Financial loans			
Increase /(decrease) of short term financial debts	14	9,885	(6,996)
Drawdown of new loans	14	20,630	91,992
Pay back of loans	14	(32,059)	(96,396)
Equity			
Capital Increase and other changes in increase or decrease	12-13	604	763
Disposal/ (aquisition) of own shares	12-13	(20)	(297)
Dividends paid	28	(2,096)	(2,036)
Net cash flows provided by (used for) financing activities(C)		**(3,056)**	**(12,971)**
Increase/ (decrease) of cash and cash equivalent (A ± B ± C)		**(19,722)**	**(3,608)**
Net cash and cash equivalents, at beginning of the year	**11**	**76,285**	**79,893**
Net cash and cash equivalents, at end of the year	**11**	**56,562**	**76,285**

(1) The notes commenting on the individual items are an integral part of these Consolidated Financial Statements.
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(3) In accordance with Consob resolution no. 15519 of July 27, 2006, the effects of related party transactions and the effects of non-recurring income and expenses, are given in the explanatory notes to the Consolidated Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".
* The data relating to the acquisition/sale of subsidiaries, net of liquid funds, is evidenced in the paragraph on "Changes in the consolidation area made during the year and thereafter"

Consolidated Statement of Changes in Shareholders' Equity (1) (2) (3)

Thousands of euro - Notes 12-13	Share Capital*	Treasury shares*	Equity investments' cost reserve*	Legal reserve	Share premium reserve	Other reserves	Currency translation reserve	Remeasurement of defined benefit plans	Cash Flow Hedge reserve	Long-term incentive plan reserve	Retained earnings/ (losses)	Net profit	Total Shareholders' equity	Minorities
December 31, 2017	**69,163**	**(7,108)**	**(153)**	**-**	**80,556**	**12,444**	**(1,610)**	**(586)**	**(66)**	**2,328**	**(25,115)**	**12,809**	**142,662**	**1,084**
Allocation of reserves	-	-	-	119	-	230	-	-	-	-	10,423	(10,772)	-	-
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss allowance	-	-	-	-	-	(1,195)	-	-	-	-	1,195	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	-	-	(2,036)	(2,036)	
Effect IAS 19	-	-	-	-	-	-	-	120	-	-	-	-	120	-
Change in fair value of CFH derivatives (bunker)	-	-	-	-	-	-	-	-	(1,061)	-	-	-	(1,061)	-
Change in fair value of CFH derivatives (interest)	-	-	-	-	-	-	-	-	(214)	-	-	-	(214)	-
Purchasing treasury shares	-	(297)	-	-	-	-	-	-	-	-	-	-	(297)	-
Long-term incentive plan	-	-	-	-	-	-	-	-	-	2,142	-	-	2,142	-
Change of consolidation scope	-	-	-	-	-	-	-	-	-	-	-	-	-	(667)
Other changes	-	-	-	-	-	(55)	(18)	-	-	-	486	-	413	29
Net profit	-	-	-	-	-	-	-	-	-	-	-	7,974	7,974	29
December 31, 2018	**69,163**	**(7,405)**	**(153)**	**119**	**80,556**	**11,424**	**(1,628)**	**(465)**	**(1,340)**	**4,470**	**(13,011)**	**7,974**	**149,704**	**475**

Thousands of euro	Share Capital**	Treasury shares**	Equity investments' cost reserve**	Legal reserve	Share premium reserve	Other reserves	Currency translation reserve	Remeasurement of defined benefit plans	Cash Flow Hedge reserve	Long-term incentive plan reserve	Retained earnings/ (losses)	Net profit	Total Shareholders' equity	Minorities
December 31, 2018	**69,163**	**(7,405)**	**(153)**	**119**	**80,556**	**11,424**	**(1,628)**	**(465)**	**(1,340)**	**4,470**	**(13,011)**	**7,974**	**149,704**	**475**
Allocation of reserves	-	-	-	202	-	1,808	-	-	-	-	3,932	(5,942)	-	-
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	(2,032)	(2,032)	
Effect IAS 19	-	-	-	-	-	-	-	(436)	-	-	-	-	(436)	-
Change in fair value of CFH derivatives (bunker)	-	-	-	-	-	-	-	-	1,013	-	-	-	1,013	-
Change in fair value of CFH derivatives (interests)	-	-	-	-	-	-	-	-	(83)	-	-	-	(83)	-
Purchasing treasury shares	-	(21)	-	-	-	-	-	-	-	-	-	-	(21)	-
Long-term incentive plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change of consolidation scope	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	(18,276)	286	-	-	-	17,990	-	-	(7)
Net profit	-	-	-	-	-	-	-	-	-	-	54	2,022	2,076	242
December 31, 2019	**69,163**	**(7,426)**	**(153)**	**321**	**80,556**	**(5,044)**	**(1,342)**	**(901)**	**(410)**	**4,470**	**8,965**	**2,022**	**150,221**	**710**

(*) Espression of the share capital according to IAS 32, net of treasury shares for €/000 7,405 and equity investments'costs for €/000 153

(**) Espression of the share capital according to IAS 32, net of treasury shares for €/000 7,426 and equity investments'costs for €/000 153

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(3) In accordance with Consob resolution no. 15519 of July 27, 2006, the effects of related party transactions and the effects of non-recurring income and expenses, are given in the explanatory notes to the Consolidated Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Certification of the Consolidated Financial Statements pursuant to article 81-ter of Consob Regulation no. 11971 of May 14, 1999, as amended

1. The undersigned Matteo Colombini, Managing Director, and Giacomo Ricca, Corporate Accounting Reporting Officer of the Orsero Group, taking into account the provisions of Art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of February 24, 1998, hereby certify:
   - the adequacy, considering the Company's characteristics, and
   - the effective application of administrative and accounting procedures for the preparation of the consolidated financial statements during the period closed as at December 31, 2019.
2. No significant issues arose.
3. It is further certified that:

3.1 the consolidated financial statements:

a) are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

b) coincide with the underlying books and accounting records;

c) provide a true and correct representation of the financial position of the issuer and the group of companies included in the scope of consolidation.

3.2 The report on operations, prepared in a single format for both the separate and consolidated financial statements, contains a reliable analysis of the business outlook and management result, the financial position of the issuer and group of companies included in the scope of consolidation and a description of the main risks and uncertainties they are subject to.

Milan, March 11, 2019

Matteo Colombini
Managing Director

Giacomo Ricca
The Reporting Officer

Notes to the Consolidated Financial Statements as at December 31, 2019

General information

Orsero S.p.A. (the "Parent company" or the "Company" and, together with its subsidiaries, the "Group" or the "Orsero Group") is a company with its shares listed on the STAR segment of the telematic stock exchange (MTA) since December 23, 2019.
Orsero S.p.A. is a company with legal personality, organized under the laws of the Republic of Italy.
The registered office of the Parent Company and, thus, of the Group is via Fantoli 6, Milan, Italy.
The Orsero Group boasts a consolidated presence both directly and indirectly through its subsidiaries and/or associates in Europe, Mexico and Latin America, although it mainly operates in Europe.
As at December 31, 2019, the Company's share capital totals Euro 69,163,340.00, divided up into 17,682,500 ordinary shares with no nominal value.
Please note that the ordinary shares in Orsero S.p.A. (formerly Glenalta Food S.p.A.) were admitted for trading on AIM Italia, organized and managed by Borsa Italiana S.p.A., with Borsa Italiana S.p.A. Notice on November 6, 2015. Trading began on November 10, 2015. On February 13, 2017, with the effect of the merger of Glenalta Food S.p.A. and GF Group S.p.A., the name changed of the financial instruments, from Glenalta Food S.p.A. to Orsero S.p.A. On December 16, 2019, with notice no. 8617, Borsa Italiana arranged for the admission to listing on the telematic stock market (MTA) of ordinary Orsero shares. On December 19, 2019, Borsa Italiana ordered the start-up of trading of ordinary Orsero shares on the STAR segment of the MTA, starting December 23, 2019.
The Group's business is focused on the import and distribution of fruit and vegetables, identifying three business units: Distribution, Import & Shipping, and Services.

Form and content of the consolidated financial statements and other general information

Statement of compliance with the IFRS and preparation criteria

The Group Consolidated Financial Statements as at December 31, 2019, prepared on the basis that the Parent company and its subsidiaries continue to operate as a going concern, were prepared in accordance with Art. 2 and 3 of Italian Legislative Decree no. 38 of 2/28/2005 and in compliance with the International Financial Reporting Standards (IFRS), the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Commission as per the procedure envisaged by Regulation (EC) 1606/2002, issued by the European Parliament and Council in July 2002 and in force as at the reporting date, as well as with the previous International Accounting Standards (IAS). Hereinafter in the Consolidated Financial Statements, to simplify matters, all these standards and interpretations will together be defined as "IFRS".
In preparing this document, consideration was given to the provisions of Art. 9 of Italian Legislative Decree no. 38 of 2/28/2005, the provisions of the Italian Civil Code, Consob Resolutions no. 15519 ("Provisions on the financial statements tables to be issued in implementation of Art. 9, paragraph 3 of Italian Legislative Decree no. 38 of 2/28/2005") and no. 15520 ("Amendments and supplements to the regulation setting out provisions implementing Italian Legislative Decree no. 58/1998"), both dated July 27, 2006, and those of Consob communication no. DEM/6064293 of July 28, 2006 ("Corporate disclosure of listed issuers and issuers with financial instruments disseminated amongst the public pursuant to Art. 116 of the TUF") and Art. 78 of the Issuers' Regulation. It is specified that with reference to Consob Resolution no. 15519 of July 27, 2006 on the financial statements tables, specific additional tables have been added representing the statement of financial position, the income statement and statement of cash flows, highlighting significant related party transactions

and the effects of non-recurring income and expense in order to avoid compromising the overall legibility of the financial statements tables.
The Group's consolidated financial statements are presented in Euro, the functional currency in economies in which the Group mainly operates, and the amounts indicated on the consolidated accounting schedules and the notes are stated in thousands of euros. These consolidated financial statements are compared with last year's consolidated financial statements, which were prepared applying the same criteria except for that described in the paragraph entitled "Accounting standards, amendments and IFRS interpretations applied starting January 1, 2019". It should be noted, in fact, that the accounting standards applied are in line with those adopted in preparing the consolidated statement of financial position at December 31, 2018, as well as the 2018 income statement, in accordance with IFRS. As regards data comparability, please note that in FY 2019, the following companies were consolidated on a line-by-line basis:

- Sevimpor S.A., as from January 1, 2019;
- the Fruttica Group, as from April 1, 2019; and
- Fruttital Cagliari, as from July 1, 2019.

Please also note that in FY 2019, Vado Container Services S.r.l. was deconsolidated, insofar as it was sold.
The consolidated financial statements have been drawn up in accordance with the general historical cost principle, with the exception of financial assets, derivative instruments and inventories of fruit stock ripening, measured at fair value. Please also note that the directors have prepared the consolidated financial statements in accordance with paragraphs 25 and 26 of IAS 1 due to the strong competitive position, high profitability, and soundness of the equity and financial structure achieved.
The IFRS were applied on a consistent basis with the indications provided in the "Framework for the preparation and presentation of financial statements" and no critical issues which required derogations in accordance with paragraph 19 of IAS 1, arose.
Assets and liabilities are stated separately, without netting.
On March 11, 2020, the Board of Directors of the Parent Company approved the separate and consolidated financial statements of Orsero S.p.A. and authorized their publication. To prepare the consolidated financial statements, the financial statements as at December 31, 2019 of the Parent Company Orsero S.p.A. and its subsidiaries, associates and joint ventures included in the scope of consolidation were used, as detailed below, approved by the respective Boards and/or Management Bodies.
The Consolidated Financial Statements as at December 31, 2019 were audited by KPMG S.p.A.

Content and form of the consolidated financial statements
The Consolidated Financial Statements consist of the statement of financial position, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity and these notes, applying the provisions of IAS 1 "Presentation of the financial statements".
The Group has adopted the following consolidated financial statements:

- consolidated statement of financial position, which divides assets, liabilities and equity as well as classifying assets and liabilities as current and non-current;
- income statement, in which costs are presented using the "allocation" classification, a structure considered more representative than presentation by type;
- consolidated statement of comprehensive income, which reports revenue and cost items that are not recognized in profit (loss) for the year as required or permitted by IFRS;
- consolidated statement of cash flows, presented using the "indirect method";
- statement of changes in equity reporting all changes during the year under review.

The choice of these statements allows the Group's equity, economic and financial situation to be represented in a truthful, correct, reliable and more relevant manner. The form chosen is, in fact, consistent with internal reporting and management.

Please also remember that with its Resolution no. 15519 of July 27, 2006, Consob asked that the accounts given in the financial statements should highlight, if of significant value, any additional sub-items to those already specifically required by IAS 1 and the other international accounting standards, so as to highlight separately from the items of reference the amount of all related party transactions and positions, as well as, insofar as regards the income statement, the positive or negative items of income deriving from non-recurring or unusual transactions. This information requested has been included in Notes 26 and 34 and in Annex 2 "Financial statements tables stated in accordance with Resolution 15519/2006".

Consolidation principles and area

These consolidated financial statements include not only the financial statements of the Parent company but also the line-by-line consolidation of the financial statements of the companies over which it has direct or indirect control. The Group also has equity investments in associates and other businesses, all entered as non-current assets. These equity investments are recorded using either the equity method or cost of purchase/subscription, including any ancillary costs.

Subsidiaries and consolidation criteria

Subsidiaries are consolidated from the date on which the Group effectively acquires control and cease to be consolidated from the date on which control is transferred outside the Group. Control over subsidiaries exists, as defined by standard IFRS 10, when the Parent company is exposed to variable returns or has rights over such returns, deriving from its relationship with them and, at the same time, has the capacity to impact such returns, exercising its power over these entities; this above all consists of having the majority of the votes that can be cast and a dominant influence in the ordinary shareholders' meeting. The existence of control is reassessed whenever facts and circumstances indicate that there are changes to one of these defining elements of control. The accounting positions consolidated are prepared as at December 31, i.e. as at the reference date of the consolidated accounting position; they are generally those specifically prepared and approved by the Boards of Directors of the individual companies, duly rectified, where necessary, to standardize them with the Parent company's accounting standards and make them consistent with the international accounting standards IAS/IFRS.
Inactive subsidiaries, for which the specific dynamic of the consolidation means that no significant effects are seen, and those comprising insignificant fixed assets, both in terms of investments and equity and economic values, are excluded from the line-by-line consolidation. These businesses are instead measured using the criteria applied for equity investments in other companies.
Equity investments in subsidiaries are detailed in the paragraph on "List of companies consolidated on a line-by-line basis" and "List of other companies", whilst any changes in investment shares are explained in the paragraph on "Changes in the consolidation area made during the year and thereafter".

The consolidation method used is line-by-line. The criteria adopted for line-by-line consolidation are described below.
the assets and liabilities, expenses and income of the fully consolidated entities are assumed line by line, attributing to minorities, where applicable the portion of equity and of net profit (loss) for the year due to them; these portions are shown separately in the context of equity (under "Equity attributable to minority interests") and of the income statement ("profit/(loss) attributable to minority interests"). The book value of the equity investments held by the parent company and/or other companies of the Group is eliminated against the corresponding portion of shareholders' equity of the subsidiaries, assuming for the individual elements of assets and liabilities the current value at the date of acquisition of control. The positive difference between the carrying amount of the consolidated equity investments and the corresponding equity, adjusted to take into account the fair value amount of the assets and liabilities as at the date of acquisition, is attributed to the asset item "Goodwill"; if instead the difference is negative, it is recognized in the income

statement as required by IFRS 3. The residual difference is recognized in such a way that the consolidated financial statements present:

- the Share capital, Legal reserve and Share premium, if any, of the Parent Company;
- the other specific reserves (i.e. Conversion reserve, re-measurement of defined benefit plans reserve, etc.) also at the level of the consolidated financial statements;
- profits and/or losses carried forward, representing the reserves of undivided profits and losses of the subsidiaries, modified where appropriate, to reflect consolidation adjustments.

The profit and loss deriving from the sale of investments in consolidated companies are allocated to Group equity as transactions with shareholders for the amount corresponding to the difference between the price of sale and the corresponding portion of consolidated equity sold. If the sale results in the loss of control and, therefore the deconsolidation of the equity investment, the difference between the price of sale and the corresponding portion of consolidated shareholders' equity sold is noted as profit or loss on the income statement. In this latter case, moreover, any residual investment needs to be remeasured, to bring it into line with the related fair value and this will represent the new book value of the equity investment.
Inter-group balances and transactions, including any unrealized gains towards third parties deriving from relations entertained with Group companies, are derecognized net of the related tax effect, if significant. Unrealized losses are not derecognized if the transaction provides evidence of a reduction in value of the asset transferred. Please therefore note that with the consolidation procedure, intercompany credit and debt relations existing as at the reporting date between consolidated companies are eliminated, as are income and expense deriving from transactions entered between Group companies consolidated on a line-by-line basis; the dividends received from companies consolidation using the line-by-line method are reversed, as is impairment booked on equity investments on the period financial statements. The elimination of inter-company items described above also includes any debits or credits of Italian consolidated subsidiaries with respect to the Parent Company as regards Corporate Income Tax (IRES). It should be noted that the Parent Company, together with almost all of the Italian subsidiaries, has adhered to the Group taxation scheme as provided by Arts. 117 *et seq.* of the TUIR.
The Consolidated Financial Statements of Orsero are prepared in Euro as it represents the functional currency of the Parent Company Orsero and of all the companies included in the scope of consolidation, with the exception of:

- the Argentina-based company Rost Fruit S.A.;
- the Costa Rica-based companies Simbarica S.r.l. and Orsero Costa Rica S.r.l.;
- the Colombia-based company Simbacol S.A.S.;
- the Chile-based company Hermanos Fernández Chile S.A.;
- the Mexico-based companies Comercializadora de Frutas S.A.C.V. and Productores Aguacate Jalisco S.A.C.V.

The individual financial statements of each company belonging to the Group are prepared in the currency of the primary economic context in which it operates (functional currency). The conversion of the items of financial statements denominated in currencies other than the Euro is carried out applying current exchange rates at the end of the year. The income statement items are instead converted at average exchange rates of the year. Exchange rate conversion differences resulting from the comparison of the initial equity converted at current exchange rates and the same converted at historical exchange rates, are recognized under equity item “Conversion reserve”. The exchange rates used for the conversion into Euro of the financial statements of foreign subsidiaries, prepared in local currency, are shown in the following table:

	31/12/2019	Year 2019	31/12/2018	Year 2018
Argentine Peso	67.2750	53.8230	43.1590	32.9090
Costa Rican Colon	642.012	657.624	694.775	681.444
Colombian Peso	3,688.66	3,674.52	3,721.81	3,486.74
Mexican Peso	21.2200	21.5570	22.4920	22.7050
Chilean Peso	844.860	786.890	794.370	756.940

Joint ventures, associates and other companies

Investments in joint ventures represent companies whose activities the Group has joint control over as defined in IFRS 11 – Joint Arrangements. The consolidated financial statements include the Group's portion of the results of joint ventures, accounted for using the equity method, from the date on which joint control commences until the time it ceases to exist.
Associates are those over which the Group exerts significant influence, which is assumed to exist when the equity investment ranges between 20% and 50%. Associates, over which Orsero exercises significant influence, or companies in which it exercises joint control over financial and operating policies, have been valued using the equity method and are initially measured at cost. Profit or losses relating to the Group are recognized in the consolidated financial statements from the date on which the significant influence commences until the date on which it ends. The criteria adopted for the application of the equity method are described below.
The book value of associates and/or joint ventures is in line with the company's equity, rectified, where necessary, to reflect application of the IFRSs. It includes the posting of greater values attributed to assets and liabilities and any goodwill, identified at the time of acquisition, following a similar process to that used for the acquisitions of controlling equity investments. Should the portion attributable to the Group of any losses of the joint venture exceed the carrying value of the investment in the financial statements, the value of the investment is set to zero, and the excess share of the additional loss is not recognized, except and to the extent in which the Group is obliged to answer for such due to legal or implicit obligations of the investee; in this case, it will be noted in a specific provision.
Unrealized gains or losses generated on transactions implemented between Group companies and the investee, measured using the equity method, are derecognized according to the value of the Group share in the investee, with the exception of losses, if such are representative of a loss in value of the underlying asset; dividends are derecognized entirely.
If there are objective losses in value, recoverability is verified by comparing the carrying amount with the related recoverable value determined by adopting the Impairment of tangible and intangible assets criteria. When the reasons for the impairment no longer exist, the value of the equity investments is written back within the limits of the write-downs previously applied through recognition in the income statement.
When the transferral of equity investments entails loss of joint control or significant influence over the investee company, the following are recognized in the income statement: any gains or losses calculated as the difference between the consideration received and the corresponding portion of the recognized amount transferred; the effect of the remeasurement of any residual equity investment maintained to align it to the related fair value and any amounts recognized in other components of comprehensive income relating to the investee company that will be reclassified to the income statement.
The value of any equity investment maintained, aligned with the relative fair value at the date of loss of joint control or significant influence, represents the new book value, and therefore the reference value for the successive valuation according to the applicable valuation criteria.
For the financial statements of companies valued using the equity method expressed in a currency other than the presentation currency (EUR), the exchange rate at the end of the year was applied to the individual items of the statement of financial position. Exchange rate differences arising from the conversion of the items of initial equity at current exchange rates at year-end, compared to those at the end of the previous year, are recognized directly in consolidated equity.
The value of the equity investment is subject to impairment testing.

Equity investments in associates and joint ventures have been detailed in the paragraph on "List of companies evaluated at equity" and "List of other companies", whilst any changes in investment shares are explained in the paragraph on "Changes to the consolidation area made during the year and thereafter". Inactive subsidiaries, for which the specific dynamic of the consolidation means that no significant effects are seen, and those comprising insignificant fixed assets, both in terms of investments and equity and economic values, are excluded from the consolidation using the equity method. These businesses are instead measured using the criteria applied for equity investments in other companies.
There are no significant restrictions to the capacity of the associates to transfer funds to the investee, to pay dividends and repay loans or advances.
Finally, there is a residual category called "equity investments in other companies" that comprises companies in which the Group holds no more than 20% of the capital or over which no significant influence is exercised. Equity investments of immaterial value, as described above, are entered at purchase or subscription cost, which is considered representative of the related fair value that is reduced for any impairment losses. The original value is reinstated in subsequent years if the reasons for the write-down no longer apply.

Disclosure on equity investments in other companies

The consolidated financial statements must be prepared in accordance with IFRS 12 "Disclosure of Interests in Other Entities", which includes all the disclosure provisions previously included in IAS 27 related to the consolidated financial statements as well as all the disclosures of IAS 31 and IAS 28 related to the equity investments of a company in subsidiaries, joint ventures, associates and structured vehicles and also provides for new disclosure cases. The purpose of the standard is to require an entity to disclose information that allows users of the financial statements to assess the nature and risks of its investments in other entities and the effects of such investments on the statement of financial position, on the economic result and on financial flows.

Consolidation area

The consolidation area is specifically detailed and is accompanied by further information as required by legislation, in particular IFRS 10 and 12 and Arts. 38 and 39 of Italian Legislative Decree no. 127/91, in these notes. Below are the lists of companies consolidated using the line-by-line method, as they are directly or indirectly controlled, of those valued using the equity method and those valued at cost.

List of companies consolidated on a line-by-line basis

Name	Head office	Main business	Investment percentage Direct	Indirect	Interest held by	Share Capital	Net profit*	Currency
AZ France S.AS	Cavaillon (France) - 56, Avenue JP Boitelet	Wholesale distribution of fruits and vegetables	100.00%			3,360,000	(167,656)	€
Bella Frutta S.A.	Atene (Greece) - 4 Tavrou Str., Ag. Ioannis Rentis	Wholesale distribution of fruits and vegetables	100.00%			1,756,800	222,391	€
Comercializadora de Frutas S.A.C.V.	Tinguindin (Mexico) - Carretera Zamora-Los Reyes km. 37,5	Export of fruits (Avocado)		100.00%	AZ France S.A.	3,299,376	2,581,195	pesos
Cosiarma S.p.A.	Genova (Italy) - via Operai 20	Maritime transport	100.00%			2,600,000	2,065,220	€
Orsero Costa Rica S.r.l.	San Jose de Costa Rica - Oficientro Ejecutico La Sabana Edificio torre 1	Shipping agency		100.00%	Cosiarma S.p.A.	10,000	(50,269,564)	colones
Eurofrutas S.A.**	Alverca (Portugal) - Estrada principal Casal das Areias 205	Wholesale distribution of fruits and vegetables	100.00%			217,000	192,674	€
Eurorticolas LDA**	Enxara dos Cavaleiros (Portugal)2665-054 Enxra do Bispo Estrada das Azen	Wholesale distribution of fruits and vegetables		100.00%	Eurofrutas S.A.	150,000	3,373	€
Fresco Ships' A&F S.r.l.	Vado Ligure (Italy) - Via Trieste, 25	Customs and shipping agency	100.00%			258,000	741,987	€
Fruttica S.AS.***	Cavaillon (France) - 89, Chemin du Vieux Taillades	Wholesale distribution of fruits and vegetables		100.00%	Postifruits S.A.S.	100,000	1,653,921	€
Fruttital S.r.l.	Milano (Italy) - via C. Lombroso, 54	Wholesale distribution of fruits and vegetables	100.00%			5,000,000	4,114,628	€
Fruttital Cagliari S.r.l.	Sestu (Italy) - Strada provinciale 2Km Mercato Alimentare della Sardegna	Wholesale distribution of fruits and vegetables		100.00%	Fruttital S.r.l.	39,000	115,701	€
Fruttital Espana S.A.	Barcelona (Spain) - MERCABARNA, Calle Longitudinal 7, 83	Wholesale distribution of fruits and vegetables		100.00%	Hermanos Fernández López S.A.	84,142	(3,667)	€
Fruttital Firenze S.p.A.	Firenze (Italy) - Via S. Allende 19 G1	Wholesale distribution of fruits and vegetables	100.00%			300,000	699,858	€
Galandi S.p.A.	Firenze (Italy) - Via S. Allende 19 G1	Wholesale distribution of fruits and vegetables	100.00%			500,000	907,672	€
GFB S.r.l.	Milano (Italy) - via Fantoli 6	Insurance brokerage company	100.00%			10,000	16,343	€
GF Produzione S.r.l.	Milano (Italy) - via Fantoli 6	Sub-holding	100.00%			100,000	(31,513)	€
Orsero Servizi S.r.l.	Milano (Italy) - via Fantoli 6	Information technology services	100.00%			100,000	(142,734)	€
GF Solventa S.L.	Barcelona (Spain) - MERCABARNA, Calle Longitudinal 7, 83	Service provider		99.96%	Hermanos Fernández López S.A.	50,000	24,251	€
GP Frutta S.r.l.***	Canicattì (Italy) - Via S. Sammartino 37	Export of fruits		100.00%	Postifruits S.A.S.	10,000	46,734	€
Hermanos Fernández López S.A.	Cox (Alicante) - Avenida de la Industria, s/n P.I. San Fernando	Wholesale distribution of fruits and vegetables	100.00%			258,911	3,873,111	€
Hermanos Fernández Chile S.p.A.	Las Condes (Chile) - Avenida Vitacura 2909	Logistics service and quality service provider		100.00%	Hermanos Fernández López S.A.	70,000,000	11,996,037	pesos
Isa Platanos S.A.	La Laguna - Tenerife (Spain) - Los Rodeos Edificio Star	Wholesale distribution of fruits and vegetables		100.00%	Hermanos Fernández López S.A.	641,430	129,619	€
Kiwisol LDA**	Folgosa (Portugal) - Rua de Santo Ovidio 21	Wholesale distribution of fruits and vegetables		99.75%	Eurofrutas S.A.	523,738	(6,359)	€
M.a.p. Servizi Generali S.r.l.	Firenze (Italy) - Via S. Allende 19 G1	Information technology services		70.00%	Galandi S.p.A., Fruttital Firenze S.p.A.	50,000	11,230	€
Postifruits S.A.S.***	Cavaillon (France) - 89, Chemin du Vieux Taillades	Sub-holding		100.00%	AZ France S.A.	7,775	7,736,878	€
Productores Aguacate Jalisco S.A.C.V.	Ciudad Guzman (Mexico) - Constitucion 501 Centro C.P. 49000	Fruit production (avocado)		70.00%	Comercializadora de Frutas S.A.C.V.	12,646,666	17,423,095	pesos
R.O.S.T. Fruit S.A.	Buenos Aires (Argentine) - Corrientes 330 - 6° 612	Logistics service and quality service provider	80.00%	20.00%	GF Produzione S.r.l.	24,096,320	3,078,384	pesos
Sevimpor Distribuidora de Frutas de Importación S.L.U.	Siviglia (Spain), Mercasevilla, Càmaras Generales	Wholesale distribution of fruits and vegetables		100.00%	Hermanos Fernández López S.A.	199,196	407,273	€
Simba S.p.A.	Milano (Italy) - via Fantoli 6	Imports of fruit	100.00%			3,100,000	(4,377,294)	€
Simbacol S.A.S.	Medellin (Colombia) - Carr. 25 1 A SUR 155 OF 1840	Logistics service and quality service provider		100.00%	Simba S.p.A.	50,172,500	5,988,138	pesos
Simbarica S.r.l.	San Jose de Costa Rica - Oficientro Ejecutico La Sabana Edificio torre 1	Logistics service and quality service provider		100.00%	Simba S.p.A.	100,001,000	(131,811,341)	colones

* Please note that the net profits of the consolidated companies are in accordance to IFRS principles
** Companies include in the Eurofrutas's consolidated reporting; pleae note that the net profits are in accordance to IFRS principles
*** Companies include in the Fruttica's consolidated reporting; pleae note that the net profits are in accordance to IFRS principles

List of companies evaluated at Equity

Name	Head office	Investment percentage Direct	Indirect	Interest held by	Share Capital	Currency
Fruport Tarragona S.L.	Muelle Reus Tarragona (Spain)	49%			82,473	€
Moncada Frutta S.r.l.	Ispica (Italy) - Contrada Salmeci SN	50%			100,000	€
Bonaoro S.L.	La Vera-La Orotav a (Santa Cruz de Tenerife) - Ctra. General del Norte.23		50%	Hermanos Fernández López S.A.	800,000	€
Moño Azul S.A.	Moño Azul s.a.c.i y A., Buenos Aires, Tucumàn 117, Piso 8°, Argentine.		19%	Fruttital S.r.l.	367,921,764	pesos

Note that the associates listed above are measured using the equity method.

List of other companies

Name	Head office	Investment percentage Direct	Indirect	Interest held by	Share Capital	Currency
Fruttital Sicilia S.r.l.	Santa Maria di Licodia (Italy) - Strada Cav aliere Bosco 58	50%			25,000	€

Name	Head office	Investment percentage Direct	Indirect	Interest held by	Share Capital	Currency
Citrumed S.A.	Bouargoub (Tunisian) Borj Hfaïedh - 8040		50.00%	AZ France S.A.	1,081,000	dinari
Decofruit Bcn S.L.	Barcellona (Spain) - Sicilia 410		40.00%	Hermanos Fernández López S.A.	20,000	€

The subsidiaries and associates in the table above are inactive or with strictly marginal levels of business activity in relation to the Group's size. These financial investments, whose values are not material, are carried at purchase an/or subscription costs, whose amounts are believed to be in line with the respective fair values, reduced as the case may be to reflect possible losses.

Business combinations

Business combinations are recognized in compliance with IFRS 3 according to the "acquisition method", which entail the recognition in the consolidated financial statements of assets and liabilities of the combined company as if they had been individually acquired. The consideration paid in a business combination is measured at fair value, determined as the sum of the fair values at the acquisition date, of the assets transferred by the acquiring company to the former shareholders of the acquired company, of the liabilities incurred by the acquiring company for these assets, and equity interests issued by the acquiring company. With respect to that described above, please note that deferred tax assets and liabilities, assets and liabilities for employee benefits, liabilities or capital instruments relative to share-based payments of the company acquired or share-based payments relative to the Group, issued in lieu of contracts of the business acquired and the assets (or groups of assets and liabilities) held for sale, are instead allocated according to their reference standard. The costs related to the acquisition are recorded as expenses in the periods in which they are incurred.
In the event of business combinations that occur in stages, the investment previously held by the Group in the acquired company is restated at fair value on the date control is acquired, and any resulting profit or loss is recognized in the income statement.
Goodwill is recognized on the date the Group assumes control of the acquired entity and is measured as the difference between the sum of:

- the consideration paid, the amount of any minority equity interests in the acquired company valued in compliance with the rules envisaged in IFRS 3 (fair value of the pro-

rata amount of net assets attributable to minority interests) in a business combination carried out in several stages, the fair value at the acquisition date of the equity interests previously held by the acquiring company;
- the net value, at the acquisition date, of the identifiable assets acquired and the liabilities assumed, measured at fair value.

If the fair value of the net identifiable asset acquired is greater than the consideration paid, the resulting difference is recognized in the income statement as income deriving from the transaction, on the acquisition date, after verifying if the fair value of the acquired assets and liabilities is correct. If, at the end of the year in which the business combination took place, the initial recognition of a business combination is incomplete, it must be recognized using provisional values. Adjustments to the provisional values recorded at the acquisition date are recognized retroactively to reflect the new information obtained on the facts and circumstances at the acquisition date that, had they been known, would have affected the measurement of the amounts recognized on that date. The measurement period lasts for 12 months from the acquisition date. Any contingent consideration defined in the business combination agreement is measured at the acquisition-date fair value and included in the value of the consideration transferred in the business combination for the purpose of the calculation of goodwill. Any subsequent changes to that fair value, which can be classified as adjustments occurring during the measurement period, are included in goodwill, retrospectively. After the initial recognition, goodwill is measured at cost net accumulated amortization and write-downs.
The methodological process used for the first line-by-line consolidation of the acquired companies as required by the reference accounting standards is provided below.
The acquisitions were recorded in compliance with IFRS 3 on the business combinations that envisage conformity in the phases provided for in applying the acquisition method:

- determination of the date control is acquired,
- determination of the total consideration for the acquisition,
- recognition and measurement of the identifiable assets acquired, liabilities assumed, and any non-controlling interests in the acquisition,
- recognition and measurement of goodwill and profit generated by an acquisition at favorable prices,
- definition of the cash-generating units and allocation of goodwill,
- definition of the measurement period, determination of the elements included in the business combination transaction, including ancillary costs to the acquisition.

Changes in the consolidation area made during the year and thereafter

In relation to changes that occurred during the year, in line with the Group's mission to focus its strategy on its core business, with respect to the position as at the 2018 financial statements, the entrance into the Group's scope of the Spanish company Sevimpor, the French and Italian companies making up the Fruttica Group and the acquisition of the residual 75% of the Italian company Fruttital Cagliari S.r.l. Please also note the disposal of the minor company Vado Containers Services S.r.l. and the liquidation of the associates company Simba Spain S.L..

Acquisition of Sevimpor S.L.

On January 2, 2019, the subsidiary Hermanos Fernández López S.A. acquired 100% of the shares of the company Sevimpor Distribuidora De Frutas De Importacion S.L.U., which markets fruit and vegetable products, particularly bananas from the Canary Islands, in the region of Seville (Spain). On the same date, the Group took over control of the operations of Sevimpor, whose income results were therefore included in their entirety in the consolidated income statement of the Orsero Group at December 31, 2019. The price of the transaction was initially set as Euro 1.65 million, financed with the company's own resources, of which Euro 1,000 thousand paid at the deed and two payments of Euro 350 and 300 thousand at 12 and 24 months from the date of the deed. During the year, the price was redetermined as a total of Euro 1.514 thousand and accordingly the installment paid in January 2020 was for Euro 214 thousand (instead of Euro 350 thousand), without prejudice to the January 2021 balance of Euro 300 thousand. This transaction is of significant strategic value for the Group as it can strengthen its presence in the Spanish market, in which it has important growth outlooks, and will make it possible to develop commercial and logistical synergies that will allow for a more effective and efficient distribution of its products, also exploiting the proximity to the port of Algeciras.

Consideration paid

The following table summarizes the fair value at the acquisition date of the principal components of the consideration paid:

Thousands of euro	Sevimpor S.L.
Cash and cash equivalent	1,000
Two tranches payments, 12 and 24 months	514
Contingent consideration	-
The consideration transferred	**1,514**

The consideration for the acquisition of Sevimpor was paid through the transfer of cash and cash equivalents totaling Euro 1 million when the acquisition took place, with the remaining Euro 514 thousand payable in two tranches of Euro 214 thousand on January 2, 2020 and Euro 300 thousand in January 2021.

Identifiable acquired assets and assumed liabilities

The amounts recognized for the assets acquired and liabilities assumed at the acquisition date are summarized below:

Thousands of euro	Sevimpor S.L.
Other intangible assets	8
Tangible assets	1,037
Financial investments	-
Other fixed assets	15
Deferred tax assets	-
Inventories	41
Trade receivables	1,298
Current tax receivables	114
Other current assets	-
Cash and cash equivalent	158
Deferred tax liabilities	-
Provisions for risks and charges	-
Employees benefits liabilities	-
Financial liabilities	(705)
Trade payables	(1,412)
Current tax and social security contributions liabilities	(25)
Other current liabilities	(264)
The identifiable assets acquired and liabilities assumed	**264**

Fair value measurement of identifiable acquired assets and assumed liabilities

The measurement techniques used to determine the fair value of the principal assets acquired are described below.

Tangible and intangible assets

The value is Euro 1,045 thousand and was determined based on the book value at the acquisition date, as it is considered to be representative of market prices of similar items, if available, and replacement costs, if appropriate. The estimate of amortized replacement costs reflects the adjustments for physical deterioration and economic and functional obsolescence. The tangible assets consist of refrigeration systems, ripening units for bananas, and production machinery.

Other assets

This item, of an insignificant amount, refers to security deposits.

Trade receivables

This item is related to the sale of fruit and vegetables, and includes amounts excluding any write-downs, for a total of Euro 1,298 thousand.

Inventories

The fair value of inventories is calculated based on the estimated selling price under normal operating conditions, net of the estimated costs for completion as well as the estimated sales costs.

Tax receivables

This item refers to receivables from tax authorities, mainly linked to value-added tax.

Trade payables

This item relates to the purchase of fruit and vegetables.

Goodwill

The goodwill generated from the acquisition was recognized as shown in the following table:

Thousands of euro	**Sevimpor S.L.**
Total purchase price	1,514
Fair value of previous financial investment held	-
Fair value of the identifiable assets acquired and liabilities assumed	(264)
Goodwill	**1,250**

The goodwill generated from the acquisition mainly refers to the technical and commercial skills and experience of the personnel and additional synergies expected to be obtained from integrating the company acquired in the Orsero Group Distribution sector. The goodwill recognized in financial statements is not amortized nor deductible for income tax purposes.

In terms of net financial position, the acquisition had a net effect on the consolidation of Euro 2,061 thousand, due to the difference between the outlay of Euro 1,514 thousand relating to purchase and the negative net financial position of the company acquired, equal to Euro 547 thousand, made up of cash and cash equivalents of Euro 158 thousand and financial payables to banks and other lenders of Euro 705 thousand.

Acquisition of the Fruttica Group

After March 31, with completion early May, through the French company AZ France, 100 % of the Fruttica Group was acquired, comprising the companies Postifruits S.A.S. (the group holding company), Fruttica S.A.S and GP Frutta S.r.l., operating in the import and distribution of fruit and vegetables on the French market with aggregated turnover of approximately Euro 24 million. The Group operates and is headquartered in Cavaillon (France), close to the headquarters of AZ France.
The results of the Fruttica Group are consolidated into the Group's accounts starting April 1, 2019. Please note that as at March 31, 2019, the Fruttica Group, on the basis of a half-yearly duration of

the financial year, realized revenues of Euro 8,342 thousand and Adjusted EBITDA of Euro 1,105 thousand.

Consideration paid

The following table summarizes the fair value at the acquisition date of the principal components of the consideration paid:

Thousands of euro	Fruttica Group
Cash and cash equivalent	8,000
Two tranches payments, 12 and 24 months	2,000
Contingent consideration	400
The consideration transferred	**10,400**

The consideration for the acquisition was paid through the transfer of cash and cash equivalents totaling Euro 8 million when the acquisition took place, with the remaining Euro 2 million in two tranches of Euro 1 million each payable in May 2020 and 2021, plus Euro 400 thousand by way of the earn-out payable following the positive achievement of specific objectives in the upcoming years 2020 and 2021.

Ancillary costs to the acquisition

The costs incurred to complete the acquisition transaction amounted to a total of Euro 312 thousand, essentially linked to consulting services, notary expenses and indirect taxes, charged directly to the income statement for the year in the section "Other revenues and expenses".

Identifiable acquired assets and assumed liabilities

The amounts recognized for the assets acquired and liabilities assumed from the Fruttica Group at the acquisition date are summarized below:

Thousands of euro	Fruttica Group
Other intangible assets	3
Tangible assets	786
Financial investments	-
Other fixed assets	6
Deferred tax assets	-
Inventories	136
Trade receivables	754
Current tax receivables	189
Other current assets	474
Cash and cash equivalent	4,963
Deferred tax liabilities	-
Provisions for risks and charges	(21)
Employees benefits liabilities	-
Financial liabilities	(4,095)
Trade payables	(1,568)
Current tax and social security contributions liabilities	(307)
Other current liabilities	(216)
The identifiable assets acquired and liabilities assumed	**1,106**

Fair value measurement of identifiable acquired assets and assumed liabilities

The measurement techniques used to determine the fair value of the principal assets acquired are described below.

Tangible assets
The value of buildings was estimated based on market values of warehouses, while plants and other assets were estimated using the book value, as it was considered to be representative of market prices of similar items, if available, and replacement costs, if appropriate. The estimate of amortized replacement costs reflects the adjustments for physical deterioration and economic and functional obsolescence. Tangible assets consist of buildings in which the offices and inventories are located, refrigeration systems, and banana-ripening systems.

Trade receivables
This item is related to the sale of fruit and vegetables, which include contractual amounts excluding any write-downs, for Euro 754 thousand.

Inventories
The fair value of inventories is calculated based on the estimated selling price under normal operating conditions, net of the estimated costs for completion as well as the estimated sales costs.

Trade payables
This item relates to the purchase of fruit and vegetables.

Goodwill
The goodwill generated from the acquisition was recognized as shown below:

Thousands of euro	Fruttica Group
Total purchase price	10,400
Fair value of previous financial investment held	-
Fair value of the identifiable assets acquired and liabilities assumed	(1,106)
Goodwill	**9,294**

The goodwill generated from the acquisition mainly refers to the technical and commercial skills and experience of the personnel and additional synergies expected to be obtained from integrating the companies acquired in the Orsero Group distribution sector. The goodwill recognized in financial statements is not amortized nor deductible for income tax purposes.
In terms of net financial position, the acquisition had a net effect of Euro 9,532 thousand, equal to the difference between the price of Euro 10,400 thousand and the positive net financial position of the Fruttica Group at the acquisition date of Euro 868 thousand.

Acquisition of Fruttital Cagliari S.r.l.

In June an agreement was reached for the acquisition, completed in the early days of July and therefore effective as of July 1, 2019, of the remaining 75% of the share capital of the company Fruttital Cagliari, specialized in the wholesale distribution of fruit and vegetables in the Sardinian territory and of which the Orsero Group had already held the remaining 25% of the share capital for a number of years. The agreed consideration is Euro 5.1 million, of which Euro 4.05 million paid when the deed was entered into and the remaining amount of Euro 1.05 million within one year of that date. The transaction was financed in full through the use of financial resources pertaining to the Orsero Group. Fruttital Cagliari is specialized in the wholesale distribution of fresh fruit and vegetables and, from the perspective of procurement flows, it is already integrated within the Group, particularly as regards bananas and pineapples. In the 2017-2018 two-year period, it earned average revenues of around Euro 16 million, with an average Adjusted EBITDA of roughly Euro 1.2 million. Please also note that the Orsero Group recently opened its fourth fresh-cut fruit processing center in Cagliari; this activity is highly complementary with the company acquired, due to the possibility of developing significant commercial synergies.

Consideration paid

The following table summarizes the fair value at the acquisition date of the principal components of the consideration paid:

Thousands of euro	Fruttital Cagliari
Cash and cash equivalent	4,050
Two tranches payments, 12 and 24 months	1,050
Contingent consideration	-
The consideration transferred	**5,100**

The price of the acquisition was paid by means of the transfer of liquid funds for Euro 4.05 million at the time of acquisition, with the remaining Euro 1.05 million due in a single tranche within a year of that date.

Ancillary costs to the acquisition

No significant costs were incurred for the completion of the purchase.

Identifiable acquired assets and assumed liabilities

The amounts recognized for the assets acquired and liabilities assumed from Fruttital Cagliari at the acquisition date are summarized below:

Thousands of euro	Fruttital Cagliari S.r.l.
Other intangible assets	4
Tangible assets	4,653
Financial investments	8
Other fixed assets	17
Deferred tax assets	27
Inventories	187
Trade receivables	2,988
Current tax receivables	360
Other current assets	209
Cash and cash equivalent	434
Deferred tax liabilities	(97)
Provisions for risks and charges	-
Employees benefits liabilities	(140)
Financial liabilities	(2,653)
Trade payables	(2,318)
Current tax and social security contributions liabilities	(34)
Other current liabilities	(153)
The identifiable assets acquired and liabilities assumed	**3,491**

Fair value measurement of identifiable acquired assets and assumed liabilities

The measurement techniques used to determine the fair value of the principal assets acquired are described below.

Tangible assets

The value of buildings and plants and other assets is assumed, based on the book values, as they are considered to be representative of market prices of similar items, if available, and replacement costs, if appropriate. The estimate of amortized replacement costs reflects the adjustments for physical deterioration and economic and functional obsolescence. Tangible assets consist of buildings in which the offices and inventories are located, refrigeration systems, and banana-ripening systems.

Trade receivables

This item is related to the sale of fruit and vegetables, which include contractual amounts excluding any write-downs, for Euro 2,988 thousand.

Inventories

The fair value of inventories is calculated based on the estimated selling price under normal operating conditions, net of the estimated costs for completion as well as the estimated sales costs.

Trade payables

This item relates to the purchase of fruit and vegetables.

Goodwill

The goodwill generated from the acquisition was recognized as shown below:

Thousands of euro	**Fruttital Cagliari**
Total purchase price	5,100
Fair value of previous financial investment held	1,700
Fair value of the identifiable assets acquired and liabilities assumed	(3,491)
Goodwill	**3,309**

The goodwill generated from the acquisition mainly refers to the technical and commercial skills and experience of the personnel and additional synergies expected to be obtained from integrating the companies acquired in the Orsero Group distribution sector. The goodwill recognized in financial statements is not amortized nor deductible for income tax purposes.
In terms of net financial position, the acquisition had a net effect of Euro 7,319 thousand, equal to the difference between the price of Euro 5,100 thousand and the negative net financial position of Fruttital Cagliari at the acquisition date of Euro 2,219 thousand.
Following the above transaction, the corporate structure (in a summary version, but more representative) is more streamlined and direct as shown below:

Valuation criteria

Below are the main criteria adopted for the preparation of the consolidated financial statements at December 31, 2019; the valuation criteria are applied uniformly to the Parent Company and to all consolidated companies. When, in relation to specific events or as a result of the development of accounting practice, a change is made in the accounting standards applied in a year, the Notes are intended to provide all the appropriate explanations to allow comparison with the previous year, if necessary by providing for the correction/re-alignment of the figures of the related financial statements. Please note that in preparing the consolidated financial statements as at December 31, 2019, the same consolidation standards and the same measurement criteria were applied as used to prepare the consolidated financial statements as at December 31, 2018, with the exception of right-of-use tangible assets pursuant to the new standard IFRS 16.

Goodwill

If businesses are acquired, the assets, liabilities and potential liabilities acquired and identifiable are booked at current (fair) value, as at the date of acquisition. The positive difference between the price paid for the purchase and the Group share in the current value of the assets and liabilities acquired is classified as goodwill. Any negative difference (badwill) is instead recognized in the income statement at the time of acquisition. Goodwill is noted as an asset with an undefined useful life and is not subject to amortization and the recoverability of the recognized value is verified at least annually and, in any case, when events occur that may lead to an impairment, taking into account the criteria set out in IAS 36. Impairment is recognized in the income statement and is not subsequently reinstated. In the event of the disposal of a subsidiary, the net value of goodwill attributable to it is included in the determination of the capital gain or loss from the disposal. In order to determine the impairment testing, goodwill is considered as allocated to the individual cash generating units (or "CGUs") representing the financially independent business units through which the Group operates.

Other intangible assets

Intangible assets are assets that are not physical, identifiable, controlled by the Group, and that can produce future economic benefits.
Intangible assets are recognized as assets in accordance with IAS 38 - Intangible Assets, when they are identifiable, it is likely that their use will generate future economic benefits and the cost can be reliably determined. These assets are stated at purchase or production cost, inclusive of all ancillary expenses incurred, and amortized on a straight-line basis over their useful lives. Intangible assets with definite useful life are amortized systematically from the time the asset is available for use for the period of their expected usefulness. The useful life is reviewed annually and any changes, where necessary, are made with prospective application.
The recoverability of its value is verified according to the criteria set forth in IAS 36. Costs incurred subsequently are capitalized only when the expected future economic benefits which are attributable to the asset they refer to are increased. All other subsequent costs are allocated to profit and loss during the year in which they are incurred.
Costs incurred internally for the development of new products and services (mainly software costs) are intangible assets generated internally, recognized as assets only if all of the following conditions are met: existence of technical feasibility and intention to complete the asset so as to make it available for use or sale, the Group's ability to use or sell the asset, existence of a market for products and services resulting from the asset or its usefulness for internal purposes, existence of adequate technical and financial resources to complete the development and sale or internal use of the products and services that result from it, reliability of the cost recognition attributable to the asset during its development. Capitalized development costs, where existing, include only expenses incurred that can be attributed directly to the development process and are amortized

on a systematic basis from the beginning of production over the estimated product / service life. Research costs are charged to the income statement in the year in which they are incurred.
Patents and intellectual property rights are mainly related to application software licenses, which are amortized on a straight-line basis over their contractual useful life.
Concessions, licenses and trademarks are essentially related to the fees paid for the exercise of commercial activities located within the general markets and amortized on the basis of the duration of the concession, as well as the costs of using licensed software programs, amortized on average over a three-year period. These expenses are recognized as assets in accordance with IAS 38 "Intangible Assets", when it is likely that their use will generate future economic benefits and when their cost can be reliably determined.
Assets in progress and advances include the balance of investments in assets not yet in service at year-end and therefore not subject to amortization, but are subject to impairment testing, as required by IAS 36.
Other intangible assets purchased or produced internally are recognized as assets, if existing, in accordance with IAS 38 (Intangible Assets), when it is likely that their use will generate future economic benefits and when their cost can be reliably determined.
Other intangible assets recognized as a result of the acquisition of a company are recognized separately from goodwill if their current value can be determined reliably.

Tangible assets

Tangible assets are assets that are physical, identifiable, controlled by the Group, and that can produce future economic benefits. Tangible assets purchased or produced internally are recognized as assets in accordance with IAS 16 - Property, Plant and Equipment, when it is likely that their use will generate future economic benefits and when their cost can be reliably determined. They are recorded at historical cost of purchase, production or transfer, including the ancillary expenses required to make the asset available for use deducted from the cumulative accumulated depreciation and any write-downs made to adjust their value to the expected lower future utility. Subsequent costs are only capitalized when it is likely that the relative future economic benefits will be received by the Group.
Depreciation is calculated on the basis of economic/technical rates related to the expected useful life of the assets, the most representative of which are:

Category	Useful life
Land	Not depreciated
Buildings	20 – 33 years
Ships	24/25 years
Plants	7 – 10 years
Vehicles	4 – 5 years

In the event there is an impairment, the asset is written down, regardless of the depreciation already recorded; in subsequent periods if the reasons for the write-down are no longer valid, it is restored to its original value, net of accumulated depreciation that would have been allocated, had impairment not been applied, or the recoverable value, if lower. The recoverability of its value is verified according to the criteria set forth in IAS 36. The residual value and useful life of an asset and the accounting methods used are reviewed yearly and adjusted where necessary at the end of each financial year.
Gains and losses arising from the sale or disposal of assets are determined as the difference between the sale proceeds and the net book value of the asset and are recognized in the income statement for the year.
Any financial expense incurred for the purchase or production of tangible assets for which a certain period of time normally passes to make the asset ready for use, is capitalized and amortized throughout the useful life of the class of assets to which it refers, while all other financial expense is booked as profit and loss in the year in which they are incurred.

The costs of routine maintenance are fully recognized in the income statement while costs of an incremental nature are allocated to the assets to which they refer and are depreciated in proportion to their residual useful life.
If leasehold improvements meet the capitalization requirements, they are classified under tangible assets and depreciated on the basis of the duration of the lease contract.
In the presence of legal or implied obligations for the dismantling and removal of assets from sites, the carrying amount of the asset includes the estimated (discounted) costs to be incurred at the time of abandonment of the structures, recognized in counter-entry under a specific provision.
When tangible assets consist of several significant components with different useful lives, depreciation is calculated and carried out separately for each component. Costs relating to cyclical maintenance of ships are recorded as assets as separate component of the main asset in the year in which they are incurred and are included in the depreciation process, taking into account an appropriate useful life.
Land is not subject to depreciation, even if purchased in conjunction with a building.

Leasing

The Group has applied IFRS 16 using the modified retroactive application method; therefore, the comparative information has not been recalculated.
The Group has a number of rentals, lease and operating lease agreements in place for the use of warehouses, offices, vehicles, containers, machinery and other minor assets owned by third parties. The contracts are typically entered into for from 3 to 20 or more years, but they may have an extension option. The contractual terms are individually negotiated and contain a broad array of different terms and conditions.
Starting from January 1, 2019, following the initial application of IFRS 16, the Group has recognized for all of those lease agreements, with the exception of short-term ones (i.e., lease agreements with a duration of 12 months or less which do not contain a purchase option) and those concerning low-value assets (i.e., with a unit value of lower than USD 5 thousand), a right of use at the start date of the lease, corresponding to the date on which the underlying asset is available for use. Lease payments relating to short-term and low-value contracts are recognized in the income statement as costs on a straight-line basis throughout the term of the lease.
Rights of use are valued at cost net of depreciation; the value assigned to the rights of use corresponds to the amount of the lease liabilities recognized, plus initial direct costs incurred, the lease payments settled at the contract start date or previously, recovery costs, net of any lease incentives received. Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the term of the lease, rights of use are depreciated on a straight-line basis throughout the term of the agreement. If the lease transfers ownership of the underlying asset to the Group, at the end of the lease term, it is expected that the purchase option will be exercised or, alternatively, the right of use will be amortized during the useful life of the underlying asset, determined on the same basis as that of the category of tangible assets to which it belongs. The value of the right of use is also reduced by any impairment losses and adjusted to reflect any changes deriving from subsequent measurements of the lease liability.
The financial liability for the lease is recognized at the date on which the agreement begins for a total value equal to the present value of the lease payments to be made over the term of the agreement, determined by using an appropriate interest rate (borrowing rate - "IBR") based on the financial market conditions at the moment, the term of the lease, the currency and the company's standing.
Payments due for leasing included in the measurement of lease liabilities comprise:

- fixed payments (including substantively fixed payments);
- variable payments due for the lease, which depend on an index or rate, measured initially using an index or a rate as at the start date;
- the amounts expected to be paid by way of guarantee over the residual value; and
- the exercise price of a purchase option, which the Group can reasonably expect to exercise, the payments due for leasing in an optional renewal period if the Group has the

reasonable certainty that the renewal option will be exercised, and the penalty for early termination of the lease, unless the Group is reasonably certain that the lease will not be terminated early.

After the start date, the amount of liabilities for lease agreements increases to reflect the interests accrued and decreases to reflect the payments made. Each lease payment is broken down between the repayment of the principal on the liability and the financial cost. The financial cost is recognized in the income statement throughout the term of the agreement to reflect a constant interest rate on the residual debt of the liability for each period. The rules laid out in IFRS 16 - Leases apply to sub-leases and lease agreement amendments.
IFRS 16 requires the management to develop estimates and assumptions that may influence the valuation of the right of use and the financial liability for the lease, including by determining:

- contracts falling within the scope of application of the new rules for measuring assets/liabilities with the financial method;
- the terms of the contract;
- the interest rate used to discount future lease payments.

Contracts are included in or excluded from the application of the standard on the basis of detailed analyses carried out at individual agreement level and in line with the rules set forth in the IFRSs. The term of the lease is calculated considering the non-cancellable period of the lease as well as the periods covered by the agreement extension option if it is reasonably certain that it will be exercised, or any period covered by an option for the termination of the lease agreement, if it is reasonably certain that it will not be exercised. The Group evaluates if it is reasonably certain that it will or will not exercise the extension or termination options taking into account all the relevant factors that generate an economic incentive with respect to such decisions. The initial valuation is reviewed if a significant event takes place or there is a change in characteristics influencing the valuation itself which are under the control of the Group.
The marginal interest rates defined by the Group are revised on a recurring basis and applied to all contracts with similar characteristics, which were considered as a single portfolio of contracts. The rates are determined based on the average effective rate of debt of the Parent Company, adjusted appropriately on the basis of the requirements of the new accounting rules to simulate a theoretical marginal interest rate consistent with the contracts being assessed. The most significant elements considered in adjusting the rate are the credit-risk spread of each country observable in the market and the different term of the lease agreements. Interest rates set forth within the lease agreements are rare. Incentives for leases received by no later than the date on which the agreement begins are allocated as a direct reduction from the value of the right of use; the corresponding value reflects the money already received net of the receivable to be collected. Lease incentives agreed upon during the term of the contract are considered amendments of the original agreement measured at the amendment date, with a resulting impact of an equal value on the value of the right of use as well as the lease liability.
When the lease liability is remeasured, the lessee proceeds to amend the right of use accordingly; if the book value of the latter is zeroed, the impact is noted on the period income statement.
In the statement of financial position, the Group shows the right of use that does not meet the definition of investment property under "Tangible assets" and the lease liability under "Financial payables", both amongst current and non-current liabilities.

Impairment

At each reporting date, the Group reviews the book values of its intangible and tangible assets to determine whether there is any indication of impairment. If they are found to be impaired, the asset's recoverable value is estimated in order to determine the extent of the write-down. Should it be impossible to estimate the recoverable value of an individual asset, the Group estimates the recoverable value of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful life or not yet available for use are tested for impairment annually or more frequently, whenever there is an indication that the asset may have been subject to impairment.

The recoverable amount is the higher of the fair value net of selling expenses and the value in use. In calculating the value in use, estimated future cash flows are discounted to present value at a pre-tax rate that reflects current market valuations of the value of capital and the specific risks connected to the asset. If the recoverable amount of an asset (or of a cash-generating unit) is estimated to be lower than the relative book value, it is reduced to the lower recoverable value. The impairment is recognized in the income statement. When it is no longer necessary to maintain an impairment, the carrying value of the asset (or cash-generating unit), with the exception of goodwill, is increased to the new value deriving from the estimate of its recoverable value, but not exceeding the net book value that the asset would have had if it had not been written down for impairment. The write-back is immediately recognized in the income statement.
The chapter on impairment testing details the procedure applied to validate the amounts of goodwill booked and the intangible and tangible assets held by the Group companies.

Equity Investments

Investments consist of equity investments in non-consolidated subsidiaries, associates/joint ventures and other companies. Equity investments are measured as described in the chapter on "Consolidation principles and area".

Other fixed assets

This item includes other non-current financial assets: typically, medium-term financial and trade receivables, contributions to be received, security deposits and similar assets, all valued at nominal value that normally coincides with the realizable value. For more information on their posting and measurement, please refer to the information given in the paragraph below, entitled "(Non-current/current) financial assets".

Inventories

Inventories of raw and ancillary materials and consumables are valued at the lower of the purchase or manufacture cost, determined according to the FIFO configuration, and the realization value that can be seen on the market as at the reporting date. The cost includes accessory expenses net of commercial discounts and, for finished products or those in progress, the cost of manufacture; it includes raw materials, direct labor and other costs directly related to production, as well as the reversal of indirect production costs that can reasonably be traced to production in conditions of normal use of production capacity. The write-down value is eventually adjusted for a specific provision to account for write-downs for obsolescence and slow turnover that may affect packaging materials.

Biological assets

The item "Biological Assets" includes fruits in its ripening stage on the plant (such as bananas, avocados, pears, apples, etc.) that the Group produces in its agricultural areas. IAS 41 is applied for biological assets, which provides that inventories of fruit on plants are measured at fair value less estimated sales costs unless fair value can be determined reliably. IAS 41 assumes that fair value can be reliably measured for most biological assets. However, if, at the time of initial recognition of the asset, a price is not available on an active market and if the measurement of alternative fair value is deemed to be clearly unreliable, then the asset is valued at cost, net of accumulated depreciation and impairment. However, the entity must evaluate all other biological assets at fair value, net of sales costs. If the circumstances change and the fair value becomes reliably measurable, it is necessary to transition to fair value net of the sales costs.

(Non-current and current) financial assets

Trade receivables and debt securities issued are noted at the time they are originated. All other financial assets and liabilities must be recognized initially at the trading date, i.e. when the Group becomes party to the contractual clauses of the financial instrument and must be classified on the basis of the business model of the Group that holds them and considering the cash flows of these assets. IFRS 9 envisages the following types of financial instruments, depending on measurement:

- financial assets measured at amortized cost;
- financial assets at fair value with changes recognized in the income statement;
- financial assets at fair value with changes recognized in the comprehensive income statement.

Initially, all financial assets are measured at fair value, increased in the case of assets other than those at fair value with changes in the income statement of ancillary charges. It should be noted that fair value means the value of the price of the instrument in an active market; in the absence of the latter, it is determined by using a valuation technique that establishes which price the transaction would have had at the valuation date in a free exchange based on normal commercial considerations. The Group determines the classification of its financial assets after initial recognition and, where appropriate and permitted, reviews said classification at the close of each financial year if the business model is changed. The recoverability of their value is verified according to the criteria set forth in IFRS 9 and described below. At the time of subscription, it is considered whether a contract contains implicit derivatives. Derivatives embedded in contracts where the primary element is a financial asset that falls under the field of application of IFRS 9 must never be segregated.
The Group must recognize a provision to cover losses for expected credit losses regarding financial assets measured at amortized cost or at fair value through comprehensive income/loss, receivables implicit in leases, assets deriving from contracts or commitments to disburse loans and financial guarantee contracts.
Financial assets are derecognized with the contractual rights over cash flows deriving from such expire, when the contractual rights to receive cash flows under the scope of a transaction in which substantively all risks and benefits deriving from ownership of the financial assets are transferred or when the Group does not transfer nor substantively maintain all risks and benefits deriving from the ownership of the financial asset and does not maintain control over the financial asset.
The financial assets measured at amortized cost are those financial assets held within the framework of a business model whose objective is the ownership of financial assets targeted at the collection of contractual cash flows and whose contractual terms envisage, at given maturity dates, cash flows represented solely by payments of principal and interest on the amount of principal to be returned. The measurement of financial assets at amortized cost involves the application of the effective interest rate method net of any provision for impairment, taking into consideration foreseeable future losses. This calculation includes any discount or purchase premium and includes commissions that are an integral part of the effective interest rate and transaction costs. Therefore, interest is calculated in relation to the cash value over time and the credit risk associated to the instrument during that particular period of time. Receivables and other financial assets measured at amortized cost are shown on the balance sheet net of the related provision for doubtful debt. Interest income, exchange gains and losses and impairment losses are booked to the period income statement, as are any gains or losses from derecognition from the accounts.
The financial assets at fair value with changes booked to the statement of comprehensive income are those financial assets held within the framework of a business model whose objective is achieved through both the ownership of financial assets targeted at the collection of contractual cash flows and through the sale of financial assets and whose contractual terms envisage, at given maturity dates, cash flows represented solely by payments of principal and interest on the amount of principal to be returned. These assets entail the recognition of changes in the instrument's fair value amongst other components of comprehensive income, in shareholders' equity. The

cumulative amount of changes in fair value, allocated to the equity reserve that includes other components of comprehensive income, is reversed on the income statement when the instrument is derecognized. Interest income is noted on the income statement, calculated using the active interest rate, exchange differences and impairment. For assets measured at fair value through comprehensive income/loss, the provision to cover losses must be booked to other comprehensive income and must not reduce the book value of the financial asset in the statement of financial position. At the time of initial booking of a capital security not held for trading, the Group can make the irrevocable choice of presenting subsequent changes to fair value in the other components of comprehensive income. This choice is made for each asset.
The financial assets that are not measured at amortized cost and that are not designated at fair value with changes booked to the statement of comprehensive income are measured at fair value, but with changes booked to period profit/(loss). It should be noted that, at the moment of initial recognition, the entity can irrevocably designate the financial asset as measured at fair value booked to profit (loss) for the year. All derivatives are included. Net profit and loss, including dividends or interest received is noted in the period income statement.
It should be noted that equity instruments must always be measured at fair value, given that as they are not characterized by secure and constant cash flows, they are not compatible with the amortized cost method. The financial instrument which represents principal, and which is held for strategic reasons and not for trading purposes is therefore measured at fair value, whose variations are booked to the statement of comprehensive income. The dividends relating to said instruments are booked to the income statement, while changes booked to the comprehensive income statement cannot be reclassified to the income statement.
Please note that financial assets and liabilities are offset and the amount deriving from the offsetting presented in the statement of financial position when, and only when, the Group currently has a legal right to offset said amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Trade, tax and other receivables

Trade and other receivables are initially recognized at fair value, equating to the price of the transaction insofar as there is no significant loan component; thereafter, they are measured according to the amortized cost method, net of impairment.
IFRS 9 defines a new impairment model for such assets, with the aim of providing information that is useful to readers of the financial statements in regard to the related expected losses. According to this model, the Group measures receivables adopting an expected loss approach in lieu of the IAS 39 framework, which is typically based on the measurement of the incurred losses observed. For trade receivables, the Group takes a simplified approach to measurement, which does not require the recording of periodic changes to the credit risk, as much as it does the booking of an expected credit loss calculated over the entire life of the receivable (known as the "Lifetime Expected Credit Loss"). More specifically, the policy adopted by the Group envisages the stratification of trade receivables into categories according to the number of days past due, defining the provision on the basis of past experience of losses on loans, rectified to take into account specific provisional factors referring to creditors and the economic environment. The credit risk must be revalued at the reporting date also for those financial assets whose cash flows have been renegotiated or modified. Trade receivables are written down entirely if there is no reasonable expectation that they will be collected, or where commercial counterparties are inactive. The book value of the asset is reduced by the use of a provision for doubtful debt and the amount of the loss is recognized to the income statement.
At each reporting date, the Group must, therefore, recognize in the income statement as profit or loss due to impairment the accumulated changes in expected losses over the entire life of the receivable. This valuation must be made for trade receivables or assets deriving from contracts as defined by IFRS 15, for receivables implicit in leases. The expected credit losses of the financial instrument must reflect a target or weighted amount, the time value of money and the reasonable and demonstrable information available.

When collection of the price is deferred beyond normal commercial terms applied to the customer, the credit is discounted at a suitable market rate. The item “Other current assets” also includes accruals and deferrals relating to portions of costs and income spanning two or more years, the entity of which varies over time, in application of the accruals accounting approach.

Cash and cash equivalents

This item includes cash and amounts held in on-demand post office/bank current accounts (including fees payable and receivable accrued as at the reporting date) and entered at nominal value, which usually coincides with fair value.

Non-current assets held for sale, disposal groups and discontinued operations

Non-current assets held for sale, disposal groups and discontinued operations whose carrying amount will be recovered principally through sale rather than continuous use are not amortized and are measured at the lower of their carrying amount and fair value less costs to sell; any difference that is revealed is allocated to profit and loss as impairment. Any gains or losses recognized as the result of measuring non-current assets (or disposal groups), classified as “held for sale” in accordance with IFRS 5, at fair value less costs to sell are classified under “Net income (loss) from equity investments”.
A “disposal group” is a group of assets to be disposed of together as a group in a single transaction together with the liabilities directly associated with those assets that will be transferred in that transaction. Discontinued operations, on the other hand, consist of a significant portion of the Group, such as an important independent business division representing an activity or geographical area of activity, or a subsidiary bought exclusively for the purpose of reselling it.
The figures for non-current assets held for sale, disposal groups and discontinued operations are shown on two specific lines in the balance sheet: non-current assets held for sale and liabilities held for sale.
The net economic results arising from discontinued operations, and only discontinued operations, pending the disposal process, any gains or losses on disposal and the corresponding comparative figures for the previous year or period are recognized in a specific line of the income statement: “Net profit of discontinued operations”.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit and loss. A financial liability is classified at fair value through profit and loss when it is held for trading, represents a derivative or is designated as such at the time it is first booked. Financial liabilities measured at fair value through profit or loss are measured at fair value with any changes, including interest expense, noted on the income statement. Other financial liabilities are measured thereafter at amortized cost, using the effective interest rate criterion. Interest expense and foreign exchange gains/(losses) are booked on the income statement, as are any gains or losses deriving from derecognition.
The Group proceeds to derecognize a financial liability when the obligation specified in the contract has been fulfilled or canceled or has expired. The Group also derecognizes a financial liability in the event of a change to the related contractual terms meaning that cash flows of the modified liability are substantively different. In this case, a new financial liability is booked at fair value in accordance with the modified contractual terms. The difference between the book value of the financial liability that has been extinguished and the price paid (including assets not represented by liquid funds transferred or the liabilities assumed) is noted on the period income statement.
Financial liabilities are entered under current and non-current financial liabilities, other non-current liabilities, trade payables, current tax and social security contributions liabilities and other current liabilities. Current and non-current financial liabilities include bond payables, bank loans, current

account overdrafts, liabilities due to other lenders (namely leasing, factoring and payables in accordance with IFRS 16), liabilities for hedging derivatives and the price balance on acquisitions. Financial liabilities, apart from derivatives, are initially carried at cost, which is approximately the equivalent of fair value, net of costs incurred for the transaction. Thereafter, any difference between the cost and value of repayment throughout the term of the loan, using the effective interest method. Loans are classified as current liabilities unless the Group has the unconditional right to defer the termination of this liability at least twelve months after the reference date. As regards leasing and liabilities in accordance with IFRS 16, reference is made, for measurement, to the paragraph entitled "Leasing" of these Notes, while for derivatives, please refer to the paragraph on "Derivative financial instruments and hedging".
As regards other non-current liabilities, trade payables, current tax and social security contributions liabilities and other current liabilities are entered at nominal value, which is believed to represent their extinguishing value; please note that these items do not include a significant portion of financing.

Derivative financial instruments and hedging

Derivative financial instruments are initially recognized at fair value on the date on which they are stipulated. Thereafter, this fair value is periodically reviewed, and changes booked to the period income statement. They are recognized as assets when the fair value is positive and as a liability when it is negative. Embedded derivatives are separated out from the primary contract and booked separately when the primary contract is not a financial asset and when certain criteria are met. The Group carries out transactions with derivative instruments with a view to hedging the risk of fluctuations in the prices of commodities and interest rates. Derivatives are classified, consistently with IFRS 9, as hedging instruments when:

- the hedging relationship consists solely of admissible hedging instruments and admissible hedged elements;
- At the inception of the hedging relationship there is a designation and formal documentation of the hedging relationship, the Group's risk management objectives and the hedging strategy;
- the hedge ratio satisfies all the requirements of effectiveness (existence of an economic relationship between the hedged element and the hedging instrument, credit risk that does not dominate the value changes that result from that economic relationship, the hedging relationship is the same as that determined by the quantity of the hedged element that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge said quantity of hedged element).

When derivatives hedge the risk of fluctuation in the fair value of the underlying hedged item (fair value hedges), they are measured at fair value through the income statement; consistent with this, the hedged items are adjusted to reflect variations in the fair value associated with the hedged risk. When derivatives hedge the risk of changes in the cash flows of the underlying hedged item (cash flow hedge), the effective portion of changes in the fair value of the derivatives is initially recognized in equity (accounted through "other comprehensive income") and subsequently recognized in the income statement, consistently with the economic effects of the hedged transaction.
Changes in the fair value of derivatives that do not meet the formal requirements to qualify as hedging for IAS/IFRS purposes are recognized in the income statement.

Treasury shares

Treasury shares are booked as a reduction of shareholders' equity. Their original cost and any economic effects from any subsequent sale are equally recorded as changes in equity.

Provisions for risks and charges

The Group records provision for risks and charges (current and non-current) when it has a current, legal or implicit obligation, in regard to a past event, toward third parties and it is likely that Group resources will be necessary to fulfill the obligation, and when a reliable estimate of the amount of the obligation may be made. The allocations reflect the best possible estimate based on the information available. The provisions are then reviewed at each reference date and potentially adjusted to reflect the best current estimate; any changes in estimate are reflected in the income statement of the period in which the change occurred. When the financial effect of time is significant and the payment dates of the obligations can be estimated, the provision is discounted using a rate that reflects the current valuation of the cost of money in relation to time. The increase in the provision related to the time elapsed is recorded in the income statement under "Financial income and Financial expenses and exchange rate differences".
In the event of lawsuits, the amount of the provisions is determined according to the risk assessment, in order to determine the probability, timing and amounts concerned. When the liability relates to tangible assets (such as the dismantling and reclamation of sites), the provision is recognized as a counter-entry to the asset to which it refers and recorded in the income statement through the depreciation process.
The Notes to the financial statements provide information on significant contingent liabilities represented by:

- possible (but unlikely) obligations arising from past events whose existence will only be confirmed if one or more future events occur that are not entirely under the control of the company;
- current obligations arising from past events whose amount cannot be estimated reliably or whose fulfillment may not be onerous.

Employee benefits

Short-term benefits
Short-term employee benefits are accounted for in the income statement during the period in which they are employed.

Post-employment benefits
Employees of Group companies are assigned post-employment benefits that can either be defined contribution pension plans or defined benefit pension plans as well as other long-term benefits, according to the conditions applied locally in the countries in which the companies operate. The liability relative to employee benefits and disbursed at or after termination of the employment contract and relative to defined benefit programs, net of any assets used for the plan, is determined on the basis of actuarial assumptions estimating the amount of future benefits that employees have accrued as at the reference date (the "projected unit credit" method). The liability is recognized on an accruals basis throughout the period for which the right is accrued and measured by independent actuaries for the Group companies.
The accounting of pension plans and other post-employment benefits depends on their nature.
Defined contribution plans are post-employment benefits on which basis the Group companies pay fixed contributions to a legally different entity on a mandatory, contractual or voluntary basis, without there being any legal or implicit obligation to make additional payments if the entity does not have sufficient assets to pay all pension benefits accrued in relation to the work carried out this year and previous years. The contributions to be paid are recorded on the income statement through accruals accounting and classified amongst payroll costs.
Defined benefit plans are post-employment benefit plans other than defined contribution plans. The obligation to finance provisions for defined benefit pension plans and the related annual cost noted on the income statement are determined on the basis of independent actuarial valuations using the projected unit credit method, according to one or more factors such as age, years of service and future remuneration envisaged. Actuarial gains and losses relative to defined benefits

plans deriving from changes in the actuarial assumptions and adjustments based on past experience, are noted immediately in the period in which they arise in the statement of comprehensive income and are never carried as profit and loss in subsequent periods. Recognized liabilities for post-employment benefits reflect the present value of liabilities for defined-benefit plans, adjusted to consider unrecognized actuarial gains, reduced by the fair value of plan assets, where such exist. Any net assets determined by applying this calculation are entered up to the amount of the actuarial losses and the cost relating to past performance, not recognized previously, as well as the current value of repayments available and the reductions of future contributions to the plan. Costs relating to defined benefits plans are classified under payroll and related costs apart from costs relating to the increase of the current value of the obligation deriving from the approach to the time when benefits classified amongst financial expense, fall due.
As regards the Italian companies, severance indemnity due to employees in accordance with Article 2120 of the Italian Civil Code, was considered up until December 31, 2006 a defined benefits plan. The regulation of this provision has been significantly altered by Italian Law no. 296 of December 27, 2006 (“2007 Financial Law”) and subsequent Decrees and Regulations. More specifically, the new provisions have required, for companies with a workforce in excess of 50 employees as at the date on which the reform is introduced, to consider severance indemnity a defined benefits plan only for portions accrued as at January 1, 2007 (and not yet liquidated as at the reporting date); after that date, it is considered as equivalent to a defined contribution plans. Consequently, the portions of severance indemnity accrued after that date take on the nature of defined contribution plans, except, therefore, for actuarial estimating components used to determine the accrued cost. The portions of severance indemnity accrued as at December 31, 2006 remain valued as defined benefits plan, according to actuarial procedures, with the calculation, however, excluding the component relative to future salary increases.

Share-based payments

With regard to the medium/long-term management incentive plans (Stock Grant plans) for directors and employees, the fair value of the shares assigned at the grant date was measured in accordance with the provisions of IFRS 2. This fair value is recognized in the income statement as a cost on the basis of the vesting period, with a counter-entry in a dedicated equity reserve.

Revenues and costs

Revenues are generated primarily by three “core” sectors such as the Distribution sector (activities dedicated to the distribution of fruit and vegetables), the Import & Shipping sector (dedicated to the importing, selection and maritime transport, primarily of bananas and pineapples), and the Services sector (provision of services in the customs area, the IT sector and holding coordination activities).
The Group must account for revenues from the sale of products and services if all the following criteria are met:

- identification of the contract with the customer;
- identification of the performance obligations of the contract;
- determination of the price;
- allocation of the price to the performance obligations of the contract;
- the contract has commercial substance;
- it is likely that the Group will receive the consideration to which it is entitled in exchange for the goods and services that will be transferred to the customer.

The Group must recognize revenues when (or gradually as) it fulfils the performance obligation by transferring the promised good or service to the customer. The asset is transferred when (or gradually as) the customer acquires control of it (capacity to decide the use of the asset and derive substantially all remaining benefits from it).

Revenues are accounted for over time when the customer simultaneously receives and uses the rewards deriving from the service of the Group as the latter gradually provides it or the service of the Group creates or improves the asset which the customer gradually controls as the asset is created or improved or the service of the Group does not create an asset that presents an alternative use and the Group has an enforceable right to the payment of the service completed until the date considered.
Transactions between goods and services of a similar nature and value, as they are not representative of sales transactions, do not determine the recognition of revenues and costs.
According to IFRS 15, the Group must recognize as revenue the price of the transaction assigned to the performance obligation, considering all the terms of the contract and its commercial procedures. The price of the transaction is the amount of the consideration to which the Group expects to be entitled in exchange for the transfer of promised goods and services to the customer, excluding the amounts collected on behalf of third parties. The consideration may include fixed or variable amounts or both.
Financial revenues are recognized on an accrual basis. Income and expenses are recorded in accordance with the accrual principle, with the appropriate recognition, where necessary, of the related accruals and deferrals.
The costs incurred in non-homogeneous or linear manner during the year are anticipated and/or deferred at the end of the half year only to the extent to which their anticipation and/or deferral complies with the accounting standards for the preparation of the annual financial statements.

Capital and operating contributions

Contributions are recognized when it is reasonably certain that they will be received and that all conditions for attaining them will be met. Contributions to "capital account" are recognized in the balance sheet as an adjustment to the recognition value of the asset to which they relate. Contributions in "operating account" are recognized as income and are distributed systematically in the various years as compensation of the related costs. In order to ensure a correct economic representation, contributions are recognized in the income statement gradually, in relation to the dynamics of amortization relating to the investments made, for which the contributions are received. For the fixed assets covered by the loan, the correlation is respected each year between the cost represented by amortization and the portion of capital contribution recognized in the income statement in an amount equal to the amortization. The contributions obtained in respect of investments made in capitalized fixed assets are entered as liabilities under "Other non-current liabilities" and "Other current liabilities".

Financial income, financial expenses and exchange rate differences

Financial income includes interest on bank and postal deposits, exchange rate gains and differences and financial income deriving from the discounting of receivables related to sales deferred beyond the year. Interest income is recognized in the income statement at maturity, at the effective rate of return.
Financial expenses include interest expense on financial payables, calculated using the effective interest method, exchange rate losses and differences. They are also recognized in the income statement at maturity.

Dividends

Dividends received are recognized when, after the resolution of the Shareholders' Meeting is passed, the right to receive the payment is established, typically coinciding with the collection; dividends distributed by companies included in the scope of consolidation are reversed with counter-entry under "Profits/(Losses) carried forward".

Period tax expenses, deferred tax assets and liabilities

Current taxes are determined on the basis of the estimate of taxable income in accordance with the provisions in force, taking into account the applicable exemptions, existing tax assets and the effects of adherence to the "tax consolidation" by the Italian companies of the Group. Income taxes are recognized in the income statement, except when they pertain to items directly charged from or credited to an equity reserve, the tax effect of which is recognized directly as equity.
The consolidated financial statements include the allocation of deferred assets and liabilities related to temporary differences connected to the adjustments made to the financial statements of consolidated companies for adjustment to the Group's homogeneous accounting standards and to the temporary differences between the statutory results and the related taxable income. In addition, they include deferred assets and liabilities, if any, arising from temporary deductible and taxable differences between the carrying amount of assets and liabilities and the resulting recognition for tax purposes, as well as consolidation adjustments. Deferred tax assets are recognized in the financial statements, calculated on the basis of the tax rates applicable in the period when the deferral is realized only if their future recovery is probable. Deferred tax assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are offset when it is legally possible and when such deferred taxes are linked to taxes due to the same tax authority and the Parent Company is willing to settle current tax assets and liabilities on a net basis. Almost all Italian subsidiaries participate in the "tax consolidation" system headed by Orsero, in accordance with arts. 117 et seq. of the TUIR.

Conversion criteria for foreign currency items

Costs and revenues denominated in currencies other than the Euro, as well as investments in technical fixed assets and equity investments, are accounted for using the historical changes at the dates of the related transactions.
Receivables and payables in foreign currency are initially recorded based on historical exchange rates of the related transactions, with the exchange rate differences realized at the time of collection or payment recorded in the income statement; receivables and payables in foreign currency outstanding at the end of the year are valued at December 31. Related exchange rate gains and losses are recognized in the income statement. If the conversion creates a net gain, this amount represents a reserve which cannot be distributed until it is actually realized.

Earnings per share

Earnings per share are calculated by dividing the Group's net profit for the period attributable to the ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the reference period, excluding treasury shares. To calculate diluted earnings per share, the weighted average number of outstanding shares is adjusted by assuming the conversion of all potential shares having a dilutive effect.

Use of estimates, risks and uncertainties

The preparation of the consolidated financial statements and related Notes in accordance with IFRS requires management to make estimates and assumptions that have an impact on the value of revenues, costs of assets and liabilities of the financial statements and on the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience, other relevant factors and the information available. Therefore, the actual results achieved may differ from said estimates. The estimates and assumptions may vary from one year to the next and they are therefore reviewed periodically; the effects of any changes made to them are reflected in the income statement in the period in which the estimate is reviewed if the review only concerns that period, or possibly in subsequent periods if the review concerns both the current and future periods.

The main estimates for which the use of subjective valuations by the management is most required were used, inter alia, for:

- allocations for credit risks and write-down of assets;
- measurements of defined benefit obligations as regards the main actuarial hypotheses;
- calculation of the fair value of biological assets on the basis of significant, non-observable inputs;
- acquisition of a subsidiary in relation to the fair value of the price transferred (including the potential price) and the fair value of the assets acquired, and liabilities accepted, measured provisionally;
- the definition of the useful life of assets and related depreciation and amortization;
- allocations for provisions for environmental risks and for liabilities related to litigation of a legal and fiscal nature; in particular, the valuation processes relate both to determining the degree of probability of conditions that may entail a financial outlay and the quantification of the relevant amount;
- deferred tax assets, the recognition of which is supported by the Group's profitability prospects resulting from the expected profitability of the business plans and the forecast of composition of the "tax consolidation";
- the procedure for verifying the solidity of the values of intangible and tangible assets and equity investments, described in the relevant accounting standard implies - in the estimation of the value in use - the use of financial Plans of the investees that are based on a set of assumptions and hypotheses about future events and actions of the administrative bodies of the investees, which will not necessarily occur. Similar estimating processes are required when reference is made to the presumable realizable value due to the uncertainty inherent in each trading negotiation.

Impairment test

IAS 36 specifies that at the end of each reporting period an entity shall assess whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. In assessing whether the aforesaid indication exists, the Group shall consider the presence of any "impairment indicators", as required by paragraph 12 of IAS 36. An impairment loss shall be recognized in the income statement when the book value of an asset or cash-generating unit exceeds its recoverable amount. The book values of the Company's assets are in any case measured at the reference date of the annual financial statements. Intangible assets with an indefinite useful life are tested at least annually and every time there is an indication of a possible impairment to determine whether impairment exists.

The group tested the book value of net invested capital at December 31, 2019, identifying the following as cash-generating units:

- the various countries in which the Group operates (Italy, France, Spain, Portugal and Greece), considering the close ties between the resident distributors.
- the company Cosiarma, to verify the value retention of naval assets.

Differently to the 2018 impairment testing, in which Simba, within the "Import & Shipping" sector was considered and assessed as a CGU in its own right, starting 2020, as already reported, this company will be treated as a component of the "Distribution" sector and, in particular, of the Italy CGU, in terms of impairment application, for the following reasons:

- the fact of considering multiple legal entities as a single CGU is in line with the substantive principle of viewing the set of economic activities that are effectively inter-linked and whose results are the product of such reciprocal interaction as a "unicum", as there can be no result of one that is not impacted by the results of the others ("chain" concept);
- Also due to the acquisitions made by the group, Simba has now become a Group banana and pineapple buying center and not an operative company that can be measured on a stand-alone basis, insofar as it does not generate incoming cash flows that are

significantly independent of the cash flows deriving from other assets or groups of assets (and, more specifically, the Distribution sector).

- In acknowledging this evolution, and also in response to the observations received from the financial community and stock market authorities during the preparation of the information prospectus, the move was decided in 2020 to take Simba to the Distribution sector and, specifically, Italian distribution, with which it generates incoming cash flows that are significantly independent of incoming cash flows deriving from other assets or groups of assets.
- Simba loads 95% of the volume on Cosiarma ships to guarantee the maximum potential of the Group's assets and guarantees distributors a certain margin on bananas and pineapples, to prevent them from procuring these products on the market, thereby creating inefficiencies in the value chain. As Italian distribution is the main customer, the inclusion of Simba in the Italy CGU is considered to be an extremely acceptable "proxy", given the close correlation of the incoming cash flows.
- Simba is in cash pooling with the Italian perimeter and its NFP is essentially determined by the trade receivable recognized to distributors; as such, it cannot/must not be seen as a stand-alone NFP.

The solidity of the values of said CGUs is verified by comparing the book values with the values in use, equal to the sum of discounted cash flows for the three-year period 2020-22 and the terminal value that the management estimates the individual CGUs will be able to generate. For Cosiarma, whose specific characteristics mean that it is inappropriate to calculate a terminal value, cash flow is related to the residual useful life of the ships, presently set as December 31, 2024.
In order to estimate cash flows, data was used taken from the 2020 budget and the 2019-2021 business plan, prepared during the proceedings implemented to have the Orsero security admitted to the MTA/STAR segment, respectively approved by the Board of Directors on February 10, 2020 and September 9, 2019, duly supplemented to incorporate the effect of the acquisition of the 5 former Nuova Beni Immobiliari warehouses. The year 2022 data have been determined on the basis of those of year 2021, and the same was done in respect to the data used for Terminal Value. For Cosiarma alone, an average Adjusted Ebitda value was instead determined, calculated on the basis of the years 2015-2020 and with an amortization/depreciation value such as to take the ship value at end 2024 to their scrap value.
For discounting, the post-tax WACC is used as the discount rate, which takes into account the specific risks of the asset and reflects current market valuations of the cost of money. It is based on weighting the cost of debt and the cost of equity, calculated based on the values of companies comparable to those belonging to the Group and subject to impairment as they operate in the same business sector.

For the 2019 impairment test, an independent professional was appointed, a university professor, to determine the parameters applied in the test as indicated below:

	WACC	**"g" rate**
Italy CGU	7.03 %	0.50 %
France CGU	5.43 %	1.50 %
Spain CGU	5.99 %	1.50 %
Portugal CGU	6.36 %	1.50 %
Greece CGU	9.54 %	1.50 %
Cosiarma CGU	9.13 %	n.a.

The results of the calculations showed the extensive headroom between the book value of the CGUs, consisting of their respective Net Invested Capital and values in use, represented by the Enterprise Values:

Thousands of euro	WACC	"g" rate	Enterprise Value	NIC Conso	Head-room
- Italy	7.03%	0.50%	138,814	96,966	41,848
- France	5.43%	1.50%	92,483	18,455	74,028
- Spain	5.99%	1.50%	114,955	55,823	59,132
- Portugal	6.36%	1.50%	11,280	5,212	6,068
- Greece	9.54%	1.50%	4,343	1,547	2,796
- Cosiarma	9.13%	-	58,894	55,488	3,406

Please note that the “Cons. NIC” values are the sums of the Net Invested Capitals of the various companies belonging to the CGUs, less the costs of the equity investments held in companies belonging to the same CGU and increased by goodwill and/or other adjustments made at the time of acquisition, as calculated in the consolidated financial statements.

The sensitivity analysis was carried out highlighting, on the basis of impairment testing data, how much Adjusted Ebitda should reduce, without prejudice to the parameters of WACC and “g” rate to zero the head-room of the various CGUs, just like the WACC should come in at that value, without prejudice to the values of Adjusted Ebitda and “g” rate, to zero the head-room and the same for the “g” rate, without prejudice to the Adjusted Ebitda and WACC values. The table below summarizes the results of this test.

CGU	Adjusted Ebitda	WACC	"g" rate
- Italy	-12.78%	9.67%	-2.69%
- France	-51.60%	17.77%	-14.37%
- Spain	-30.98%	10.89%	-4.50%
- Portugal	-29.60%	12.09%	-5.82%
- Greece	-38.60%	19.30%	-11.55%
- Cosiarma	-5.50%	11.57%	-

Similar testing was performed for the financial statements of Orsero S.p.A., in which case the values compared are those of the Equity Values as compared with the respective carrying values of the equity investments:

Thousands of euro	WACC	"g" rate	Equity Value	Book Value financial investments	Head-room
- Italy	7.03%	0.50%	90,707	53,761	36,946
- France	5.43%	1.50%	91,721	21,466	70,255
- Spain	5.99%	1.50%	101,951	41,222	60,729
- Portugal	6.36%	1.50%	9,465	3,174	6,291
- Greece	9.54%	1.50%	5,506	2,505	3,001
- Cosiarma	9.13%	-	49,410	38,281	11,129

The related sensitivity follows:

CGU	Adjusted Ebitda	WACC	"g" rate
- Italy	-11.28%	9.25%	-2.16%
- France	-48.97%	15.43%	-11.58%
- Spain	-38.64%	11.18%	-4.90%
- Portugal	-30.70%	12.56%	-6.54%
- Greece	-41.40%	21.10%	-14.35%
- Cosiarma	-16.99%	17.55%	-

Other information

Segment reporting

Within the Group, several segments can be identified differently, which provide a homogeneous group of products and services (business segment) or which supply products and services within a given geographic area (geographic segment). More specifically, in the Orsero Group, three areas of business have been identified:

- Distribution Sector: this sector is a group of companies engaged in the distribution of fruit and vegetables in the territories of their competence. The Group's distributors are based and operate mainly in Italy, Portugal, France, Greece and Spain;
- Import & Shipping Sector: this sector is a group of companies mainly engaged in the import, selection and maritime transport of bananas and pineapples;
- Services Sector: this sector represents a residual sector that includes companies engaged in the provision of services related to customs, information technology, and holding coordination activities.

In compliance with the provisions of IFRS 8, segment information is given in the dedicated paragraph under "Segment reporting".

Management of financial risk

IFRS 7 requires additional information to evaluate the significance of financial instruments in relation to the Group's economic performance and financial position. This accounting standard requires a description of the objectives, policies and procedures implemented by the Management for the different types of financial risk (liquidity, market and credit), to which the Group is exposed (foreign exchange rates, interest rate, bunker).
The Group operates in the trade of commodities that is impacted by various elements that can, in turn, affect the Group's economic, equity and financial performance. These factors are managed through hedges or corporate policies aimed at mitigating any impacts of such elements on corporate results. The Group is exposed to the following financial risks in going about its business:

- liquidity risk, with reference to the availability of financial resources and access to the credit market;
- market risk (including the foreign exchange risk, interest rate risk and price risk);
- credit risk, relating to above all commercial relations.

The company's main financial instruments include current accounts and short-term deposits, as well as financial liabilities to banks in the short and long term, bond payables, liabilities due to other lenders and derivatives. The purpose is to finance the Group's operating activities. Additionally, the company has trade receivables and payables from its business activities. Management of the cash needs and related risks (mainly interest rate risk and foreign exchange risk) is carried out by the centralized treasury on the basis of the guidelines defined by the Treasury Manager with the Group CFO and approved by the Managing Director.
Please note that said risks are constantly monitored, taking action with a view to dealing with and limiting the potential negative effects through the use of appropriate policies and, in general, where deemed necessary, also through specific hedges. This section provides qualitative and quantitative information of reference on the incidence of such risks on the Group. The quantitative data presented below are not predictions and cannot reflect the complexity and the related reactions of markets that could derive from each hypothetical change.

Liquidity risk
The Group manages the liquidity risk with a view to ensuring the presence, on a consolidated level, of a liability structure that matches the composition of financial statement assets, in order to maintain a solid level of capital. Credit facilities, even if negotiated on a Group level, are granted

for individual companies. The Group has also financed its investments with medium/long-term credit facilities that guarantee a liquidity position that is adequate for its core business. There is plenty of opportunity to use short-term trade credit facilities if trade working capital is needed in connection with organic growth and development.
Please also note that the Group operates in a sector that is relatively protected in terms of liquidity, insofar as there is a specific European regulation (Art. 62 of Decree Law 1/2012), which requires payments of perishable goods to be made within 30 days of the end of the month in which said goods are invoiced. This means that collection and payment terms are relatively short, precisely due to the type of goods marketed. If we then also add the fact that inventories have very rapid stock rotation times and, in any case, an average of 1 or 2 weeks, we can see that the working capital cycle is virtuous and does not entail any liquidity risk in normal market operations.

The table below offers an analysis of deadlines, based on contractual obligations for reimbursement, relative to financial, trade, current tax and social security contribution liabilities and other liabilities in place as at December 31, 2019.

Thousands of euro	Balance at December 31, 2019	Within 1 year	Over 1 year and up to 5 years	Over 5 years
Bond payables	**30,000**	-	10,000	20,000
Medium- to long- term bank loans (Non - current/ current)	**58,631**	13,894	43,726	1,011
Other lenders (Non - current/ current)	**3,584**	1,064	2,520	-
Other lenders (Non - current/ current) ex IFRS 16	**59,988**	8,081	20,684	31,223
Non current liabilities for derivative (Non-current/ current)	**526**	50	476	-
Bank overdrafts	**25,204**	25,204	-	-
Other current lenders short term	**1,340**	1,340	-	-
Payables for price balance on acquisitions (Non - current/current)	**4,207**	2,264	1,943	-
Other non-current liabilities	**349**	-	349	
Trade payables	**127,523**	127,523	-	-
Current tax and social security contributions liabilities	**6,400**	6,400	-	-
Other current liabilities	**11,343**	11,343	-	-
Non-current/current liabilities at 31.12.2019	**329,094**	**197,162**	**79,697**	**52,234**

It is reported that all amounts indicated in the table above represent values determined with reference to the residual contract end dates. The Group expects to cope with these commitments using cash flow from operations.

Foreign exchange risk

The Group operates particularly in the Import & Shipping sector, purchasing goods in US dollars and then importing them and selling in euros on the South European markets. This sets the Group's currency balance as exposed physiologically to the US dollar. As regards this element, the Group has chosen not to adopt any hedges insofar as the prices of sale in euros are defined every day or every week with customers, and this significantly dilutes the effects deriving from the fluctuation of exchange rates. Differently, if the choice should be made to make forward purchases of dollars or hedge the evolution of the exchange rate through financial instruments without a defined selling price in euro for products purchased in USD, we would be wagering on the evolution of the exchange rate and a significant restriction would be set to the possibility of determining prices flexibly, which is instead essential to the marketing of fruit and vegetables. The Group believes that this operating procedure is consistent with the commercial dynamics of the sector and the most appropriate to minimize the impact of fluctuations in the EUR/USD exchange rate. In the case the market scenario changed and headed towards a practice comprising annual contracts of sale to the large retail channel, as, for example, is standard practice on Northern Europe markets, the Group might reconsider its policy implemented to manage EUR/USD exchange rate fluctuations and, therefore, apply hedges on exchange rates, at least partially covering purchases made in

USD. At present, the Group believes that there are no signs such as to suggest any change in the market context and type of sale on the large retail channel.

Interest rate risk

The Group helps finance its medium/long-term investments and working capital through use of credit instruments. The Group mainly uses medium-term credit facilities in euros, part of which at fixed rate and part at variable rate; a suitable partial IRS plain vanilla hedge has been activated on the main facility (2018-2024 pool loan for an original figure of Euro 60 million), with a view to mitigating the risk of fluctuation of the reference rates (Euribor) over time; instead, in the case of the only debenture loan issued, the options was chosen for an entirely fixed rate structure. As at December 31, 2019, interest rate hedges adopted by the Parent company cover 69% of medium/long-term variable rate loans. It is stressed that, in the Group's opinion, such choices are today very prudent, also in view of the expected medium-term evolution of reference rates in Europe.

Please note that at December 31, 2019, two hedging contracts are in place, stipulated by the Parent company with two banks in accordance with the Pool Loan Agreement, which contain a cross default clause that entitles the related bank to terminate and/or withdraw from (as applicable) the related hedging contract, in the event of significant default by subsidiaries, parents and/or joint ventures, with the concept of control regulated by the possession of the majority of votes.

Sensitivity analysis on interest rates

In FY 2019, the Group's net financial position grew from Euro 36,068 to Euro 126,898 thousand, mainly due to the debt connected with the property rental/lease contracts, those for the container fleet and other assets in accordance with the standard IFRS 16, which came into force on January 1, 2019. The impact of this component on the net financial position as at December 31, 2019 is Euro 59,988 thousand, net of which the increase on December 31, 2018 would be Euro 30,842 thousand in connection with the considerable investments made in 2019 in warehouses, plants and acquisitions. Below is the ratio of debt to equity as at December 31, 2019 and December 31, 2018. Please note that the financial covenants existing on the bond and pool loan must be counted, as envisaged by the related contracts, on a net financial position that excludes the application of the new standard IFRS 16 for the entire term of said loans.

Thousands of euro	**31/12/2019**	**31/12/2018**
Net financial debt	126,898	36,068
Total shareholders'equity	150,931	150,178
Ratios	**0.84**	**0.24**

The table below shows the increased period incidence of fixed-rate debt or variable-rate debt hedged by IRSs. The incidence of said debt on total "onerous" debt is also indicated, thereby meaning not only medium-term bank debt and the debenture loan but also: (i) short-term bank debt; (ii) lease payables; and (iii) factoring, all essentially at variable rate. As compared with gross financial debt, as shown in the financial statements, "non-interest-bearing" payables are excluded, like the mark-to-market positions on derivatives, the price balance to be paid on acquisitions made, the shareholder loan payables and payables linked to the application of the new standard IFRS 16.

Thousands of euro	31/12/2019	31/12/2018
Total medium- to long- term bank loans (A)	**88,631**	**94,985**
of which fixed rate	71,528	43,799
Percentage - fixed rate	80.7%	46.1%
of which floating rate	17,103	51,186
Percentage - floating rate	19.3%	53.9%
Total other indebtedness (B)	**30,128**	**15,661**
Total indebtedness (A)+(B)	**118,759**	**110,646**
Percentage - fixed rate	60.2%	39.6%
Percentage - floating rate	39.8%	60.4%

As mentioned, in 2019, the Group activated suitable IRSs to hedge the loan for the original amount of Euro 60 million, in addition to those already in place at December 31, 2018, thereby meaning that as at December 31, 2019, 78.5% of the debt value is hedged. Please note that this hedging is effective against interest rate rises but clearly does not cancel out the effect of any spread increases, envisaged contractually if the ratio between Net Financial Position and Adjusted Ebitda should take a turn for the worse.
Although in due consideration of the foregoing, we note that as at the reporting date, the variable-rate debt on the bank and medium-term bond payables has dropped from the 54% recorded in 2018 to today's 19%, whilst on total onerous debt, it has gone from 60 to 40%. If there should be an increase on the market in reference rates, the Group should not suffer any particularly serious impacts as compared with the present situation.
Below is the sensitivity analysis on the effect of a greater value of interest rates on variable rate, medium-term bank debt. This table shows, in relation to the interest linked to medium/long-term bank loans, the greater expenses that would be incurred, in the reference period, if interest rates should rise between 25 and 100 basis points:

Thousands of euro	31/12/2019	31/12/2018
Evolution of financial charges		
- on fixed rate bank loans	(1,131)	(289)
- on fixed rate bank loans related to liabilities for derivative	(803)	(265)
- on floating rate bank loans	(246)	(1,043)
- on bank overdrafts and other financial liabilities	(455)	(637)
- amortizing interests	(212)	(273)
Total	**(2,847)**	**(2,507)**

Below is a summary of the effect of the increase of medium/long-term variable rate financial expense in the reference period as interest rates rise.

Thousands of euro	31/12/2019	31/12/2018
In the balance sheet	(246)	(1,043)
+ 25 bp	(37)	(12)
+ 50 bp	(74)	(176)
+ 75 bp	(111)	(326)
+ 100 bp	(148)	(504)

Price volatility risk of fruit and vegetable commodities
Operating in a sector of agricultural commodities, which by nature are exposed to the variability of the quantities produced as a result of exogenous factors such as, for example, weather and environmental events beyond the control of the industry operators, the Group manages two situations connected with agricultural commodities: procurement and purchase price of raw

materials. The first element is the most sensitive and, therefore, the Group diversifies its product portfolio as much as possible, through the number of items marketed, the supplier base and the country of origin. In thus doing, the concentration of the risk of product shortages for individual items and supplies is mitigated and the product portfolio is balanced with respect to any production shortages of specific items and/or origins. The second situation regards the variation of prices of commodities purchased, which is handled through the pricing policy of products on sale. The two dimensions are, in fact, closely linked insofar as the daily or weekly definition of prices of sale allows for the adjustment of any price changes during procurement, up or down. Volatility is also handled by the Group using the methods whereby relations are regulated with suppliers, in whose regard operations very often take place with commission account or sales account schemes. In short, the price paid to the supplier for the products purchased is defined according to the price of the product sold; this situation effectively considerably dilutes the price volatility risk on commodities.

Price volatility risk of fuels for owned ships

The bunker (fuel) used for the owned ships is the main commodity subject to pricing volatility, to which the Group - and more specifically the Import & Shipping Sector - is exposed, with consequent potential fallout (negative or positive) on the Group's economic results. Considering the high degree of volatility of the oil and derivatives (including those used as fuel for the owned ships) market reference indexes, the Group employs two forms of hedging: the first one is financial, by forward purchasing the commodity over a six-monthly or annual item frame for a percentage that varies between 30% and 50% of the estimated fuel consumption (corresponding substantively to the transport service provided to Group companies. Indeed, it should be recalled that ships are used approximately 50% for imports of volumes of bananas and pineapples marketed directly by the Group, referred to as "captive use"). The second one is managed through the definition of commercial contracts with third party customers, which include a "BAF" ("Bunker Adjustment Factor") clause aimed at restoring balance to fluctuations of the commodity, adding or taking away from the tariff agreed annually with the shipping service customer, an economic value that neutralizes or in any case mitigates fuel price fluctuations. In thus doing, the fuel price evolution has a less significant impact on the Group's results and such as to be able to be kept under control. The market context has historically seen the application of BAF clauses in refrigerated shipping and, save for some particular exceptions in relation to FYs 2017 and 2018, as at December 31, 2019, there was no suggestions that the possibility of stipulating such contracts with third party customers should cease to apply nor that it may become difficult to find suitable financial hedges on the oil market. Below is an analysis that shows how the ship fuel price impacts the results of the Import & Shipping Sector in the reference period.

Thousands of euro	**31/12/2019**	**%**	**31/12/2018**	**%**
Total bunker's cost	25,591	11.92%	30,162	14.32%
Net sales Import&Shipping sector	**214,710**		**210,631**	

Please note that the cost of the bunker indicated in the table above also includes accessory costs to refueling of Euro 213 thousand as at December 31, 2019 and Euro 296 thousand as at December 31, 2018.

Another important element in relation to ship fuel is the change to the regulation relating to sulfur emission, referred to as "IMO 2020" and covering the use of a low sulfur content fuel (0.5% as compared with today's 3.5%) for global shipping. In this regard, the Group has already adopted, and continues to adopt, suitable measures in line with historical practice, so as to mitigate the effect of the price of the new product (financial hedges and commercial BAF clauses). In order to minimize the risk of the availability of the new fuel, the Group's ship-owning company, Cosiarma has stipulated - for the first five months of 2020 - an agreement with a leading oil and refined product producer worldwide, ensuring the quantities of bunker necessary to the naval service operated, in line with the new regulations. On a commercial level, the Group is working hard to maintain the existing BAF clauses as described above, with the aim of diluting and minimizing the potential impact of the possible greater cost of the new fuel.

Credit risk
The Group is exposed to the credit risk, mainly deriving from commercial relations with its customers and, in particular, any delays or non-payments by such, which, should such occur, may have negative effects on the Group's economic, equity and financial position. The Group operates with a very extensive customer base comprising the large retail channel and wholesaler and retailer customers. In consideration of the heterogeneous nature of the customer base, particularly on a European level, the Group adopts risk hedging policies through credit insurance policies with leading international companies. The Group also adopts risk management policies aimed at interrupting supplies if past-due credit thresholds should be reached, connected with aging and/or amount. Such actions allow the Group to record a very negligible loss on loans in respect to total turnover and one that remains basically constant over time. Additionally, in consideration of the type of assets in which the Group is involved (primary and basic consumer goods for the western diet) and the stability of the sales channels, no changes are expected in the customer base such as to impact the current dimension of the credit risk.

The table below provides a breakdown of trade receivables as at December 31, 2019, grouped by past-due, net of the provision for doubtful debt:

Thousands of euro	**At December 31, 2019**	**To expire**	**Overdue within 30 days**	**Overdue between 31 and 90 days**	**Overdue between 91 and 120 days**	**Overdue over 120 days**
Gross Trade receiv ables	133,977	82,981	22,790	11,638	1,843	14,725
Prov ision for bad debts	(12,537)	(140)	(11)	(12)	(10)	(12,364)
Trade receivables	**121,439**	**82,841**	**22,779**	**11,626**	**1,833**	**2,361**

The high amount of the bad-debt provisions stems from the specific tax need not to derecognize fully provisioned receivables until the completion of relevant bankruptcy proceedings (insolvency, arrangements with creditors), as otherwise the tax deductibility of the losses would be lost.

Transactions deriving from non-recurring transactions

In accordance with the Consob Communication of July 28, 2006, it is specified that in 2019, the Group incurred costs relating to non-recurring transactions.
In accordance with Consob Communication no. 15519 of February 28, 2005, please note that "Other revenues and costs" includes Euro 820 thousand and Euro 5,395 thousand respectively of non-recurring income and expenses; for details, please refer to Note 26 "Other revenues and costs" and Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Transactions deriving from atypical and/or unusual transactions

In accordance with the Consob Communication of July 28, 2006, it is specified that in 2019, the Group did not implement any atypical and/or unusual transactions, with the exception of the purchases of the former Nuova Beni Immobiliari warehouses, formalized in December 2019 and January 2020, and the incorporation of the sub-holdings GF Distribuzione and GF Porterm into the parent company Orsero S.p.A.; this latter transaction is neutral in the consolidated accounts, as extensively described in the main body of this report and the related notes.

Accounting standards, amendments and IFRS interpretations applied from January 1, 2019

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group starting from January 1, 2019:
IFRS 16 - Leases (published on January 13, 2016), which is intended to replace IAS 17 - Leases, as well as the interpretations IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC 15 - Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Note that:

- The new standard provides a new definition for a lease and introduces a criterion based on control (right of use) of an asset to distinguish lease agreements from service agreements, identifying as determining factors: identification of the asset, the right to replace it, the right to obtain substantially all the economic benefit deriving from use of the asset, and the right to direct use of the asset underlying the agreement;
- the standard establishes a single model of recognition and evaluation of lease agreements for the lessee, which involves registration of the leased asset, also operational, in assets with financial debt counter-entry, while also providing the opportunity to not recognize as leases contracts concerning "low-value assets" and leases with a contract term equal to or less than 12 months. By contrast, the Standard does not include significant changes for lessors. This process is broken down into various phases, including the complete mapping of contracts that could potentially contain a lease and the analysis of such contracts to decide whether the main clauses are relevant for the purposes of IFRS 16. In particular, with respect to lease agreements previously classified as operating leases, the Group accounted for:

a) a financial liability, equal to the present value of residual future payments at the transition date, discounted using the incremental borrowing rate applicable at the transition date for each contract;
b) a right of use equal to the value of the financial liability at the transition date.

Before January 1, 2019, the Group, in line with the previous IAS 17 - Leases, classified each agreement for the use of third-party assets (as the lessee) as a finance lease or an operating lease at the start date. The agreement was classified as a finance lease if it substantially transferred all the risks and benefits deriving from ownership of the leased asset to the Group; otherwise, the agreement was classified as an operating lease. Finance leases were represented as investments at the start of the contract, for a value equal to the fair value of the leased asset or, if lower, equal to the present value of the minimum contractual payments. For operating leases, the leased asset was not capitalized as an investment and the lease payments were recognized as costs in the income statement on a straight-line basis throughout the term of the agreement.
For the first time adoption of this standard, the Group decided to adopt the modified retrospective approach. Therefore, the data from the comparative period were not restated and some simplifications and practical expedients were applied as permitted by the reference standard. The adoption of IFRS 16 has had no effect on the opening shareholders' equity as at January 1, 2019. Below is a summary of the key hypotheses used for the first application of IFRS 16:

a) all the agreements in force at January 1, 2019 relating to the use of third-party assets were analyzed in light of the new definition of a lease included in the new standard;
b) as part of the analyses carried out, the Group has also considered the presence of unstructured agreements as a lease in legal terms, but that may in any case contain a lease on the basis of the new definition given in IFRS 16. The Group has therefore decided not to exploit the practical expedient whereby the leases can be identified on the basis of the analyses already carried out on basis of IAS 17 and IFRIC 4 - "Determining Whether an Arrangement Contains a Lease";

c) lease agreements for low-value assets (i.e., with a unit value below USD 5 thousand) and those with a short duration (less than 12 months) were managed separately. The costs relating to those contracts, which primarily regard certain containers, IT equipment and motor vehicles, will continue to be recognized in the income statement as separately identified operating expenses;
d) for lease agreements falling within the scope of application of the new standard, right of use assets were recognized in an amount equal to the estimated financial liability for leases, adjusted by the amount of any early payments or payments already recorded in the financial statements, as well as any incentives received from the lessor prior to January 1, 2019;
e) no impact on the opening balances at January 1, 2019 for lease agreements in which the Group acts as lessee and which were classified as finance leases on the basis of IAS 17 was recognized, as those assets continue to be classified under tangible assets and the previous values of the assets and financial liabilities were retained;
f) lastly, no onerous agreements were identified.

Other practical expedients were applied at the transition date:

g) initial direct costs (including "key money") were excluded from the valuation of the right of use at the initial application date;
h) the term of the lease was determined using all available information if the contract contained options to extend or terminate the lease.

Impact of initial application

Rights of use

As mentioned previously, the Group applied IFRS 16 at the initial application date (i.e., January 1, 2019) using the modified retrospective approach. Therefore, the cumulative effect of the adoption of IFRS 16 was recognized as an adjustment to the opening balance at January 1, 2019, without any restatement of comparative information.

Thousands of euro	Lands and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total
Carrying amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Balance at December 31, 2018	-	-	-	-	-
Change of year:					
Reclassification at January 1, 2019	56,073	312	7,108	1,470	64,962
Changes of consolidated companies	237	-	-	-	237
Investments	1,288	-	4,053	652	5,994
Disposal - Carrying amount	(3,021)	-	-	-	(3,021)
Disposal - accumulated depreciation	179	-	-	-	179
Depreciations	(5,234)	(81)	(2,809)	(614)	(8,738)
Carrying amount	**54,577**	**312**	**11,161**	**2,122**	**68,171**
Accumulated depreciation	**(5,055)**	**(81)**	**(2,809)**	**(614)**	**(8,559)**
Balance at December 31, 2019	**49,522**	**230**	**8,352**	**1,508**	**59,612**

At the date of initial application, the lease liabilities were calculated at the present value of the residual payments discounted using the marginal interest rate of the Group at January 1, 2019 as reported below.
At January 1, 2019 (transition date), the Group, as lessee, therefore recognized new liabilities (Euro 65 million) for operating leases and higher assets for right of use assets, primarily relating to the use of warehouses/sales outlets and the container fleet.

Financial liabilities for leases at December 31, 2019

Thousands of euro	Total	Within 12 months	Between 12 and 60	Over 60 months
Lease's financial liabilities	**(59,988)**	**(8,081)**	**(20,684)**	**(31,223)**

The impact in terms of the net financial position and Adjusted Ebitda is significant, given the existence of numerous warehouse and fruit and vegetable market point of sale concession and/or rental agreements, as well as operating leases on the fleet of reefer containers used by the maritime company. Indeed, there was an improvement of Euro 9,777 thousand in Adjusted Ebitda at December 31, 2019.

Discounting rate

The main key assumptions regarding the definition of the marginal interest rate (or incremental borrowing rate - IBR) at the date of initial application of the new standard, and in a similar manner for the redetermination of contracts entered into subsequently, were the following:

- a method was defined for estimating the IBR to be applied to all contracts with similar characteristics, which were considered as a single portfolio of contracts. Therefore, we opted for the adoption of the practical simplification expedient in defining this parameter, as permitted by the new standard;
- the starting point for the definition of the IBR at the date of initial and/or subsequent application of the new standard is the average effective rate of the existing loan at the reference date (January 1, 2019 and subsequent contractual dates), with an expiry similar to the average of the agreements subject to remeasurement. This rate was adjusted appropriately on the basis of the requirements of the new accounting rules to simulate a theoretical marginal borrowing rate consistent with the contracts being assessed. In estimating the IBR, some of the characteristics considered in separating the agreements outstanding at January 1, 2019 and subsequent ones are: average residual term, amount of the financial liability, country in which the leased asset is located, currency of the agreement;

considering which, a weighted average rate of 2.70% was determined.

Aside from IFRS 16, the following standards, interpretations and amendments to the existing standards became applicable at January 1, 2019, with no significant effects for the Group.

On June 7, 2017, IASB published the interpretation IFRIC 23 - Uncertainty over Income Tax Treatments. The document addresses the issue of uncertainties regarding the tax treatment to be adopted for income taxes. The document envisages that the uncertainties in determining liabilities or assets for taxes are reflected in the financial statements only when it is probable that the entity will pay or recover the amount in question. In addition, the document does not contain any new disclosure obligations, but emphasizes that the entity will have to establish whether it will be necessary to provide information on management's considerations related to the uncertainty inherent in tax accounting, in accordance with IAS 1. The new interpretation applies starting January 1, 2019 and this application has not had any impact on the re-measurement of the tax burden.

Amendment to IFRS 9 - Prepayment Features with Negative Compensation (published on October 12, 2017). This document specifies that instruments that provide for early repayment may comply with the "SPPI" test even if the "reasonable additional compensation" to be paid in the event of early repayment is a "negative compensation" for the lender. The amendment applies as of January 1, 2019 and the adoption of said amendment had no impact on the consolidated financial statements of the Group.

Document "Annual Improvements to IFRSs 2015-2017 Cycle", published on December 12, 2017 (Business Combinations and IFRS 11 Joint Arrangements - Re-measurement of previously held interest in a joint operation, IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity, and IAS 23 - Borrowing Costs: Disclosure of Interests in Other Entities – Borrowing costs eligible for capitalization), which implement the changes to certain standards as part of the annual improvement process. The amendments apply as of January 1, 2019 and the adoption of said amendments had no impact on the consolidated financial statements of the Group.

On February 7, 2018, the IASB published the document "Plant Amendment, Curtailment or Settlement (Amendments to IAS 19)". It clarifies how an entity must record a change (i.e. a curtailment or a settlement) of a defined benefit plan. The amendments require the entity to update its assumptions and remeasure the net liability or asset arising from the plan. The amendments also clarify that after the occurrence of that event, an entity should use updated assumptions to measure the current service cost and interest for the remainder of the reference period subsequent to the event. The amendments apply as of January 1, 2019 and the adoption of said amendments had no impact on the consolidated financial statements of the Group.

Accounting standards, IFRS and IFRIC amendments and interpretations endorsed by the European Union at December 31, 2019

On October 31, 2018, the IASB published the document "Definition of Material (Amendments to IAS 1 and IAS 8)". It introduced an amendment to the definition of "material" contained in IAS 1 - Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. This amendment aims to make the definition of "material" more specific and introduced the concept of "obscured information" alongside the concepts of omitted or incorrect information, already present in the two standards being amended. The amendment clarifies that information is obscured if it has been described in such a manner so as to produce a similar effect for the primary readers of the financial statements to that produced if such information had been omitted or incorrect. The directors do not expect a significant impact on the Group's consolidated financial statements from the adoption of this amendment.

Accounting standards, IFRS and IFRIC amendments and interpretations not yet endorsed by the European Union at December 31, 2019

On May 18, 2017 the IASB published the standard IFRS 17 - Insurance Contracts, which is intended to replace IFRS 4 - Insurance Contracts. The goal of the new standard is to guarantee that an entity provides pertinent information that faithfully represents the rights and obligations deriving from insurance contracts issued. This standard does not apply to the Group.

On October 22, 2018, the IASB published the document "Definition of a Business (Amendments to IFRS 3)". It provides some clarifications on the definition of a business to ensure the proper application of IFRS 3. In particular, the amendment clarifies that while a business usually produces an output, the presence of an output is not strictly necessary to identify a business in the presence of an integrated set of activities/processes and assets. However, to meet the definition of a business, an integrated set of activities/processes and assets should include, as a minimum, an input and a substantive process which together significantly contribute to the capacity to generate output. To that end, the IASB replaced the phrase "ability to create outputs" with "ability to contribute to create outputs" to clarify that a business may exist even without the presence of all the inputs and processes necessary to create outputs. The amendment also introduced a concentration test, which is optional for the entity, to determine whether a set of activities/processes and assets acquired is not a business. If the test provides a positive outcome, the set of activities/processes and assets acquired does not constitute a business and the standard does not require further verifications. If the test provides a negative outcome, the entity will need to conduct further analyses on the activities/processes and assets acquired to identify whether it is a business. To that end, the amendment added a number of illustrative examples to IFRS 3 to demonstrate the practical application of the new definition of business in specific cases. The amendments are applicable to all business combinations and acquisitions of assets starting from January 1, 2020. However, earlier application is permitted. Considering that this amendment will be applied on new acquisition transactions that will be concluded starting from January 1, 2020, any effects will be recognized in the consolidated financial statements closed subsequent to that date and the directors do not expect the adoption of this amendment to have effects on the Group's consolidated financial statements.

On September 11, 2014, the IASB published an amendment to IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10. According to IAS 28, the profit or loss resulting from the sale or transfer of a non-monetary asset to a joint venture or associate in return for a share in the capital of the latter is limited to the share held in the joint venture or associate by the other investors not involved in the transaction. However, according to IFRS 10, the entire profit or loss should be recognized in the event of loss of control over a subsidiary company, even if the entity continues to hold a non-controlling stake in it, with this case also including the sale or transfer of a subsidiary to a joint venture or associate. The amendments introduced specify that in a sale/transfer of an asset or a subsidiary to a joint venture or associate, the extent of the profit or loss to be recognized in the financial statements of the seller/transferor depends on whether the assets or the subsidiary sold/transferred constitute a business, in accordance with the definition set forth in IFRS 3. If the assets or the subsidiary sold/transferred represent a business, the entity should recognize the profit or loss on the entire share previously held; otherwise, the share of profit or loss relating to the share still held by the entity should be eliminated. For the moment, the IASB has suspended the application of this amendment. The directors do not expect a significant impact on the Group's consolidated financial statements from the adoption of said amendments.

Notes - disclosures on the statement of financial position and the income statement

This chapter provides useful information to explain the most significant changes compared to the previous year in the items of the financial statements, indicating, where appropriate, any possible effects of changes in the scope of consolidation.
As mentioned at the start of this report, the results at December 31, 2019 reflect the adoption of the standard IFRS 16, as from January 1, 2019, in relation to the rights of use connected with the rental and/or operative lease contracts stipulated by the Group companies, the effect of which is extremely significant on the consolidated accounts and, consequently, on the difference with respect to December 31 of FY 2018. This is why these notes provide all the information necessary to ensure a full understanding of the changes made, completing and supplementing the comments and comparisons already explained previously with the help of the pro-forma December 31, 2019. Moreover, considering the limited impact on the accounts of the acquisitions made, it was considered unnecessary to proceed with the preparation of potential pro-forma versions, instead preferring to highlight the component referring to such acquisitions within the comments on the changes to the various items of the financial statements.

NOTE 1. Goodwill

Goodwill was recorded for Euro 46,828 thousand (Euro 32,975 thousand at December 31, 2018).

Thousands of euro	Goodwill
Carrying amount at December 31, 2017	**33,103**
Change of year:	
Investments	-
Disposal	(128)
Reclassification	-
Impairment losses	-
Translation differences	-
Carrying amount at December 31, 2018	**32,975**
Change of year:	
Investments	13,853
Disposal	-
Reclassification	-
Impairment losses	-
Translation differences	-
Carrying amount at December 31, 2019	**46,828**

The item shows the amount paid by the Group over the book value of the company's business units and/or equity of the companies acquired and subsequently incorporated. The residual value of the item in question is verified at least annually or if specific events or circumstances occur that may indicate an impairment, by analyzing the profitability of the acquired business units using impairment tests.

Goodwill at December 31, 2019 refers:

- Euro 720 thousand for Nuova Banfrutta S.r.l. (company incorporated into Fruttital S.r.l., in 2017): specifically, this value derives mainly from the acquisition of Ferfrutta S.r.l.;
- for Euro 171 thousand to Az France S.A.S;
- to differences in consolidation for the acquisitions of Eurofrutas S.A. and Nuova Banfrutta S.r.l. (company merged by incorporation in Fruttital S.r.l. with notary deed dated June 14, 2017 but effective from January 1, 2017). The acquisition of the former refers to the 50% recorded in 2013 and with residual value at December 31, 2017 equal to Euro 1,440 thousand, while the latter was acquired in 2010 and has a residual value of Euro 1,375 thousand.
- for Euro 9,978 thousand to Hermanos Fernández López S.A.: this value derives from the acquisition of the residual 50% which took place in 2017, also including the amount recorded pursuant to IFRS 3 for the 50% stake acquired previously;
- for Euro 1,992 thousand to Galandi S.p.A.: this value derives from the acquisition of the residual 50% which took place in 2017, also including the amount recorded pursuant to IFRS 3 for the 50% stake acquired previously;
- for Euro 17,300 thousand to Fruttital Firenze S.p.A.: this value derives from the acquisition of the residual 50% which took place in 2017, also including the amount recorded pursuant to IFRS 3 for the 50% stake acquired previously;
- for Euro 1,250 thousand relating to the 2019 acquisition of Sevimpor S.L.;
- for Euro 9,294 thousand relating to the 2019 acquisition of the Fruttica Group;
- for Euro 3,309 thousand relating to the 2019 acquisition of Fruttital Cagliari S.r.l.

Pursuant to IAS 36, the result of the impairment testing, conducted using the information available to date and reasonable estimates of the evolution of the invested capital, demonstrated that the

values of the main companies mentioned above were consistent with the respective book values, and consequently, with the accounting value of equity used in the consolidation, thus no write-downs in the consolidated financial statements were required.
For impairment testing, goodwill has been allocated to various countries (Italy CGU, France CGU, Portugal CGU, Spain CGU) and within these in relation to that calculated during the acquisition by the various companies.

Thousands of euro	31.12.2019	31.12.2018
Italy	24,696	21,387
France	9,465	171
Spain	11,228	9,978
Portugal	1,440	1,440
Goodwill	**46,828**	**32,975**

As regards the solidity of values, see the comment on impairment testing given under the relevant paragraph in the section on measurement criteria.

NOTE 2. Intangible assets

Thousands of euro	Intellectual property rights	Concessions, licenses and trademarks	Assets in progress and advances	Other intangible assets	Total
Carrying amount	**2,965**	**11,977**	**1,353**	**666**	**16,961**
Accumulated amortization	**(2,319)**	**(6,091)**	-	**(596)**	**(9,006)**
Carrying amount at December 31, 2017	**646**	**5,886**	**1,353**	**71**	**7,956**
Change of year:					
Investments	1,312	293	370	11	1,986
Disposal - Carrying amount	-	(4,290)	-	-	(4,290)
Disposal - accumulated amortization	-	788	-	-	788
Reclassification - carrying amount	908	322	(1,042)	227	415
Reclassification - accumulated amortization	(52)	(125)	-	(221)	(398)
Changes of consolidated companies - Carrying amount	-	-	-	-	-
Changes of consolidated companies - accumulated amortization	-	-	-	-	-
Amortization	(635)	(736)	-	(28)	(1,399)
Carrying amount	**5,185**	**8,302**	**681**	**904**	**15,072**
Accumulated amortization	**(3,006)**	**(6,164)**	-	**(845)**	**(10,015)**
Carrying amount at December 31, 2018	**2,179**	**2,138**	**681**	**59**	**5,057**
Change of year:					
Investments	315	215	853	8	1,391
Disposal - Carrying amount	-	-	-	(55)	(55)
Disposal - accumulated amortization	-	-	-	51	51
Reclassification - carrying amount	55	-	(181)	-	(126)
Reclassification - accumulated amortization	-	-	-	-	-
Changes of consolidated companies - Carrying amount	6	27	-	22	55
Changes of consolidated companies - accumulated amortization	-	(22)	-	(18)	(40)
Amortization	(714)	(454)	-	(20)	(1,188)
Carrying amount	**5,561**	**8,544**	**1,354**	**879**	**16,337**
Accumulated amortization	**(3,720)**	**(6,640)**	-	**(832)**	**(11,192)**
Carrying amount at December 31, 2019	**1,841**	**1,904**	**1,354**	**47**	**5,145**

In FY 2019, intangible assets increased by Euro 88 thousand mainly due to the effect to investments of Euro 1,391 thousand, changes in the scope of consolidation of Euro 15 thousand partially offset by disposals of assets for Euro 4 thousand, amortization for Euro 1,188 thousand and reclassifications for Euro 126 thousand.
It should be noted that in the period in question, no changes in estimates were made in assessing the useful life of intangible assets or in the choice of the amortization method and no internal or external indicators of impairment of intangible assets were identified.
No intangible assets were reclassified as "Assets held for sale".

Industrial patent rights and use of intellectual property

This item includes costs incurred for software programs and licenses used by the Group; the change of Euro 338 thousand, inclusive of Euro 55 thousand reclassified from assets in progress at the end of 2018, is essentially due to the introduction of the new ERP program based on the Microsoft Dynamics platform, which the Group is expecting to considerably improve its management databases in terms of their comprehensiveness, speed and interconnection.

Amortization accrued during the year, equivalent to Euro 714 thousand, was calculated on average over a useful life of three years.

Concessions, licenses and trademarks

This line item essentially reflects the amount paid as concession for the exercise of commercial activities (warehouses and points of sale) located within general markets, amortized based on the duration of the concession, as well as the costs of using licensed software programs, amortized on average over a three-year period, and commercial trademarks, amortized over 10 years. The reduction of Euro 234 thousand reflects amortization for Euro 454 thousand, partially offset by investments for Euro 215 thousand and increases from perimeter changes for Euro 5 thousand.

Assets in progress and advances

The item reflects the investments made during the year and not yet operational at the reporting date, essentially referring to the implementation and engineering of the new integrated ERP system that will fully replace the current system and designed to meet the Group's ever-growing needs.

Other intangible assets

This is a residual category that includes expenses incurred for the development of internal programs, amortized according to the respective periods of use.

NOTE 3. Tangible assets

Thousands of euro	Lands and buildings	Plantations	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets in progress and advances	Total
Carrying amount	**59,139**	**173**	**247,928**	**1,911**	**18,656**	**1,253**	**329,061**
Accumulated depreciation	**(28,880)**	**(34)**	**(182,271)**	**(1,527)**	**(15,355)**	**-**	**(228,067)**
Balance at December 31, 2017	**30,259**	**139**	**65,657**	**384**	**3,301**	**1,253**	**100,994**
Change of year:							
Investments	2,935	2,068	6,557	227	2,053	917	14,757
Disposal - Carrying amount	(294)	-	(583)	(31)	(1,116)	-	(2,024)
Disposal - accumulated depreciation	189	-	566	31	747	-	1,533
Reclassification - carrying amount	(42)	-	(2,024)	(60)	(642)	(42)	(2,810)
Reclassification-accumulated depreciation	42	-	2,061	63	636	-	2,801
Changes of consolidated companies - Carrying amount	-	-	-	-	-	-	-
Changes of consolidated companies - accumulated depreciation	-	-	-	-	-	-	-
Translation differences-carrying amount	71	9	150	2	4	-	237
Translation differences - accumulated depreciation	(21)	(2)	(40)	(2)	(5)	-	(70)
Depreciation	(1,513)	(189)	(9,364)	(91)	(1,116)	-	(12,273)
Carrying amount	**61,809**	**2,250**	**252,027**	**2,049**	**18,955**	**2,129**	**339,220**
Accumulated depreciation	**(30,183)**	**(225)**	**(189,048)**	**(1,526)**	**(15,093)**	**-**	**(236,075)**
Balance at December 31, 2018	**31,627**	**2,025**	**62,979**	**523**	**3,863**	**2,129**	**103,145**
Change of year:							
Investments	4,377	-	13,361	4,144	3,287	4,719	29,888
IFRS 16 effect opening	56,073	-	312	7,108	1,470	-	64,962
Disposal - Carrying amount	(5,183)	-	(2,702)	(1)	(1,332)	-	(9,219)
Disposal - accumulated depreciation	299	-	2,663	1	815	-	3,777
Reclassification - carrying amount	4,814	(11)	661	2	75	(721)	4,819
Reclassification - accumulated depreciation	(15)	-	-	-	(21)	-	(35)
Changes of consolidated companies - Carrying amount	6,927	-	4,691	93	203	-	11,914
Changes of consolidated companies - accumulated depreciation	(1,659)	-	(3,316)	(99)	(146)	-	(5,221)
Translation differences - carrying amount	86	11	193	3	38	-	331
Translation differences - accumulated depreciation	(30)	(3)	(63)	(3)	(22)	-	(121)
Depreciation	(7,079)	(190)	(10,450)	(2,913)	(1,888)	-	(22,520)
Carrying amount	**128,902**	**2,250**	**268,543**	**13,397**	**22,697**	**6,127**	**441,916**
Accumulated depreciation	**(38,667)**	**(417)**	**(200,216)**	**(4,541)**	**(16,354)**	**-**	**(260,194)**
Balance at December 31, 2019	**90,235**	**1,833**	**68,328**	**8,856**	**6,343**	**6,127**	**181,722**

At December 31, 2019, tangible assets totaled Euro 181,722 thousand, a net increase of Euro 78,577 thousand compared to the balance as at December 31, 2018 as a result of:

- the adoption of the new standard IFRS 16 for Euro 64,962 thousand, which starting from January 1, 2019 requires the indication of the value of the "right of use" for assets that are leased and/or under operating lease agreements within the individual applicable categories;

- investments of Euro 29,888 thousand, broken down as follows: Distribution, Euro 21,944 thousand, Import & Shipping, Euro 7,490 thousand, Services, Euro 455 thousand;
- depreciation for the period, Euro 22,520 thousand;
- reclassifications for a net Euro 4,784 thousand, of which Euro 4,688 thousand relative to the Argentinean warehouse of General Roca, reposted from inventory, following the activation of the rental contract as envisaged by the October 2018 agreements on the disposal of the Group's activities in Argentina.
- change in the scope of consolidation for Euro 6,693 thousand;
- disposals of assets for a net Euro 5,441 thousand, essentially represented by the sale of the "Poetto" warehouse by the subsidiary Fruttital Cagliari, the cessation of the right of use on the rental contract of the Solgne warehouse, acquired at year end, and disposal of plants and equipment and company cars for the difference;
- increase due to exchange rate of Euro 210 thousand, essentially referring to the assets of the Mexico-based companies in respect of the fluctuations of the Mexican Peso which went from 22.492 Pesos/Euro in December 2018 to 21.220 Pesos/Euro as at December 31, 2019.

Land and buildings

The change in the period showed a total net increase of Euro 58,608 thousand, generated by the effect of the application of IFRS 16 at the opening date for Euro 56,073 thousand, investments for Euro 4,377 thousand, the change in the scope of consolidation for Euro 5,267 thousand, reclassifications for Euro 4,799 thousand and exchange rate differences for Euro 56 thousand, partially offset by depreciation of Euro 7,079 thousand and disposals for Euro 4,885 thousand.
The value of land amounted to Euro 9,475 thousand, stated on the basis of the original sale and purchase deeds where existing or separated from the general purchase price of the building on the basis of percentages up to 20%.

Plantations

The item in question saw a decrease of Euro 192 thousand, linked primarily to period depreciation of Euro 190 thousand.

Plant and machinery

This line item includes cold rooms, banana ripening rooms, plants for product calibration and packaging, fruit storage and packaging facilities (Distribution sector) and ships (Import & Shipping sector).
A net increase in the year is reported for Euro 5,349 thousand, mainly referring to the effect of the application of IFRS 16 as at the opening date for Euro 312 thousand, to investments for Euro 13,361 thousand, of which Euro 10,109 thousand in the Distribution sector (completion of the fresh-cut processing room) and Euro 3,252 thousand in the Import & Shipping Sector (Cala Pino dry-docking carried out in May/June and Cala Pula in August), as well as the normal renewals of equipment.
Please also note increases for changes to the consolidation scope in the amount of Euro 1,375 thousand (following the acquisitions of Sevimpor, the Fruttica Group and Fruttital Cagliari) due to the exchange effect for a net Euro 130 thousand and for reclassifications in the amount of Euro 661 thousand.
The decreases instead pertain to the depreciation accrued during the year, amounting to Euro 10,450 thousand, and to the disposals of assets amounting to Euro 39 thousand.
The management has tested the values of the four Cale Rosse units for impairment based the foreseeable future performance of the business and did not identify any need to adjust the values of the ships.

Industrial and commercial equipment

In this sector (mainly comprising the container fleet of the shipping company), the change is mainly tied to the effect of the application of IFRS 16 as at the opening date for Euro 7,108 thousand and to period increases for Euro 4,144 thousand, offset by period depreciation for Euro 2,913 thousand.

Other tangible assets

The item includes the assets owned by the Group such as furniture and furnishings, computer and electronic equipment, car fleet, etc.
The increase of Euro 2,480 thousand in the period primarily reflects the effect of the application of IFRS 16 at the opening date for Euro 1,470 thousand, investments of Euro 3,287 thousand, changes in the scope of consolidation for Euro 57 thousand, reclassifications for Euro 54 thousand and exchange rate differences for Euro 16 thousand, offset by depreciation of Euro 1,888 thousand and net disposals of Euro 517 thousand.

Assets in progress and advances

The increase in this item mainly reflects the increase of Euro 4,719 thousand, primarily linked to the modernization of plants and machinery at the Verona warehouse and in the French and Spanish sites.
At December 31, 2019, the Group verified that there were no internal or external indicators of possible impairment for its tangible assets. Consequently, the value of tangible assets has not been subject to impairment testing.

NOTE 4. Equity Investments

Thousands of euro	Investments in unconsolidated subsidiaries	Investments in Joint ventures	Investments in associates	Investments in other companies	Total
Balance at December 31, 2018	**-**	**153**	**8,266**	**500**	**8,919**
Change of year:					
Additional/Capital increase	-	-	-	19	19
Divestments and disposals	-	(153)	-	-	(153)
Impairment losses/Using fund to cover losses	-	-	-	(4)	(4)
Dividends received	-	-	(490)	-	(490)
Valuation using the equity method	-	-	751	-	751
Other changes included foreign exchange movements	-	-	(61)	-	(61)
Changes from consolidatation scope	-	-	(873)	8	(864)
Balance at December 31, 2019	**-**	**-**	**7,594**	**523**	**8,117**

Equity investments totaled Euro 8,117 thousand at December 31, 2019, with a net decrease of Euro 802 thousand due to the changes detailed above. The increase of Euro 751 thousand generated by the valuation of shareholders' equity is due to the results of the investees for the period. Please also note a reduction of Euro 873 thousand brought about by the July 2019 acquisition of 75% of the capital of Fruttital Cagliari, as described in the paragraph on "Changes in the consolidation area made during the year and thereafter" and a reduction of Euro 490 thousand caused by the payment of dividends by Fruport Tarragona. We should also add that the line-by-line consolidation of Fruttital Cagliari was performed starting July 1, 2019, the date on which substantive control was obtained; therefore, it was booked using the equity method for the first half of the year 2019 saw completion of the liquidation of Simba Spain, which had been inactive since 2017.
As at December 31, 2019, dividends received from joint ventures and associated companies are as follows:

- Fruport Tarragona S.L.: Euro 490 thousand;

Figures are provided showing the proportional share of the Group's profits deriving from equity investments in joint ventures and associates valued using the equity method reflected in the consolidated income statement.

The following table summarizes the information related to these investments:

Thousands of euro	31.12.2019	31.12.2018	Change
Joint Venture	-	(6)	6
Associates	751	1,193	(442)

Concerning the summary of joint ventures and associates, the details of the changes are provided in the following table:

Thousands of euro	Associates	Joint Ventures	Change Year 2019					Associates	Joint Ventures
	Balance at December 31, 2018		Net profit	Investments	Disposals	Dividend	Other Changes	Balance at December 31, 2019	
Moncada Frutta S.r.l.	624	-	206	-	-	-	(10)	820	-
Fruttital Cagliari S.r.l.	849	-	24	-	(873)	-		-	-
Simba Spain S.L.	-	153	-	-	(153)	-	-	-	-
Moño Azul S.A.	3,515	-	(300)	-	-	-	(28)	3,186	-
Bonaoro S.L.U.	803	-	1	-	-	-	-	804	-
Fruport Tarragona S.L.	2,159	-	821	-	-	(490)	(23)	2,467	-
Total investments recorded using the equity method	**7,950**	**153**	**751**	**-**	**(1,026)**	**(490)**	**(61)**	**7,278**	**-**
Citrumed S.A.	300	-	-	-	-	-	-	300	-
Decofruit Bcn S.A.	16	-	-	-	-	-	-	16	-
Other equity investments	**316**	**-**	**-**	**-**	**-**	**-**	**-**	**316**	**-**

No indication of impairment has been seen for these equity investments.

NOTE 5. Other fixed assets

Thousands of euro	31.12.2019	31.12.2018	Change
Other fixed assets	**5,401**	**6,080**	**(679)**

At December 31, 2019, the item essentially shows guarantee deposits and other medium-term loans to third parties. The item "Other fixed assets" includes Euro 1,278 thousand related to associated companies. For further details, reference is made to Note 34.

The reduction as compared with 2018 is mainly connected with the reduction of guarantee deposits for Euro 511 thousand. Please also note, in connection with the September 10, 2018 sale of the "Moño Azul" brand to Prima Fruits S.A., that the installment due for USD 400 thousand has been duly collected.

NOTE 6. Receivables for deferred tax assets

Thousands of euro	31.12.2019	31.12.2018	Change
Deferred tax assets	**9,122**	**9,277**	**(155)**

Deferred tax assets are recognized with a prudential criterion when their recovery by means of future taxable amounts is deemed to be reasonable and probable; they can derive from the temporary differences between the value of the assets and liabilities reflected in the financial statements relative to their value for tax purposes as well as from the tax losses that can be carried forward to the following years.

Deferred tax assets as at December 31, 2019 , amounting to Euro 9,122 thousand, are recognized in relation to the valuation of prior tax losses for both Italian and foreign companies, as well as cost and revenue taxability/deductibility time differences according to the respective tax regulations, for example increases in provisions for risks and write-downs on receivables, the cost of the

medium/long-term management incentive plan for the share attributed to directors, as well as entries of transition to IFRS, such as the determination of the liability for employee benefits, according to the actuarial methodology.
For more information on the breakdown and changes in this item, please refer to the table below and Note 29 “Income Taxes”.

Thousands of Euro	31.12.2019	31.12.2018
Previous tax losses	5,140	5,049
Effect IAS 19	835	688
Depreciation/Goodwill/trademarks	780	794
Indirect taxes	94	105
Reductions in value and provisions	1,231	1,411
Financial expenses/ACE/Exchange differences	134	137
Costs deductible in the future (Stock Grant)	730	730
Financial derivatives	117	142
Others	62	220
Deferred tax assets	**9,122**	**9,277**

NOTE 7. Inventories

Thousands of euro	31.12.2019	31.12.2018	Change
Raw materials, supplies and consumables	10,556	8,781	1,775
Biological Assets	134	-	134
Finished products and goods for resale	25,944	27,057	(1,114)
Inventories	**36,634**	**35,838**	**795**

Inventories of raw materials and consumables are represented essentially by the packaging materials used by the distribution companies and fuels, lubricants and spare parts of transport companies and are measured at FIFO. Differently to usual, the company Productores Aguacate Jalisco S.A.C.V. as at December 31, 2019, had fruit ripening on the plant, recorded as “Biological assets” for Euro 134 thousand, which was harvested and sold over the following months.
As at December 31, 2019, the value of inventories had risen on the previous year by Euro 795 thousand, mainly as a result, in regard to commodities and consumable materials, of the greater valuation of closing inventories of bunker on the ships, due to the greater volumes connected with the use of the fifth ship, whilst for finished products and goods for resale, it is connected with the rise in turnover (including an increase of Euro 600 thousand connected with the variation of the perimeter of consolidation), offset by the reclassification of the General Roca warehouse to tangible assets for Euro 4,688 thousand.

NOTE 8. Trade receivables

Thousands of euro	31.12.2019	31.12.2018	Change
Trade receivables from third parties	131,328	122,789	8,539
Receivables from subsidiaries and associates of the Group not fully consolidated	2,170	2,797	(627)
Receivables from related parties	478	326	152
Provision for bad debts	(12,537)	(16,552)	4,015
Trade receivables	**121,439**	**109,360**	**12,080**

All trade receivables are due within one year and derive from normal sales conditions. It should be noted that receivables are shown net of the provision for bad-debt allocated over the years to cover bad or doubtful debts that are still in the financial statements pending the conclusion of the related bankruptcy proceedings or out-of-court settlement attempts. There are no receivables due

beyond five years. It is believed that the provision for bad debts is appropriate to cope with the risk of potential non-collection of past due receivables.
As at December 31, 2019, "Trade receivables" rose by Euro 12,080 thousand linked to the increase in turnover and volumes of payments made in the days immediately before and after December 31.
The balance of receivables due from related and associated Group companies mainly refers to normal trade receivables; an analysis of the positions is given in note 34 on related parties.
The change in the bad debt provision is reported below, which the Group prepares based on a realistic view of the actual recoverability of the individual receivables, as governed by IFRS 9 "Expected losses" and which is also inclusive of an amount of Euro 50 thousand relating to the more generic risk of non-collection of all financial assets posted to the financial statements. We note, in particular, the reduction of the provision for Euro 5.4 million, essentially linked to the derecognition of the fully impaired receivables, 5 or more years old, for some Euro 4,5 million at the Spanish company. As at the reporting date, Euro 12.5 million, are entered, of which the most part, almost Euro 9 million, assigned to the Portuguese, Greek and Spanish companies in view of past-due receivables and almost entirely written-off with almost all due beyond the year.

Thousands of euro	**Provision for bad debts**
Balance at December 31, 2018	**(16,552)**
Change of year	
Accruals	(1,447)
Utilizations	5,417
Change of consolidation scope	(195)
Others	240
Balance at December 31, 2019	**(12,537)**

The following is the breakdown of the receivables by geographical area:

Thousands of euro	**31.12.2019**	**31.12.2018**	**Change**
Italy	59,670	56,324	3,346
EU countries	58,370	50,274	8,096
Non-Eu countries	3,399	2,761	638
Trade receivables	**121,439**	**109,360**	**12,080**

NOTE 9. Tax receivables

Thousands of euro	**31.12.2019**	**31.12.2018**	**Change**
For value added tax	12,028	12,275	(247)
For income tax	4,942	4,935	8
Current tax receivables	**16,971**	**17,210**	**(239)**

As at December 31, 2019, tax receivables booked an overall decrease of Euro 239 thousand, essentially linked to the different VAT receivable.

NOTE 10. Other receivables and other current assets

Thousands of euro	**31.12.2019**	**31.12.2018**	**Change**
Advances to suppliers	3,706	4,197	(491)
Other receivables	4,669	2,599	2,070
Accrued income and deferred expenses	2,672	2,198	474
Current financial assets	19	19	-
Other current assets	**11,066**	**9,014**	**2,052**

As at December 31, 2019, the item records an overall increase of Euro 2,052 thousand, due to the rise in other receivables for Euro 2,070 thousand, mainly consisting of the increase in receivables for insurance repayments to be collected and the increase in accrued income and deferred assets for Euro 474, partly offset by a reduction in advances to suppliers for Euro 491 thousand.
As already noted in the 2017 financial statements, the balance of "Other receivables" was not affected by the receivable from the related party, Argentina S.r.l., for Euro 8,000 thousand, as it has been entirely written off (Note 34).
The item "Accrued and deferred assets" refers to the normal allocations for the recognition and proper allocation of costs related to the following year, typically insurance expenses, leases, and interest.

NOTE 11. Cash and cash equivalents

Thousands of euro	31.12.2019	31.12.2018	Change
Cash and cash equivalent	**56,562**	**76,285**	**(19,722)**

The balance reflects the current account balances of Group companies. The change in the item can be analyzed in detail in the cash flow statement.

NOTE 12. Group shareholders' equity

The share capital at December 31, 2019, fully paid in, consisted of 17,682,500 shares without par value for a value of Euro 69,163,340.00; there are no preference shares. Holders of ordinary shares have the right to receive the dividends as they are resolved and, for each share held, have a vote to be cast in the Company's shareholders' meeting.
The shareholders' equity as at December 31, 2019 increased when compared to December 31, 2018 due essentially to the result achieved by the Group in 2019.
As at December 31, 2019, number 755,637 ordinary treasury shares remained available to Orsero, of which 500,000 are in the service of the medium/long-term incentive plan for management, for a value of Euro 7,426 thousand recognized as a direct reduction of the other equity items as per the statement of changes in shareholders' equity as at December 31, 2019. Therefore, the amount of treasury shares recorded as a direct reduction of shareholders' equity is Euro 7,426,006.
Please note that, in the period running October 4 to 11, 2019, the Parent company acquired a total of 3,250 treasury shares at the weighted average price of Euro 6.433 per share, for a total figure of Euro 20,908, under the scope of the treasury share buy-back plan approved by the Board of Directors on June 28, 2018, as per the shareholders' meeting authorization of April 20, 2018.
Instead, in relation to the Medium/long-term incentive plan, it should be pointed out that the objective for FY 2019 was not achieved and, therefore, there was no assignment to the subjects designated by said Plan of any shares, and, consequently, no cost was entered into the financial statements. The shares accrued upon reaching the 2017 and 2018 objectives, as extensively documented in the previous reports, will be delivered free of charge within 15 trading days of the approval by the Orsero shareholders' meeting of the financial statements as at December 31, 2019.
The share premium reserve comes to Euro 80,556 thousand at December 31, 2019, whilst the legal reserve is Euro 321 thousand.
The conversion reserve incorporates all the foreign exchange differences deriving from the conversion of the financial statements of the foreign operations.
The cash flow hedging reserve, recognized for Euro 410 thousand (negative), exposes the change relating to the adjustment to negative fair value as at December 31, 2019 net of the tax effect with indication thereof in the statement of comprehensive income of the derivative on the bunker, for Euro 48 thousand, and the derivative on interest rates for Euro 362 thousand, both accounted for with the cash flow hedging method.
The reserve from the remeasuring of Defined benefits plans, established in compliance with the application of IAS 19, changed by Euro 436 thousand on December 31, 2018.

The Shareholders' Meeting called to approve the financial statements as at December 31, 2018 resolved to distribute a gross dividend of Euro 0.12 per share, equal to Euro 2,032 thousand, which was assigned for payment starting May 8, 2019, with ex-dividend date on May 6, 2019 and record date of May 7, 2019.
The consolidated statement of changes in shareholders' equity, included in the consolidated financial statements to which reference is made, illustrates the changes between December 31, 2017 and December 31, 2018 and between December 31, 2018 and December 31, 2019, of the individual reserve items.
The reconciliation as at December 31, 2019 between the Shareholders' Equity of the Parent Company and the Shareholders' Equity of the Group, and between the Net Profit of the Parent Company and the Net Profit of the Group, is presented below.

Thousands of euro	**Share capital and reserves at 31.12.2019**	**Net Profit 2019**	**Total Shareholders' equity at 31.12.2019**
Orsero S.p.A. (Parent company)	**141,227**	**1,496**	**142,723**
The difference between the carrying amount and the corresponding equity	(54,802)	-	(54,802)
Pro-quota gains/losses achieved by subsidiaries	-	10,625	10,625
Pro-quota recognition of associated companies consolidated using the equity method	(460)	751	291
Dividends distributed by consolidated companies to the Parent company	10,615	(10,615)	-
Consolidation differences	45,111	827	45,938
Elimination of capital gain and/or other transactions carried out by subsidiaries	6,509	(1,062)	5,447
Total Group equity and net profit attributable to Parent company	**148,200**	**2,022**	**150,221**
Minority interests and net profit attributable to non controlling interests	468	242	710
Total shareholders' equity and net profit	**148,667**	**2,264**	**150,931**

In regard to the above reconciliation, please note the following:

- the derecognition of intergroup dividends relates to dividends paid by the subsidiaries consolidated on a line-by-line basis (Productores Aguacate Jalisco a Comercializadora de Frutas, Comercializadora de Frutas ad AZ France, Fruttital, Fruttital Firenze, Galandi, Fresco, Hermanos Fernández López and Vado Container Services ad Orsero), as well as the dividend of the associate Fruport to Orsero;
- the amounts relating to the effect of the derecognition of capital gains and/or other transactions implemented by subsidiaries, derive essentially from the year's intercompany transactions, in particular the disposal of the equity investment in Fruttital Cagliari by Galandi to Fruttital, write-back of the capital gain from the liquidation of Simba Spain, write-back of the impairment of Orsero Servizi, Simbarica and Vado Container Services and recognition of amortization on the greater value attributed to the buildings entered by the company Hermanos Fernández López and determined during the acquisition.

Below is a list of shareholders with an investment in excess of 5% (considering the classification of the Issuer as an SME in accordance with Art. 1, paragraph 1, letter w-quater.1 of Italian Legislative Decree no. 58/1998, as subsequently amended and supplemented (the "Consolidated Law on Finance" or "TUF")), as resulting from the Consob communications received in accordance with Art. 120 of the TUF and other information available to the Company.

Shareholder's name	Number of shares	% on the total share capital
FIF Holding S.p.A	5,664,400	32.03%
Grupo Fernandez S.A.	1,000,000	5.66%
Praude Asset Management Ltd.	1,547,026	8.75%
Global Portfolio Investments S.L.[1]	996,500	5.64%

(1) The declaring company at the top of the control chain is Indumenta Pueri S.L. .

NOTE 13. Minorities' shareholders' equity

The change in Minorities' Shareholders' Equity is mainly the consequence of their portion of the profits. The minority interests in the share capital of the consolidated companies is now limited, as shown in the table below, to only the interests in the Tuscan service company and in the Mexican avocado growing agricultural operation.

Consolidated company (thousands of euro)	% non-controlling interests	Capital and reserves	Profit/(Loss)	Equity non-controlling interests
M.a.p. Servizi Generali S.r.l.	30.00%	39	3	42
Productores Aguacate Jalisco S.A.C.V.	30.00%	425	239	664
Kiwisol LDA	0.25%	4	-	4

NOTE 14. Financial liabilites

The financial payables disclosure provided below is combined, including both the non-current and current portion of payables, in order to make it more immediately understandable.
The financial exposure is as follows:

Thousands of euro	31.12.2019	31.12.2018	Change
Bond payables (over 12 months)	30,000	30,000	-
Non - current medium term bank loans (over 12 months)	44,737	51,704	(6,967)
Non - current other lenders (over 12 months)	2,520	670	1,850
Non - current other lenders (over 12 months) ex IFRS 16	51,907	-	51,907
Non current liabilities for derivative (over 12 months)	476	367	109
Non current payables for price balance on acquisitions (over 12 months)	1,943	243	1,700
Non - current financial liabilities	**131,583**	**82,984**	**48,599**
Bond payables (current)	-	-	-
Current medium term bank loans	13,894	13,281	613
Bank overdrafts	25,204	12,469	12,735
Current other lenders	1,064	685	380
Current other lenders ex IFRS 16	8,081	-	8,081
Other current lenders short term	1,340	1,838	(498)
Current liabilities for the derivatives	50	1,114	(1,064)
Current payables for price balance on acquisitions	2,264	-	2,264
Current financial liabilities	**51,897**	**29,387**	**22,510**

The change in 2019 of a total of Euro 71,109 thousand (between non-current and current) reflects the primary components, mostly related to medium-term loans, as detailed below:

- the payment by the Parent Company of the June 30 and December 31 installment of Euro 10,909 thousand on the pool loan, along with Euro 211 thousand accounted for as implicit interest deriving from the recognition of the item with the amortized cost method. Please recall that at December 31, a hedge is in place on 78,5 % of that loan against interest rate fluctuations, for which the mark to market value is Euro 476 thousand. Please note that this loan is subject to covenants calculated as the ratio between the net financial position and

Adjusted Ebitda and the net financial position and shareholders' equity at the reporting date, which were fully respected.

- the payment of Euro 1,110 thousand in interest on the debenture loan of Euro 30,000 thousand (remember that the first installment on capital account will be due in October 2023). Please also note that the debenture loan calls for compliance with the financial covenants, such as the ratio of net financial position and Adjusted Ebitda and the net financial position and shareholders' equity at the reporting date; as at this date, full compliance was noted;
- the supply to the company Fruttital of two, four-year, unsecured loans respectively for Euro 2,000 thousand and Euro 2,600 thousand, and the regular repayment of loan installments falling due for Euro 466 thousand;
- the disbursement to the company Az France S.A.S. of the final tranche of the Banque Populaire loan of Euro 562 thousand and on the other hand the regular repayment of loan installments falling due for a total of Euro 449 thousand. Please also note the disbursement of a ten-year mortgage loan for an amount of Euro 1,650 thousand, stipulated for the purchase by Az France of the Solgne property owned by the related company Nuova Beni Immobiliari;
- the payment by GFB S.r.l. of the amounts due for maturing loan installments of Euro 36 thousand;
- new loans taken out by Hermanos Fernández López S.A. for Euro 700 thousand against the repayment of outstanding loans at maturity for a total of Euro 2,203 thousand;
- new finance leases taken out by Hermanos Fernández López S.A. amounting to Euro 2,519 thousand against payments on finance leases outstanding totaling Euro 752 thousand;
- the medium-term borrowings of Sevimpor at the moment of its consolidation on January 1, 2019, equal to Euro 427 thousand and Euro 58 thousand, respectively, relating to medium-term loans and lease agreements, repaid during FY 2019 for a total of Euro 187 thousand and Euro 37 thousand;
- the medium-term borrowings of Fruttital Cagliari at the moment of its consolidation on July 1, 2019, equal to Euro 716 thousand and Euro 267 thousand, respectively, relating to medium-term loans and lease agreements. Please note that on September 27, 2019, the non-instrumental property "Poetto" of Fruttital Cagliari was sold off, with the transfer of the related outstanding loan for Euro 716 thousand. During the second half of 2019, lease repayments totalled Euro 38 thousand;
- the payment of Euro 253 thousand by the Mexican company for maturing installments on outstanding loans;
- new leases for the company Eurofrutas for Euro 369 thousand and repayments for Euro 156 thousand;
- within the item other financial payables, the IFRS 16 component equal respectively to Euro 59,888 thousand, of which Euro 64,962 thousand deriving from the initial determination of liabilities in accordance with the situation at January 1, 2019, Euro 237 thousand linked to the change in the scope of consolidation and Euro 5,994 thousand due to the new contracts entered into in 2019 net of payments in FY 2019 of Euro 11,204 thousand, of which Euro 2,853 thousand connected with the value of the residual debt of the rental contract of the Solgne warehouse, closed in connection with the direct purchase of said installation;
- financial payables also include the changes of Euro 955 thousand in the mark-to-markets of the hedging derivatives on interest rates (negative mark-to-market equal to Euro 476 thousand) and the bunker (negative mark-to-market of Euro 50 thousand);
- the recognition of Euro 2,400 thousand (Euro 1,000 thousand current and Euro 1,400 thousand non-current) of the residual debt for the acquisition of the Fruttica Group, also inclusive of the earn-out;
- the recognition of Euro 514 thousand (Euro 214 thousand current and Euro 300 thousand non-current) of the residual debt for the acquisition of Sevimpor;
- the recognition of Euro 1,050 thousand (all current) of the residual amount payable for the acquisition of Fruttital Cagliari.

Please note that the following loans have change of control clauses:

- Orsero debenture loan for an original Euro 30 million, falling due in 2028;
- Orsero pool loan for an original Euro 60 million, falling due in 2024;
- BNL loan in Fruttital for an original Euro 4 million, fully repaid in February 2020;
- La Caixa loan in Fruttital for an original Euro 2.6 million, falling due in 2023;
- Banque Populaire loans in AZ France for an original Euro 1.3 million, falling due in 2023 and 2024;
- Credit Lyonnais loan in AZ France for an original Euro 1 million, falling due in 2023;
- Credit Lyonnais loan in AZ France for an original Euro 1.65 million, falling due in 2029;
- La Caixa loan in Hermanos Fernández López for Euro 1.8 million, falling due in 2022;
- Comercializadora de Frutas loans for an original USD 1.5 million, falling due in April and August 2020.

The schedule of medium-term debt to banks and other lenders at December 31, 2018 and December 31, 2019 is detailed in the following table, organized in two columns (due in 2020 and due beyond December 31, 2020, in turn broken down by amounts due by December 31, 2024 and amount due after said date) to provide a better comparison with the previous table.
The table below shows the breakdown of payables to banks for loans and payables to other lenders for medium to long-term financial payables for the current and non-current portions; the latter is further broken down by due within/beyond five years.

Thousands of euro	**Total**	**2,019**	**> 31.12.19**		**2020-2023**	**> 31.12.23**
Bond payables (Non-current/current)	30,000	-	30,000		5,000	25,000
Medium term bank loans (Non - current/ current)	64,985	13,281	51,704		46,011	5,693
Other lenders (Non - current/ current)	1,354	685	670		670	-
Other lenders (Non - current/ current) ex IFRS 16	-	-	-		-	-
Liabilities for the derivatives (Non-current/current)	1,482	1,114	367	as follows:	367	-
Bank overdrafts	12,469	12,469	-		-	-
Other current lenders short term	1,838	1,838	-		-	-
Payables for price balance on acquisitions (Non-current/current)	243	-	243		243	-
Financial liabilities at 31.12.2018	**112,371**	**29,387**	**82,984**		**52,292**	**30,693**

Thousands of euro	**Total**	**2,020**	**> 31.12.20**		**2021-2024**	**> 31.12.24**
Bond payables (Non-current/current)	30,000	-	30,000		10,000	20,000
Medium term bank loans (Non - current/ current)	58,631	13,894	44,737		43,726	1,011
Other lenders (Non - current/ current)	3,584	1,064	2,520		2,520	-
Other lenders (Non - current/ current) ex IFRS 16	59,988	8,081	51,907		20,684	31,223
Liabilities for the derivatives (Non-current/current)	526	50	476	as follows:	476	-
Bank overdrafts	25,204	25,204			-	-
Other current lenders short term	1,340	1,340			-	-
Payables for price balance on acquisitions (Non-current/current)	4,207	2,264	1,943		1,943	-
Financial liabilities at 31.12.2019	**183,480**	**51,897**	**131,583**		**79,349**	**52,234**

At December 31, 2019, there was a hedge on part of the bunker consumption of the shipbuilding company, the mark to market of which is negative at the reporting date and equal to Euro 50 thousand. At December 31, 2019, there was a hedge on the interest rates applied to a pool loan of Euro 60 million, the mark to market of which is negative at the reporting date and equal to Euro 476 thousand.

Please note that in view of the loans granted, as at December 31, 2019, mortgages were posted over corporate assets, as follows:

AZ France S.A.S.: mortgage over the property in the favor of Credit Lyonnais for an amount equal to the residual loan value;

GFB S.r.l.: mortgage over the property in the favor of the bank Carige S.p.A. – Cassa di risparmio di Genova e Imperia for an amount of Euro 748 thousand, equal to twice the residual debt.
Hermanos Fernández López: mortgage over the land and building in the favor of Caixabank S.A. for an amount of Euro 567 thousand, equal to the residual value of the loan.
Comercializadora de Frutas Acapulco: mortgage over the land and building and pledge over specific plants acquired in connection with the loan, for a total of USD 1,500 thousand in the favor of Banamex, and mortgage over land and building relative to the opening of credit facilities on a Banamex revolving mortgage current account, for USD 1,600 thousand.

Please note that some loan contracts and the debenture loan envisage compliance with financial and equity covenants, summarized in the table below. Such covenants were respected in full at the reporting date.

Thousands of euro	Duration	Period	Parameter	Limit	Respected
Bond payables 30 M€ - Parent company	2018-2028	Annually/ Half-yearly	Net financial position / Total Shareholders' Equity	<1,25	Si
Bond payables 30 M€ - Parent company	2018-2028	Annually/ Half-yearly	Net Financial Position / Adjusted Ebitda	<3,25	Si
Bond payables 30 M€ - Parent company	2018-2028	Annually/ Half-yearly	Adjusted Ebitda/ Net financial expenses	>5	Si
Pool loan 60 M€ - Parent company	2018-2024	Annually	Net financial position / Total Shareholders' Equity	<1,5	Si
Pool loan 60 M€ - Parent company	2018-2024	Annually	Net Financial Position / Adjusted Ebitda	<3,25	Si
Medium term loan BNL 4 M€ - Fruttital	2011-2020	Annually	Total Shareholders' Equity / Total assets	>15%	Si
Medium term loan BNL 4 M€ - Fruttital	2011-2020	Annually	Gross financial expenses/ Net sales	<3%	Si
Medium term loan BNL 4 M€ - Fruttital	2011-2020	Annually	Gross profit / Value of production	>3%	Si
Medium term loan Banamex 1,5 M$ - Comercializadora de Frutas	2011-2020	Annually	Net financial position / Total Shareholders' Equity	<1,3	Si
Medium term loan Banamex 1,5 M$ - Comercializadora de Frutas	2011-2020	Annually	Net Financial Position / Adjusted Ebitda	<2	Si
Medium term loan Banamex 1,5 M$ - Comercializadora de Frutas	2011-2020	Annually	Current assets/ Current liabilities	>1	Si

According to that required by Consob communication no. 6064293 dated July 28, 2006 and in compliance with the CESR Recommendation of February 10, 2005 “Recommendation for the standardized implementation of the European Commission Regulation on information prospectuses”, below is the net financial debt of the Group as at December 31, 2019.

	Thousands of euro	31/12/2019	31/12/2018
A	Cash and cash equivalent	56,562	76,285
B	Other liquid assets	-	-
C	Current financial assets	19	19
D	**Liquidity (A+B+C)**	**56,581**	**76,304**
E	**Current financial receivables**	**-**	**-**
F	Current bank payables	(25,204)	(12,469)
G	Current portion of non-current debt	(13,894)	(13,281)
H	Other current financial payables *	(12,799)	(3,637)
I	**Current financial debt (F+G+H)**	**(51,897)**	**(29,387)**
J	**Net current financial debt (I-E-D)**	**4,684**	**46,917**
K	Non-current bank payables	(44,737)	(51,704)
L	Bonds	(30,000)	(30,000)
M	Other non-current financial payables*	(56,846)	(1,280)
N	**Non-current financial debt (K+L+M)**	**(131,583)**	**(82,984)**
O	**Net financial debt in accordance with ESMA (J+N)**	**(126,898)**	**(36,068)**

* Other current financial payables and other non-current financial payables include moreover finance lease IAS 17, factoring with recourse, payables for price balance on acquisitions, mark to market of liabilities for the derivatives, possible shareholder loan and debt one-off, in addition to debt ex IFRS 16 for euro 51.907 thousands (Non-current) and euro 8.081 thousands (Current).

The table below shows how the reduction of cash and the increase of short-term payables have financed the gap between the liquidity generated by operating activities with respect to the year's investments and the gap between the stipulation and repayment of medium-term loans.

Thousands of Euro	31.12.2019	31.12.2018
Net cash flows provided by (used for) operating activities	25,468	31,851
Net cash flows provided by (used for) investing activities	(42,134)	(22,489)
Net cash flows provided by (used for) financing activities	(3,056)	(12,971)
Increase/ (decrease) of cash and cash equivalent	(19,722)	(3,608)
Net cash and cash equivalents, at beginning of the year	**76,285**	**79,893**
Net cash and cash equivalents, at end of the year	**56,562**	**76,285**

In terms of changes in liabilities as a result of financing activities, information is provided that allows users of the financial statements to evaluate the changes that occurred in compliance with IAS 7.

Liabilities provided by financing activities	31/12/2018	IFRS 16 effect opening	New loans	Payments	Cash Flow	Derivatives	Changes of consolidation scope	Changes of exchange rate	31/12/2019
Bond payables (over 12 months)	30,000	-	-	-	-	-	-	-	30,000
Non-current medium term bank loans	64,985	-	7,512	(14,993)	-	-	1,143	(15)	58,631
Non-current other lenders (over 12 months)	1,354	-	2,888	(984)	-	-	326	-	3,584
IFRS 16 Effect	-	64,962	5,994	(11,204)	-	-	237	-	59,988
Factor*	1,837	-	-	(769)	-	-	-	-	1,068
Current other lenders short term*	-	-	272	(4,095)	-	-	4,095	-	272
Current liabilities for the derivatives	1,482	-	-	-	-	(956)	-	-	526
Bank overdrafts	12,469	-	-	-	10,840	-	1,894	-	25,204
Payables for price balance on acquisitions (Non current-current)	243	-	3,964	-	-	-	-	-	4,207
Current financial assets	(19)	-	-	-	-	-	-	-	(19)
Total	**112,352**	**64,962**	**20,630**	**(32,045)**	**10,840**	**(956)**	**7,694**	**(15)**	**183,462**

* Included in the "Other current lenders short term"

NOTE 15. Other non-current liabilities

Thousands of euro	31.12.2019	31.12.2018	Change
Other non - current liabilities	**349**	**482**	**(133)**

“Other non-current liabilities” amounted to Euro 349 thousand as at December 31, 2019, with a decrease of Euro 133 thousand relative to December 31, 2018, due mainly to the decrease of deferred income relating to investment contributions that will be recognized in the income statement in future years in correlation with the amortization calculated on such investments.

NOTE 16. Deferred tax liabilities

Thousands of euro	31.12.2019	31.12.2018	Change
Deferred tax liabilities	**5,216**	**5,451**	**(236)**

Deferred tax liabilities are allocated on the basis of temporary differences, subject to deferred taxation, resulting from adjustments made to individual financial statements of consolidated companies in accordance with homogeneous Group accounting standards and on temporary differences between the value of assets and liabilities recorded in the consolidated financial statements and their value for tax purposes. At December 31, 2019, the item decreased by Euro 236 thousand.

For further details, reference is made to Note 29 “Income taxes”.

NOTE 17. Provisions for risks and charges

Thousands of euro	31.12.2019	31.12.2018	Change
Provisions for risks and charges	**4,345**	**2,697**	**1,648**

The item “Provisions for risks and charges” includes the allocations made on the basis of litigation at December 31, 2019 in various Group companies, as a result of accurate estimates by the Directors; of note is an increase during FY 2019 following an update of the estimates of potential liabilities, in this case essentially represented by the allocation relating to the amount requested of the Italian importing company and the provision for the period for the return of containers. The allocations recognized in the provisions, which represent the estimate of future cash outflows prepared also based on historical experience, were not subject to actuarial valuation since the effect was considered negligible in the consolidated financial statements.

The item "Provision for risks and charges", with a balance of Euro 4,345 thousand as at December 31, 2019, increased by Euro 1,648 thousand. Please note that following the unfavorable outcome of the dispute dating back to 2001, despite the positive outcomes of the previous rulings, the Italian fruit importing company was ordered by the Venice Court of Appeals to pay to the Ministry of Economy and Finance (MEF) and the Customs Agency a provisional amount of Euro 1,581 thousand jointly and severally with a third party, plus interest at the legal rate and reimbursement for the costs of the proceedings, which have not yet been defined. In July an appeal was already lodged before the Court of Cassation and immediately following a petition for the suspension of the provisional amount to be paid ordered by the Venice Court of Appeals. In the financial statements at December 31, 2019, a provision of Euro 1,600 thousand was temporarily recognized for that purpose, equal to the amount demanded in the ruling mentioned above.
Please also note the recognition of Euro 520 thousand by the Parent Company Orsero S.p.A. based on the estimate of the assumed outlay for the enforcement of the guarantee provided in the past in favor of K-Air.
It should also be noted that the Group recognized Euro 1,823 thousand to the provision for the return of containers of the shipbuilding company, with an allocation for FY 2019 of Euro 563 thousand and uses for Euro 731 thousand.
As already reported, no provisions for risks were recognized relating to other outstanding litigation as a negative outcome was not deemed likely, also in light of the opinions received from legal advisors, considering the status of the proceedings outstanding.

As at December 31, 2019, some Group companies are involved in legal proceedings deriving from ordinary activities, including some labor law proceedings with employees and/or other subjects, which are considered to be of non-material value in terms of the Group's assets and economic, financial and equity position. The total *petitum* of the lawsuits to which the Group is party as at December 31, 2019, not reflected in the provision for risks, comes to Euro 8,769 thousand.

Types of dispute	The fact of the matter	Petitum K€	Provision	Risk of losing
Customs dispute	Simba S.p.A. against the Customs Agency for two litigations about customs duties	4,600	-	Remote
	Fresco Ship's A&F S.r.l. against the Customs Agency for litigation about customs duties	150	-	Remote
Tax dispute	Comercializadora de Frutas Acapulco tax dispute that had originated following a tax audit on tax period 2013, covering income tax (ISR), Imposta Empresarial a Tasa Unica (IETU) and VAT.	Mexican Peso 70.555K (approx € 3.300K)	-	Remote
	Eurofrutas S.A. was involved in a dispute concerning a tax assessment notice relative to 2014.	111	-	Remote
Civil dispute	The same import of bananas concerned by the Simba customs dispute, implemented by certain parties, including Raffaella Orsero, who at the time acted for and on behalf of Simba, as its Manager and attorney and, for a certain period of time, also member of the board od directors, have resulted in a dispute, originally brought before a criminal court and thereafter pursued in a civil court at various levels of proceedings.	1,600	1,600,000	Probable
	Fruttital S.r.l. against Gasparri S.r.l. for a economics claims about alleged indemnity in lieu of notice of contract termination in connection with the work.	335	-	Remote
	Fruttital S.r.l. against SILO S.p.A. concerning payment claimed by the SILO Bankruptcy of the fees that had not been paid by the employer (Global Supply Chain) to the employees of Global Sypply Chain. SILO was a contractor with which Fruttital had as client stipulated a contract for the supply of services in relation to the movement of gods in its warehouses. In providing services, also by virtue oof the contract provisions, Silo s.p.A. used the subcontractor Global Suply Chain S.r.l.	273	-	Remote
	Total provisions for risks and charges		**1,600,000**	

The above table shows what, at present, the Group has entered on the provision for risks in compliance with standard IAS 37, which rules that directors must make provisions to the financial statements, only if the risk is considered likely and quantifiable, with the purpose, therefore, of expressing the most truthful and correct situation, whilst for other risks, as highlighted above, which lack this characteristic, the international accounting standards exclude any provisioning for purely "prudent" reasons.
Below is a brief description of the most significant proceedings, dividing them up into categories according to the reference subjects set out below.

(a) Customs dispute

(i) As at December 31, 2019, two proceedings were pending for Simba against the Customs Agency of Savona in connection with the 1997 to 2000 import of bananas. More specifically, in 2009, the Savona Customs Agency had issued notices of customs duties adjustments in regard to Simba (together with Fresco, which is jointly liable), along with related demands for payment of the related amounts (for a total amount of approximately Euro 5,000 thousand by way of customs duties and VAT, plus interest and accessory costs), claiming the alleged evasion of duties in regard to said activities. Firstly, said payment demands were challenged by Simba before the Provincial Tax Commission of Savona, which upheld all appeals submitted by the company, canceling the payment demands. The Customs Agency of Savona therefore brought separate appeals against said rulings and, upon completion of the appeal proceedings, the Regional Tax Court of Liguria issued two separate rulings: one in the favor of the Customs Agency of Savona and one in the favor of Simba. In the first case, with a ruling dated November 26, 2013, the Regional Tax Court of Liguria partially upheld the Agency's appeals, confirming the validity of some of the payment demands notified to Simba for approximately Euro 280 thousand plus interest and accessory charges, which Simba consequently paid. Simba then brought an appeal against this latter ruling before the Court of Cassation and on

May 17, 2019, the Supreme Court issued an order whereby it deferred the case to the Regional Tax Court of Liguria, in a different composition. The proceedings were continued within the legal terms, with notification of the reinstated appeal and subsequent registration of the case before the Regional Tax Court of Liguria, which assigned the proceedings gen. reg. no. 46/2020. In the second case, with ruling of October 31, 2012, the Regional Tax Court of Liguria rejected some of the appeals brought by the Customs Agency of Savona in relation to payment demands notified to Simba for a total of approximately Euro 4,600 thousand (by way of duties and VAT), plus interest and accessories (which, as at the date of notification of the individual payment demands, came to approximately Euro 3,500 thousand, plus additional interest until the dispute is settled); the Customs Agency of Savona has appealed against this ruling for Cassation and we are currently waiting for the hearing to be scheduled and, therefore, subsequent remittance to the board for the issue of the ruling.

(ii) As at December 31, 2019, three proceedings are pending in regard to Fresco, ensuing from rectification notices of the Customs Agency of Savona for the total value of approximately Euro 150 thousand (plus interest) for alleged greater customs fees, which should be due by them for imports. Fresco won the first two instances of said proceedings and was summoned as co-obliger, together with another two subjects, as perpetrators of the above imports. With reference to two of the three above proceedings, the Court of Cassation respectively on July 17, 2019 and on July 13, 2019, issued two orders upholding the appeals of the Customs Agency, deferring the cases to the Regional Tax Court of Liguria for new proceedings. As regards the third proceedings, by order of March 1, 2019, the Court of Cassation instead upheld a ground for appeal brought by the Agency and referred the case to the Regional Tax Court of Liguria, in a different composition, for a new ruling on the matter. Following the orders of referral of the Court of Cassation, all proceedings were brought to the Regional Tax Court of Liguria for a new hearing.

(b) Tax dispute

(i) At December 31, 2019, the Mexican subsidiary Comercializadora de Frutas Acapulco was involved in a tax dispute that had originated following a tax audit on tax period 2013, covering income tax (ISR), Imposta Empresarial a Tasa Unica (IETU) and VAT. The local tax administration mainly disputed the deductibility of certain costs connected with the purchase, harvest and transport of fruit, ascertaining greater tax for 34,193 thousand Mexican pesos, plus sanctions and additional charges for a total of 70,555 thousand Mexican pesos (equal to approximately Euro 3,300 thousand). On February 4, 2020, the Federal Court of Administrative Justice upheld the petition submitted by the company, declaring the deed null whereby the Tax Administration had activated the tax claim. The Tax Administration may appeal against this ruling. As at the date on which the financial statements were prepared, the Company had not made any provision for risks on this dispute insofar as, with the support of local consultants, it considers it unlikely to lose.

(j) As at December 31, 2019, the Portuguese subsidiary, Eurofrutas was involved in a dispute concerning a tax assessment notice relative to 2014, notified on January 12, 2018, through which the Portuguese tax administration ascertained presumptively (through the indirect method) greater revenues for Euro 1,677 thousand, which led to greater VAT including interest, for Euro 111 thousand. In April 2018, the company started a dispute against said ascertainment, with the suspension of payment of the amounts challenged; the results are still pending. As at the reporting date, no provisions had been made for risks on this dispute insofar as, with the support of local consultants, the Company considers it unlikely to lose.

(c) Civil dispute

(i) The same import of bananas concerned by the Simba customs dispute (described at point (a), sub. (i) above), implemented by certain parties, including Raffaella Orsero, who at the time acted for and on behalf of Simba, as its Manager and attorney and, for a certain period of time, also member of the board of directors, have resulted in a dispute, originally brought before a criminal court and thereafter pursued in a civil court at various levels of proceedings. More specifically, following an audit by the Guardia di Finanza (Financial Police Force) in March 2001, the Verona Public Prosecution had started investigating numerous banana importers, including Simba, hypothesizing that some banana sales constituted unlawful conduct in accordance with European Community regulations in force at the time, and currently abrogated, in relation to a common organization of the banana market, which established a contingent of bananas of specific origins and allocated import certificates with beneficial duties to various business types. By 2005 ruling of the Court of Verona, Raffaella Orsero was completely absolved and the dispute was therefore pursued only in a civil court for compensation of the damages that Simba allegedly caused to the MEF, the Customs Agency and the European Union Commission (which entered an appearance as civil party), having unduly benefited from the special duties. Said ruling of the Court of Verona was challenged by the Attorney General, only for the civil parties, before the Court of Appeal of Venice, which, in its 2011 ruling, confirmed in full the rulings of the Court and rejected the appeal. The Attorney General submitted an appeal against this decision, to the Court of Cassation. Upon referral to the Court of Justice - which ruled in 2015 - the Court of Cassation settled the proceedings in August 2016, setting aside the ruling of the Court of Appeal of Venice and deferring to different chambers of the same Court for a reassessment of the events of the case, in particular with a view to reverifying if the conduct ascribed to the defendants was legitimate or if it instead configured abuse of rights (in which case the civil party claims would have been rejected) or if the conduct was unlawful, thereby giving the civil party the right to receive compensation for damages. With the ruling of June 13, 2019, the Civil Court of Appeal of Venice issued a ruling ordering Raffaella Orsero, jointly with a third party unrelated to the Group and the management, to pay a provisional amount of approximately Euro 1,500 thousand (parameterized to the duties allegedly evaded by Simba, originally disputed for an amount of approximately Euro 3,800 thousand) plus legal interest accrued from December 30, 2000 to the date of payment of the balance and legal costs (both, to date, not yet defined); Simba will be paying for these in view of the contract stipulated between said company and Raffaella Orsero at the time of the events. The Court seized also called for the potential liquidation of compensation for damages in a separate civil hearing. On July 18, 2019, an appeal was brought before the Court of Cassation against the ruling. The Attorney General made an incidental counterclaim and conditional incidental claim on September 24, 2019. At present, we are therefore waiting for the Court of Cassation to schedule the hearing for discussion. On August 27, 2019, the Court of Appeal of Venice rejected the request to suspend enforcement of the ruling submitted on August 6, 2019, holding it to be inadmissible without the seizures brought before the appeal for the enforcement of the ruling. This ruling does not prevent the petition from being re-proposed if seizures should be subsequently implemented. Considering the ruling by the Civil Court of Appeal of Venice on June 13, 2019, in view of the contract in place between said company and Raffaella Orsero at the time of the events, already in the 2019 half-year account a provision was posted by way of precaution in the amount of Euro 1,600 thousand, equal to the claim made in the ruling of the Civil Court of Appeal of Venice of June 13, 2019, given that losing was considered likely.

(ii) As at December 31, 2019, negative assessment proceedings were pending for Fruttital before the Court of Genoa, brought against Gasparri S.r.l. by Fruttital to have the economic claims made out-of-court by Gasparri S.r.l. declared non-existent and hindered. In these proceedings, Gasparri S.r.l. brought a counterclaim against Fruttital S.r.l., asking the Court to classify the relations between the parties as an agency contract and therefore claiming alleged indemnity in lieu of notice of contract termination in connection with the work carried out in the favor of Fruttital from 2010 to 2016, for amounts that are partly already quantified by Gasparri S.r.l. as Euro 335,000.00 plus VAT and accessory costs and partly to be quantified during investigations. As at the reporting date, the company had not made any provision for risks on this dispute insofar as, with the support of local consultants, it considers it unlikely to lose. At the last hearing held on January 22, 2020, the Parties, having ascertained that there was no basis on which to reach an amicable settlement to the dispute, instituted the respective preliminary motions. In lifting the reservation made on the evidence claimed, the Court did not admit the verbal evidence submitted by Fruttital and instead admitted the accounting expert witness report requested by Gasparri, deferring the consultant for swearing at the hearing of March 11, 2020.

(jj) As at December 31, 2019, a dispute was threatened between Fruttital and the Receivers of the bankruptcy S.I.L.O. S.p.A., concerning payment of a total amount of Euro 812,219.84, claimed by the SILO Bankruptcy through letter of formal notice dated June 6, 2019, in which the receivers demanded payment of an amount of Euro 805,461.92 (of which Euro 14,872.20 by way of interest) and most recently by means of additional letter of formal notice dated July 15, 2019, in which the receivers demanded payment of an amount of Euro 812,219.84 (of which Euro 6,757.92 by way of additional interest). SILO S.p.A. was a contractor with which Fruttital had, on July 14, 2018, as client, stipulated a contract for the supply of services in relation to the movement of goods in its warehouses. In providing services, also by virtue of the contract provisions, SILO S.p.A. used the subcontractor Global Supply Chain S.r.l. Starting February 5, 2019, Fruttital suspended payment of invoices due to SILO S.p.A., insofar as: (i) SILO S.p.A. had defaulted on its obligations pursuant to Art. 4.1.1 et seq. of the contract, in accordance with which the contractor was required to produce a copy of its own updated DURC (document certifying regular payment of contributions) and that of the subcontractor Global Supply Chain S.r.l., for the months of November and December 2018, to which the provisions to be paid, referred. Given that the documents had not been produced and, therefore, no demonstration was provided of having effectively made regular payments of contributions, in accordance with and pursuant to Articles 1460 et seq. of the Italian Civil Code, Fruttital suspended payments, notifying SILO S.p.A. on February 5, 2019; (ii) additionally, on February 25, 2019, Fruttital received notice of a foreclosure notice c/o third parties (i.e. Fruttital) from C.L.O. Soc. Coop. (not a member of the Group), which claimed an amount due from SILO S.p.A. of Euro 7,057,957.36.
On February 7, 2019, SILO S.p.A. filed an appeal pursuant to Art. 161, paragraph 6 of the Bankruptcy Law, with the Court of Florence. Following the filing of the appeal, the employees of the subcontractor Global Supply Chain S.r.l. asked Fruttital, as client of the tender and subject jointly liable with the contractor in accordance with Art. 29, point 2 of Italian Legislative Decree no. 276/2003 as subsequently amended and supplemented and SILO S.p.A. to make payment of the fees that had not been paid by their employer, Global Supply Chain S.r.l. In view of these demands, Fruttital was called to pay the employees of Global Supply Chain S.r.l.: (a) on February 14 and 21, 2019, an amount equal to Euro 113,455.54, corresponding to the dues for January 2019; (b) on March 12, 2019, an amount equal to Euro 142,649.49, corresponding to the dues of February 2019; (c) on June 17, 2019, an amount equal to Euro 43,888.43, corresponding to the dues of the thirteenth and fourteenth months' accruals for January and February 2019. On 4.17.2019, SILO S.p.A. was declared bankrupt by the Court of Florence; Global Supply Chain S.r.l. was declared bankrupt by the Court of Florence on 7.11.2019.

Following the declaration of bankruptcy of SILO S.p.A., the Bankruptcy Receivers demanded that Fruttital, most recently by letter of formal notice dated 7.15.2019, pay the amount of Euro 812,219.84.

In exchange for this, on August 6 and 7, 2019, Fruttital: (i) offset, for various reasons, the receivable accrued in regard to SILO (and GSC) as a result of the payments already made to employees of the subcontractor before the declaration of SILO bankruptcy (of Euro

256,105.03); (ii) made payment to the SILO Bankruptcy Receivable of an amount of Euro 549,356.89 (equal to the difference between the amount requested by the Receivable, in the letter of formal notice dated June 6, 2019 and that paid to the employees of Global Supply Chain S.r.l. before the bankruptcy of SILO), purely in order to avoid the expenses and prejudicial consequences connected with the threatened notification of the court order, without any recognition or waiver of the offsetting of the additional receivable equal to Euro 332,601.18 (equal to the amount of Euro 43,888.43, already paid to the employees of Global Supply Chain S.r.l. after the declaration of SILO bankruptcy and additional outlay Fruttital may be called to make, as joint co-obliger of SILO S.p.A. and Global Supply Chain S.r.l.), reserving the right to repeat this latter amount and submit a request for inclusion as creditor for the entire amount due to it. In accordance with Art. 29, point 2 of Italian Legislative Decree no. 276/2003 as subsequently amended and supplemented, Fruttital is, in fact, joint co-obliger with the contractor and subcontractor, also for payment of welfare contributions and premiums due and not paid by the subcontractor Global Supply Chain S.r.l., equal to: (a) Euro 211,352.11 to INPS by way of welfare contributions relative to the salaries of November 2018, December 2018, January 2019, February 2019 and the thirteenth and fourteenth months' accruals, plus interest; and (b) Euro 30,082.13 to INAIL, by way of premiums relative to the salaries for the months of November 2018, December 2018, January 2019, February 2019 and the thirteenth and fourteenth months' accruals, plus interest; finally, tax withholdings on salaries and thirteenth and fourteenth months' accruals may be added to these amounts, already paid, in the amount of Euro 47,278.31.
On 1.2.2020, the SILO Bankruptcy notified Fruttital court order no. 4178/2019, not provisionally executive, issued by the Court of Genoa on 12.30.2019, which sets out an order to pay Euro 273,014.69, including interest accrued until 11.22.2019, but not the additional interest accrued after that date and accruing until payment, plus legal costs liquidated as Euro 4,185.00 for fees and Euro 634.00 for outlays, plus lump sum expenses, VAT and CPA. On 2.12.2020, Fruttital challenged this court order, whereby: (a) it claimed lack of competence of the Court of Genoa in the favor of the functional competence of the Bankruptcy Court of Florence; (b) subordinately, claimed that the receivable of the Bankruptcy should be offset against its own receivable of Euro 299,993.46 due from SILO as a result of the payment of workers used in the tender in accordance with and pursuant to Art. 29 of Italian Legislative Decree no. 276/2003, as subsequently amended and supplemented - a receivable for which Fruttital has already asked for admission to the liabilities of the SILO Bankruptcy (with hearing scheduled for the formation of the liabilities for March 17, 2020) -; and (c) further subordinately, in the event that the Court of Genoa should believe that the prejudicial nature applies of the assessment of the receivable of Fruttital in bankruptcy proceedings at the Bankruptcy Court of Florence, it has requested the suspension of proceedings in accordance with Art. 295 of the Italian Code of Civil Procedure. The first hearing of the opposition proceedings has been scheduled by the designated Judge, Mirko Parentini, for 6.29.2020.
At present, Fruttital has not received any demand for payment for additional amounts it may be called to pay as joint co-obliger with the contractor and subcontractor.
On November 12, 2019, Fruttital filed a request for inclusion in the liabilities of the Global Supply Chain S.r.l. Bankruptcy, enforcing its right to subrogate the rights of the former employees in the proceedings, for the amounts already paid to them, and requesting admission, reserving the right for any additional amounts it may be called to pay to INAIL and INPS as client and joint co-debtor of GSC and SILO. Fruttital has been admitted to the liabilities as privileged creditor for the credit claimed.
At the reporting date, the Company had not made any provision for risks on this dispute insofar as, with the support of local consultants, it considers it unlikely to lose.

(iv) As at December 31, 2019, Fruttital S.r.l. was involved in the labor law proceedings brought by Claudio Aicardi with Fornero petition against the dismissal on objectively fair grounds, declared by Fruttital starting 6.7.2019. Mr Aicardi, in claiming that the dismissal was unlawful, has sought: (i) reinstatement and that Fruttital be ordered to pay salary from the date of dismissal until the date of effective reinstatement, starting from a minimum of 5 months (to be calculated on the basis of the monthly salary of Euro 5,428.36) or, subordinately, by way of indemnity pursuant to Art. 18, paragraph 4 of the Workers' Statute, an amount of 12 months plus social security and welfare contributions; (ii) subordinately, that Fruttital be ordered to pay compensation indemnity pursuant to Art. 18, paragraph 5 of the Workers' Statute, in the amount considered fair, plus social security and welfare contributions. Following the hearing called for the appearance of the parties on 2.18.2020, the Judge scheduled a hearing to verify conciliation on March 4, 2020, thereafter, deferred to March 17.

Unless otherwise specified in this paragraph, as at the reporting date, the Group had not established any specific provisions in connection with said disputes, taking into account that the liabilities deriving from such disputes are not presently considered probable, also in light of the opinions received from the legal consultants in connection with the state of proceedings.

NOTE 18. Employees benefits liabilities

A statement of changes in the liabilities of the Provision for employee benefits at December 31, 2019, is attached.

Thousands of euro	Employees benefits liabilities
Balance at December 31, 2018	**8,559**
Change of year:	
Accruals	940
Benefits paid and transferred	(735)
Interest cost	(12)
Gain/(losses) resulting from changes in actuarial assumptions	557
Change of consolidation scope	(38)
Other changes	151
Balance at December 31, 2019	**9,422**

The Provision for employee benefits includes obligations for post-employment employee benefits and other long-term benefits. The methods whereby the benefits are guaranteed varies according to the legal, tax and economic conditions of the states in which the Group companies operate. The benefits are usually based on the employees' remuneration and length of service. Obligations refer to active employees. The liability relative to the provision for employee benefits refers to the Italian and foreign companies of the Group, in accordance with the various national regulations, and essentially includes employee severance indemnity accrued by employees in service at December 31, net of advances paid to employees. In accordance with IAS 19, the Provision for employee benefits is measured using the actuarial valuation methodology, through the support of an external specialist, and adjusted in relation to the occurrence of relevant events.

The main financial and demographic assumptions used in determining the present value of the liability relative to the Provision for employee benefits are described below.

Discount rate	
Italy, France, Greece, Spain, Portugal	Curva Euro Composite AA al 31.12.2019
Mexico	Iboox GEMX Aggregate 10-15 as of 31.12.19_ 7,023% e Iboox GEMX Aggregate 7-10 as of 31.12.19_ 6,966%
Inflation rate	
Italy	1.5%
France, Greece, Spain, Portugal, Mexico	Includes in the salary increases except Mexico
Salary increases (included inflation)	
Italy	1.00%
France, Portugal, Spain, Greece	2.00%
Mexico	n.a.
Mortality rate	
Italy	ISTAT 2018
Mexico	SPH 2008 - SPM 2008
Spain	INE 1991-2015
Portugal	INE 2013-2015
Greece	EAE 2012
France	TH-TF 2012-2014_INED
Access to retirement	
Italy	Minimum access requirements required by Monti-Forner Law
Portugal, Spain, Mexico, Greece	Minimum access requirements required by current legislation
France	Minimum access requirements required by 2010's legislation
Probability of termination	
Italy	7.00%
France	Cas général 7,00%, Cadres 9,00%, Agent de maîtrise 6,00%
Greece	White Collar 4,00%, Blue Collar 6,00%
Spain	Barcellona, Cox e Tarragona 2%, Siviglia e Madrid 5%
Portugal	8.80%
Mexico	3.80%

The equity adjustment for actuarial gains/losses includes an actuarial loss of Euro 557 thousand, including the tax effect of Euro 116 thousand. The actuarial gains and losses are booked to shareholders' equity through the statement of comprehensive income, while the provision for the year is recorded in an appropriate item relating to "personnel costs".

NOTE 19. Trade payables

Thousands of euro	31.12.2019	31.12.2018	Change
Payables to suppliers	125,760	110,321	15,440
Payables to subsidiaries and associates of the Group not fully consolidated	827	1,201	(374)
Payables to related parties	935	1,229	(294)
Trade payables	**127,523**	**112,751**	**14,772**

In the financial statements there are no trade payables with a residual maturity of more than 5 years. As at December 31, 2019, there are no past-due payables of significant value.
At December 31, 2019, the net increase of the item amounted to Euro 14,772 thousand as a result of the increase of Euro 15,440 thousand in the value of payables to suppliers, partly offset by the reduction of Euro 374 thousand in payables to Group companies not consolidated on a line-by-line basis, and Euro 294 thousand of payables to related parties.
The change in payables to suppliers in 2019 compared to December 31, 2018 reflects the increase in turnover and the volume of payments made around year-end.

The geographic breakdown of the payables is as follows:

Thousands of euro	31.12.2019	31.12.2018	Change
Italy	73,658	67,252	6,406
EU countries	50,985	43,071	7,914
Non-Eu countries	2,880	2,428	452
Trade payables	**127,523**	**112,751**	**14,772**

NOTE 20. Current tax and social security contributions liabilities

Thousands of euro	31.12.2019	31.12.2018	Change
For value added tax (VAT)	187	657	(470)
For income tax of the year	1,337	1,534	(196)
For withholding tax	1,184	1,077	107
For indirect taxes	387	686	(298)
Other payables	135	39	96
Social security contributions	3,170	3,324	(154)
Current tax and social security contributions liabilities	**6,400**	**7,316**	**(916)**

At December 31, 2019, this item had a balance of Euro 6,400 thousand, down compared to the balance at December 31, 2018 by a total of Euro 916 thousand, of which Euro 470 thousand for lesser VAT payable, Euro 196 thousand for lesser period income tax payable, Euro 298 thousand for indirect taxes, and Euro 154 thousand for contributions. The negative change is partially offset by the increase in other payables for Euro 96 thousand and for Euro 107 thousand for payables for withholdings to be paid.
There are currently no past due amounts related to the item in question.

NOTE 21. Other current liabilities

Thousands of euro	31.12.2019	31.12.2018	Change
Payables to personnel	6,880	7,118	(237)
Payables relating to operations on behalf of third parties	1,519	1,280	239
Other current payables	2,359	3,727	(1,368)
Accrued expenses and deferred income	584	1,230	(646)
Other current liabilities	**11,343**	**13,354**	**(2,012)**

As at December 31, 2019, "Other current liabilities" drop by Euro 2,012 thousand, mainly due to the reduction in other payables for Euro 1,368 thousand, mainly linked to a reduction in suspended revenues pertaining to the following year in relation to the shipowner company, to a reduction in accrued expenses and deferred income, to a reduction in payables due to personnel that, at end 2018, included a value of approximately Euro 0.5 million at AZ France by way of employee share in the results of FY 2018, an item that was not present in the 2019 financial statements, due to this year's company result.
Payables to personnel relate to current items for December, as well as accrued and unused holidays, 13th and 14th month accruals, and year-end bonuses, inclusive of those due to the workforce of the French (not in 2019) and Mexican companies on the basis of local regulations.

NOTE 22. Segment reporting

Based on the current organizational structure of the Orsero Group, the information required by IFRS 8, broken down by "business segment", is shown below. The performances and trend of the three sectors in which the Group operates are monitored and mainly valued on the basis of revenues and Adjusted Ebitda; this latter parameter, though not defined by international accounting standards, is the indicator that shows the Group's true business performance. The Adjusted Ebitda is determined as the operating result (EBIT) less depreciation, amortization and provisions, non-recurring costs/income, and costs associated with the medium/long-term incentive plan for management. The parameter thus determined does not consider net financial income and expenses, inclusive of exchange rate differences, taxes, the result of asset management and pro-rata gains/losses arising from the application of the equity method for associated companies and joint ventures.

Thousands of euro	31.12.2019				
	Distribution	Import & Shipping	Services	Eliminations/ Consolidated adjustments	Total
Net sales to third parties	927,482	73,018	5,219	-	1,005,718
Inter-segment net sales	226	141,693	7,161	(149,079)	-
Net sales of the sector	**927,707**	**214,710**	**12,380**	**(149,079)**	**1,005,718**
Adjusted Ebitda	**32,218**	**10,996**	**(4,508)**	**-**	**38,706**
Adjusted Ebit	**18,051**	**305**	**(5,403)**	**-**	**12,953**
Amortization of intangible and depreciation tangible assets	(12,684)	(10,128)	(896)	-	(23,707)
Accruals of provision	(1,483)	(563)	-	-	(2,046)
Non recurring income	237	-	584	-	820
Non recurring expenses	(1,406)	(2,046)	(1,942)	-	(5,395)
Financial income	215	31	191	(173)	264
Financial expesenses	(1,523)	(537)	(2,385)	173	(4,271)
Exchange rate differences	(184)	(498)	65	-	(617)
Share of profit from companies consolidated at equity	-	-	-	751	751
Revaluations of securities and investments	-	-	-	827	827
Devaluations of securities and investments	-	-	-	-	-
Intra-group dividends	-	-	9,490	(9,490)	-
Result of securities and investments negotiation	11	-	121	-	132
Profit before tax	**15,401**	**(2,744)**	**720**	**(7,911)**	**5,465**
Tax expenses	(4,844)	39	1,604	-	(3,201)
Net profit	**10,557**	**(2,706)**	**2,324**	**(7,911)**	**2,264**

Thousands of euro	31.12.2019			
	Distribution	Import & Shipping	Services	Total
Total assets without investments in Joint ventures and associates	341,950	125,578	241,040	708,568
Investments in Joint ventures and associates	4,519	-	2,783	7,302
Total aggregate assets	**346,469**	**125,578**	**243,823**	**715,871**
Total aggregate liabilities	**254,897**	**74,310**	**97,701**	**426,908**
Total aggregate shareholders'equity	**91,573**	**51,268**	**146,122**	**288,963**

Thousands of euro	31.12.2018 Distribution	Import & Shipping	Services	Eliminations/ Consolidated adjustments	Total
Net sales to third parties	869,108	76,619	7,030	-	952,756
Inter-segment net sales	10	134,012	6,973	(140,995)	-
Net sales of the sector	**869,118**	**210,631**	**14,002**	**(140,995)**	**952,756**
Adjusted Ebitda	**31,114**	**5,710**	**(3,967)**	**-**	**32,857**
Adjusted Ebit	**23,440**	**(1,457)**	**(4,504)**	**-**	**17,478**
Amortization of intangible and depreciation tangible assets	(6,440)	(6,716)	(517)	-	(13,673)
Accruals of provision	(1,235)	(451)	(20)	-	(1,706)
Non recurring income	279	-	-	-	279
Non recurring expenses	(2,154)	(1,947)	(162)	-	(4,263)
Financial income	95	5	86	-	186
Financial expesenses	(668)	(59)	(1,780)	-	(2,507)
Exchange rate differences	340	(562)	82	-	(140)
Share of profit from companies consolidated at equity	-	(6)	1,193	-	1,187
Revaluations of securities and investments	889	-	2,559-	(2,559)	889
Devaluations of securities and investments	-	(2)	(16,000)	16,000	(2)
Intra-group dividends			10,783	(10,783)	-
Result of securities and investments negotiation	(592)	-	264	605	276
Profit before tax	**21,627**	**(4,028)**	**(9,621)**	**3,262**	**11,241**
Tax expenses	(6,160)	33	2,888	-	(3,239)
Net profit	**15,467**	**(3,995)**	**(6,732)**	**3,262**	**8,002**

Thousands of euro	31.12.2018 Distribution	Import & Shipping	Services	Total
Total assets without investments in Joint ventures and associates	248,223	119,067	346,504	713,794
Investments in Joint ventures and associates	4,934	5	2,588	7,528
Total aggregate assets	**253,157**	**119,072**	**349,092**	**721,321**
Total aggregate liabilities	**169,925**	**52,048**	**110,470**	**332,443**
Total aggregate shareholders'equity	**83,232**	**67,024**	**238,621**	**388,878**

Please note that the data shown above for FY 2019 includes the effect of the application of IFRS 16 and given the use of the modified retroactive application method the 2018 comparative information has not been changed. In compliance with that indicated in IFRS 8, in the table above a disclosure is given on total assets, total liabilities, the amount of the investment in associates and joint ventures and, lastly, aggregate shareholders' equity by sector. It is specified that the sector data indicated in the notes should be read together with the performance indicators expressed in the single Report on Operations.

Main customer

It should be noted that there are no revenues from transactions with a single external customer equal to or greater than 10% of the Group's total revenues.

NOTE 23. Revenues

Thousands of euro	31.12.2019	31.12.2018	Change
Revenues from sales	951,644	892,931	58,713
Revenues from services	54,075	59,826	(5,751)
Net Sales	**1,005,718**	**952,756**	**52,962**

At December 31, 2019, turnover was Euro 1,005,718 thousand, an increase of Euro 52,962 thousand compared to December 31, 2018. For a detailed analysis of sales, please refer to the single Report on Operations, in the section "Commentary on performance of the business sectors". Please note that Group revenues mainly derive from the sale of fresh fruit and vegetables from many of the world's countries, on the territories under its purview.

Geographical information

The analysis of the information by geographical area shows details of the Group's revenues, divided up into the main geographical areas (thereby meaning those in which the related Orsero Group company that generated the revenue is based) for FYs 2019 and 2018, showing the Group's substantially eurocentric nature.

Thousands of euro	31.12.2019	31.12.2018	Change
Europe	**963,462**	**915,245**	**48,217**
of which Italy	*453,417*	*431,121*	*22,296*
of which France	*187,229*	*184,431*	*2,798*
o which Spain	*257,098*	*232,286*	*24,812*
Latin America and North America	**42,257**	**37,512**	**4,745**
Total net sales	**1,005,718**	**952,756**	**52,962**

As shown in the table above, the Eurozone constituted the real heart of the Orsero Group business, whilst the revenues achieved in America derive from the activities carried out in Mexico, as well as those carried out in Costa Rica, Chile, Argentina and Colombia. The change in revenues from one year to the next mainly reflects the changes recorded by the Mexican company, whose avocado sales are extremely sensitive from one year to the next to price changes on the world avocado markets. Finally, please note that for Group revenues, the currency component is insignificant, given that the revenues of distributors, apart from the Mexican company, are all in euros.

NOTE 24. Cost of goods sold

The following table shows the cost of goods sold by allocation and by nature.

Thousands of euro	31.12.2019	31.12.2018	Change
Raw materials and finished goods costs	692,273	644,227	48,046
Cost of commissions on purchases and sales	2,065	3,721	(1,656)
Transport and handlig costs	125,988	125,658	330
Personnel costs	27,404	25,604	1,800
Depreciation and amortization	19,890	10,932	8,957
Accruals of provision	563	451	112
External production and maintenance costs	25,677	21,283	4,394
Utilities	7,061	6,305	756
Bunker'cost	25,591	30,162	(4,571)
Rental costs for ships and containers	6,208	4,689	1,519
Containers costs	1,875	1,592	283
Leases and rentals	1,129	6,262	(5,133)
Other costs	766	1,037	(271)
Other operating revenues and cost recoveries	(8,562)	(7,122)	(1,440)
Cost of goods sold	**927,927**	**874,801**	**53,126**

The increase in the cost of goods sold, which is more than proportional to the growth of revenues, has already been commented on in the report on operations. Also note the increase in costs following the contribution made by the newly acquired companies for Euro 29,359 thousand (Sevimpor for the whole year, the Fruttica Group for three quarters and Fruttica Group for the second half). In addition to this, we note a reduction in the cost of bunker for Euro 4,571 thousand as compared with the same period of last year. Please note that the application as of January 1, 2019 of the new IFRS 16 entailed a reduction in costs for rentals and operating leases within the cost of goods sold by Euro 8,754 thousand offset by depreciation of Euro 7,970 thousand.

Note that the item "Raw material and finished goods costs" comprises Euro 2,603 thousand of costs due to associates, valued at market value and included in the balances indicated in Note 34, to which reference is made.
Instead, the item "Transport and handling costs" comprises Euro 4,287 thousand to associated companies of the Group; this balance is also included in the details provided in Note 34.
Instead, "rents and leases" comprises Euro 72 thousand to associated companies of the Group; this balance is also included in the details provided in Note 34.
The item "Other operating revenues and cost recoveries" comprises Euro 151 thousand in revenues from associates of the Group. For further details, reference is made to Note 34.

NOTE 25. Overheads

The table below details the overhead and administrative costs by allocation and by nature.

Thousands of euro	31.12.2019	31.12.2018	Change
Corporate bodies fees	2,232	3,464	(1,232)
Costs for notary, tax, legal and other professional services	3,960	3,824	136
Commercial, advertising, promotional, representation expenses	2,329	1,520	809
Personnel costs	36,557	35,323	1,234
Depreciation and amortization	3,818	2,741	1,077
Accruals for provision	1,483	1,255	228
Costs for maintenance, external labor and various other services	6,907	7,596	(690)
Insurance expenses	1,504	1,472	32
Utilities	1,754	1,637	118
Travel expenses	1,620	1,297	323
Costs of company car fleet	968	981	(13)
Rental costs and various rentals	509	730	(221)
Charges for purchase and services to associates and related companies	60	839	(778)
Other costs	2,732	2,817	(85)
Acquisition costs of stationery and material of consumption	317	522	(205)
Fees, commissions, bank guarantees charges and factoring	942	997	(55)
Overheads	**67,693**	**67,016**	**678**

The table especially shows the increase in labor costs essentially influenced by the change in scope in 2019, mentioned previously, with the entry of Sevimpor, the Fruttica Group and Fruttital Cagliari, as well as the strengthening of the sales structure. Please note that the change in depreciation was mainly due to the increase of Euro 768 thousand due to the application of IFRS 16 starting from January 1, 2019 which entailed a reduction of costs with related parties by Euro 704 thousand, a reduction of lease and rental costs of Euro 203 thousand and a reduction of the cost of the car fleet of Euro 103 thousand.

Please note that the costs of labor and the corporate body fees as at December 31, 2018 included respectively 685 thousand and 1,457 thousand in figurative costs linked to the Medium/long-term incentive plan for the management, not present in the cost accounts as at December 31, 2019, insofar as the objective envisaged by this Plan, has not been achieved.
The item "Charges for purchases and services to associates and related companies" comprises Euro 60 thousand to related companies. For further details, reference is made to Note 34.

NOTE 26. Other income and expenses

Thousands of euro	31.12.2019	31.12.2018	Change
Other operating income	4,820	5,751	(930)
Other operating expenses	(6,540)	(5,339)	(1,201)
Total other income and expenses	**(1,720)**	**412**	**(2,132)**

Details of the items "Other operating income" and "Other operating expenses" for the years 2019 and 2018 are provided herein, with separate indication of ordinary positions with respect to non-recurring items.

Thousands of euro	31.12.2019	31.12.2018	Change
Revenues from recovery of costs and insurance reimbursements	369	499	(130)
Plusvalues and contingent revenues in ordinary course of business	1,608	3,115	(1,507)
Others	2,023	1,858	165
Other ordinary operating income	**4,000**	**5,472**	**(1,472)**
Gains on disposal of businesses or significant intangible assets and materials	51	-	51
Release of provisions previously set aside	517	172	345
Non-recurring reimbursements received	48	62	(14)
Others	204	45	159
Other non-recurring operating income	**820**	**279**	**541**

Other ordinary income, like the item other ordinary costs below, includes cost and revenue elements not already classified in the above sections of the income statement and elements such as contingent assets and liabilities of costs and revenues linked to previous years due to differences in estimates, which as such recur every year (for example, reversals of premiums received from and/or given to customers and suppliers, differences on insurance reimbursements collected compared to forecasts, etc.). They also include any contributions for operating expenses, capital gains and capital losses on current disposals of assets and the capitalization of costs linked to investment initiatives. In 2019, in particular, capitalization was recorded with reference to the progress status of the new ERP system implementation for Euro 590 thousand. In terms of non-recurring revenue for FY 2019, following the nearly complete settlement of the liquidation process of the related company K-Air, the Parent Company Orsero S.p.A. settled its debt of Euro 1.1 million with respect to this company by making a partial payment such as to offset the expected outlay on enforcement of the guarantee provided previously in favor of K-Air, with a basically neutral effect - as mentioned in the reports to the financial statements of previous years - on the consolidated income statement, recognizing a write-off for the remaining amount.

“Other operating income” includes Euro 13 thousand in regard to associates.

Thousands of euro	31.12.2019	31.12.2018	Change
Penalities, sanctions and costs for damage to third parties	(92)	(89)	(3)
Minusvalues and contingent losses in ondinary course of business	(1,053)	(981)	(73)
Others	-	(6)	6
Other ordinary operating expenses	**(1,145)**	**(1,076)**	**(69)**
MTA/STAR listing costs	(1,297)	-	(1,297)
Costs and extraordinary provisions with employees	(780)	(292)	(489)
Significant costs for civil, tax, customs litigations, etc.	(2,060)	(175)	(1,885)
Losses on disposal investments and non - current financial assets	(312)	(121)	(192)
Losses on disposal of businesses or significant intangible assets and materials	(218)	(744)	526
Others	(727)	(2,931)	2,204
Other non - recurring operating expenses	**(5,395)**	**(4,263)**	**(1,132)**

Given what is noted above with respect to the nature of the ordinary costs shown in this table, there were no significant deviations in 2019 with respect to the previous year. As instead regards non-recurring items, we note the already-mentioned provision made for Euro 1,600 thousand made by Simba in regard to the ruling of the Court of Appeal of Venice in relation to the payment made to the MEF and Customs Agency for a provisional Euro 1,580,950.15. Please also note the recognition of Euro 520 thousand by the parent company Orsero S.p.A., according to the estimated assumed outlay for enforcing the guarantee given at the time in the favor of K-Air, in the amount equal to the contingency deriving from the lesser outlay of the debt balance due to the company, thereby determining a neutral effect on the consolidated income statement. Please note again the costs already mentioned relating to the expenses incurred for the acquisition of the

Fruttica Group as well as those linked to the transition of the Orsero share to the Italian Stock Exchange's STAR market.

The item "Other operating expenses" does not include charges to associates or related companies. For further details, reference is made to Note 34.

NOTE 27. Financial income, financial expenses and exchange rate differences

The breakdown of the items "Financial income, financial expenses and exchange rate differences" is as follows:

Thousands of euro	31.12.2019	31.12.2018	Change
Financial income	264	186	79
Financial expenses	(4,271)	(2,507)	(1,764)
Exchange rate differences	(617)	(140)	(477)
Financial income, financial expenses and exchange differences	**(4,623)**	**(2,461)**	**(2,162)**

For each item included in the item in question, details are provided below:

Thousands of euro	31.12.2019	31.12.2018	Change
Interest income to third parties	221	132	89
Interest income to associates and joint ventures	32	34	(2)
Interest for IAS 19	12	19	(8)
Financial income	**264**	**186**	**79**

Thousands of euro	31.12.2019	31.12.2018	Change
Interest expenses from bank/bond	(2,847)	(2,506)	(341)
Interest expenses to third parties	(10)	(1)	(9)
Interest expenses IFRS 16	(1,414)	-	(1,414)
Financial expenses	**(4,271)**	**(2,507)**	**(1,764)**

Thousands of euro	31.12.2019	31.12.2018	Change
Realized exchange rate differences	(669)	(477)	(193)
Unrealized exchange rate differences	52	337	(284)
Exchange rate differences	**(617)**	**(140)**	**(477)**

Compared to the previous year, the increase of interest expense reflects Euro 1,414 thousand due to the application of IFRS 16 as of January 1, 2019 and the effect of interest on the debenture loan 3.70 % over the whole year, as compared with just three months in FY 2018.

NOTE 28. Net income (loss) from equity investments and share of net profit of associates and joint ventures

Thousands of euro	31.12.2019	31.12.2018	Change
Dividends	11	11	(0)
Share of profit from companies consolidated at equity	751	1,187	(436)
Revaluations of securities and investments	827	889	(62)
Devaluations of securities and investments	-	(2)	2
Result of securities and investments negotiation	120	265	(145)
Net income/(loss) from equity investments and share of net profit of associates and joint ventures	**1,710**	**2,350**	**(640)**

The change in the amount of the "Net income/(loss) from equity investments and share of net profit of associates and joint ventures" is essentially related to the pro-quota recognition of the results of associated companies and joint ventures consolidated using the equity method. This result

declined compared to the same period of the previous year due to the reduction in the result of the investees in the year.
The amount of the "Share of profit from companies consolidated at equity" is equal to Euro 751 thousand. This result declines on FY 2018 insofar as the figure for last year includes the pro-quota registration of the result of the company acquired, Fruttital Cagliari, for the entire year, whereas in FY 2019, the pro-quota result related only to the first half.
The trading result for FY 2018 essentially reflects the proceed originating from the sales of Cultifruit and the other minor companies made during the year; for FY 2019, on the other hand, it is linked to the sale of the investee Vado Container Services S.r.l.

NOTE 29. Tax expenses

Almost all Italian subsidiaries participate in the "tax consolidation" system headed by Orsero, in accordance with arts. 117 et seq. of the TUIR.
The changes in taxes are summarized in the following table.

Thousands of euro	31.12.2019	31.12.2018	Change
Current taxes for the year	(5,712)	(6,653)	940
Deferred taxes = from statutory tax consolidation	2,403	1,798	604
Deferred taxes incomes and liabilities	109	1,616	(1,507)
Tax expenses	**(3,201)**	**(3,239)**	**37**

A comparison with last year shows a lesser amount of current taxes connected with the reduction in the period result, in particular at the French company, offset by the lesser recording of prepaid tax in FY 2018 by the parent company in connection with the recording of prepaid tax of Euro 1 million and the effect relating to the Medium/long-term management incentive plan.

Thousands of euro	2019 -Rate 24%		2018 -Rate 24%	
	Taxable	Tax	Taxable	Tax
Profit before tax	**5,465**		**11,241**	
Theoretical tax		**(1,312)**		**(2,698)**
Benefit "step acquisition" ex-IFRS 3	(827)	198	-	-
Simba duty litigation	1,600	(384)		
International register Cosiarma		66		(878)
Share of profit from companies consolidated at equity	(751)	180	(1,187)	285
Foreign companies for different tax rate		(250)		(709)
Taxed dividends from companies of Group	(10,615)	(127)	18,099	(217)
Prepaid taxes		-		1,000
Non imposable items/recoveries		(682)		817
Effective tax		**(2,310)**		**(2,400)**
Irap/Cvae taxes		(891)		(839)
Taxes expenses in the consolidated financial statement		**(3,201)**		**(3,239)**
Effective rate		58.6%		28.8%

The table above details the reconciliation of theoretical and actual tax for the two years, clearly showing the differences; among them the lesser impact of taxation of the international register of Cosiarma (register that envisages an 80% reduction in the amount of taxable income) linked to the use of the fifth chartered ship, whose profitability is taxed at the standard rate, added to the fact the 2018 fiscal year of the such company recorded a negative result. A separate line shows the Irap and Cvae (France) taxes calculated on a different tax base.
The table below shows the changes in the various deferred tax asset components by type.

Thousands of euro	Statement of financial position		Income statement		Comprehensive income statement	
	2019	2018	2019	2018	2019	2018
Previous tax losses	5,141	5,049	93	455	-	-
Effect IAS 19	832	688	29	(10)	116	(83)
Depreciation/Goodwill/trademarks	780	794	29	(66)	-	-
Indirect taxes	94	105	(11)	6	-	-
Reductions in value and provisions	1,231	1,411	(196)	625	-	-
Financial expenses/ACE/Exchange differences	134	137	(4)	(12)	-	-
Cost deductible in the future*	730	730	-	350	-	-
Financial derivatives	117	142	-	-	(25)	142
Other	63	221	(146)	121	-	-
Deferred tax assets	**9,122**	**9,277**	**(206)**	**1,469**	**91**	**58**

* Related to medium/long term incentivisation plan for management

The table below shows the changes in the various deferred tax components by type.

Thousands of euro	Statement of financial position		Income statement		Comprehensive income statement	
	2019	2018	2019	2018	2019	2018
Leasing	(1,524)	(1,396)	(36)	4	-	-
Warehouse revaluation	(228)	(230)	-	2	-	-
On J-entries FV Magazzini Fernández	(1,950)	(2,015)	65	65	-	-
Ships depreciation	(1,481)	(1,779)	298	69	-	-
Others	(33)	(31)	(13)	6	-	-
Deferred tax liabilities	**(5,216)**	**(5,451)**	**315**	**146**	**-**	**-**

As at December 31, 2019, there are no significant tax disputes in progress, apart from those mentioned previously in Note 17.
There are no other significant amendments to the tax legislation between 2019 and 2018, with the exception of the reduction of the tax rate in France, which declined from 33.3% to 31% starting on January 1, 2019.

NOTE 30. Reconciliation of the Adjusted EBITDA with the period result

A reconciliation is given of the Adjusted EBITDA used by the Group's management insofar as a performance indicator monitored on a consolidated level, with the period result presented in the income statement, suitably recalling how the 12.31.2019 figure included the effect of IFRS 16.

Thousands of euro	31.12.2019	31.12.2018	Change
Net profit	**2,264**	**8,002**	**(5,738)**
Net profit of "Discontinued operations"	-	-	-
Tax expenses	3,201	3,239	(37)
Financial income	(264)	(186)	(79)
Financial expenses and exchange rate differences	4,888	2,647	2,240
Net income (loss) from equity investments	(959)	(1,163)	204
Share of net profit of associates and joint ventures	(751)	(1,187)	436
Operating result (Ebit)	**8,378**	**11,352**	**(2,974)**
Amortization of intangible and depreciation tangible assets	23,707	13,673	10,034
Accruals of provision	2,046	1,706	340
Ebitda	**34,131**	**26,731**	**7,401**
Costs related to the medium/long term incentive plan for management	-	2,142	(2,142)
Non recurring income	(820)	(279)	(542)
Non recurring expenses	5,395	4,263	1,132
Adjusted Ebitda*	**38,706**	**32,857**	**5,849**

* Please note that the Adjusted Ebitda at December 31, 2019 equal of Euro 38.706 thousands increases by euro 9.777 thousand due to the adoption of IFRS 16 "leases", entered into force on January 1, 2019. This improving effect is almost completely offset by the higher depreciation Euro 8.738 thousand and interest expenses (Euro 1.414 thousand), due to the adoption of this new principle.

NOTE 31. Earnings per share

The basic earnings per share are calculated, in accordance with IAS 33, dividing the Group's portion of the profit by the average number of shares outstanding during the period. The "Fully Diluted" earnings per share are calculated dividing the net profit of the Group by the average number of outstanding shares including special shares and warrants, in both cases excluding treasury shares in the portfolio. The average number of outstanding shares used to calculate the "Fully Diluted" earnings per share includes the treasury shares assigned following the achievement of the 2017 and 2018 targets envisaged in the medium/long-term management incentive plan.

Euro	2019	2018
Net profit - Group share (in euro)	**2,021,588**	**7,973,589**
Average number of outstanding shares during the period	**16,929,344**	**16,955,428**
Base earnings per share - ordinary shares	**0.119**	**0.470**
Average number of outstanding shares during the period	16,929,344	16,955,428
Average number of outstanding shares granted for "Stock Grant Plan"	320,002	320,002
Diluted average number of outstanding shares during the period	**17,249,346**	**17,275,430**
Diluted earnings per share - ordinary shares	**0.117**	**0.462**

NOTE 32. Disclosures on financial instruments - additional disclosures

The table below shows a detailed analysis of the assets and liabilities envisaged by IFRS 7, in accordance with the categories envisaged by IFRS 9 for 2019 and 2018.

Thousands of euro	Balance at 31.12.19	Assets measured at amortized cost	Assets at fair value with changes recognized in the PL*	Liabilities measured at amortized cost	Liabilities at fair value with changes recognized in the CI *
Financial assets					
Investments in other companies	523	523	-	-	-
Other fixed assets	5,401	5,401	-	-	-
Trade receivables	121,439	121,439	-	-	-
Current tax receivables	16,971	16,971	-	-	-
Other current assets	11,066	11,047	19	-	-
Cash and cash equivalent	56,562	56,562	-	-	-
Financial assets	**211,963**	**211,944**	**19**	**-**	**-**
Financial liabilities					
Financiali liabilities of which:					
Bond payables	*(30,000)*	*-*	*-*	*(30,000)*	*-*
Non-current medium term bank loans (over 12 months)	*(44,737)*	*-*	*-*	*(44,737)*	*-*
Non-current other lenders (over 12 months)	*(2,520)*	*-*	*-*	*(2,520)*	*-*
Non-current other lenders (over 12 months) ex IFRS 16	*(51,907)*	*-*	*-*	*(51,907)*	*-*
Non-current liabilities for derivative (over 12 months)	*(476)*	*-*	*-*	*-*	*(476)*
Non-current payables for price balance on acquisition (over 12 months)	*(1,943)*	*-*	*-*	*(1,943)*	*-*
Current medium term bank loans	*(13,894)*	*-*	*-*	*(13,894)*	*-*
Bank overdraft	*(25,204)*	*-*	*-*	*(25,204)*	*-*
Current other lenders	*(1,064)*	*-*	*-*	*(1,064)*	*-*
Current other lenders ex IFRS 16	*(8,081)*	*-*	*-*	*(8,081)*	*-*
Other current lenders short term	*(1,340)*	*-*	*-*	*(1,340)*	*-*
Current liabilities for derivative	*(50)*	*-*	*-*	*-*	*(50)*
Current payables for price balance on acquisition	*(2,264)*	*-*	*-*	*(2,264)*	*-*
Other non-current liabilities	(349)	-	-	(349)	-
Trade payables	(127,523)	-	-	(127,523)	-
Current tax and social security contributions liabilities	(6,400)	-	-	(6,400)	-
Other current liabilities	(11,343)	-	-	(11,343)	-
Financial liabilities	**(329,094)**	**-**	**-**	**(328,568)**	**(526)**

* CI=Comprehensive income; PL=Income Statement

Thousands of euro	Balance at 31.12.18	Assets measured at amortized cost	Assets at fair value with changes recognized in the PL*	Liabilities measured at amortized cost	Liabilities at fair value with changes recognized in the CI*
Financial assets					
Investments in other companies	500	500	-	-	-
Other fixed assets	6,080	6,080	-	-	-
Trade receivables	109,360	109,360	-	-	-
Current tax receivables	17,210	17,210	-	-	-
Other current assets	9,014	8,995	19	-	-
Cash and cash equivalent	76,285	76,285	-	-	-
Financial assets	**218,448**	**218,429**	**19**	**-**	**-**
Financial liabilities					
Financiali liabilities of which:					
Bond payables	*(30,000)*	-	-	*(30,000)*	-
Non-current medium term bank loans (over 12 months)	*(51,704)*	-	-	*(51,704)*	-
Non-current other lenders (over 12 months)	*(670)*	-	-	*(670)*	-
Non-current other lenders (over 12 months) ex IFRS 16	-	-	-	-	-
Non-current liabilities for derivative (over 12 months)	*(367)*	-	-	-	*(367)*
Non-current payables for price balance on acquisition (over 12 months)	*(243)*	-	-	*(243)*	-
Current medium term bank loans	*(13,281)*	-	-	*(13,281)*	-
Bank overdraft	*(12,469)*	-	-	*(12,469)*	-
Current other lenders	*(685)*	-	-	*(685)*	-
Current other lenders ex IFRS 16	-	-	-	-	-
Other current lenders short term	*(1,838)*	-	-	*(1,838)*	-
Current liabilities for derivative	*(1,114)*	-	-	-	*(1,114)*
Current payables for price balance on acquisition	-	-	-	-	-
Other non-current liabilities	(482)	-	-	(482)	-
Trade payables	(112,751)	-	-	(112,751)	-
Current tax and social security contributions liabilities	(7,316)	-	-	(7,316)	-
Other current liabilities	(13,354)	-	-	(13,354)	-
Financial liabilities	**(246,274)**	**-**	**-**	**(244,792)**	**(1,482)**

* CI=Comprehensive income; PL=Income Statement

It is noted that only "Other current assets" of all financial assets include securities, i.e. financial instruments that are valued at fair value with impact on the income statement. Trade and other receivables are measured at the nominal value that, considering the speed of collection, coincides with the value determined by the application of amortized cost, in compliance with IFRS 9. Among financial liabilities, trading derivatives fall within the category "Liabilities measured at fair value", while hedging derivatives are recorded at fair value; the related change is accounted for in a shareholder' equity reserve that constitutes the comprehensive income statement. In this regard, it is noted that the Group has derivative contracts outstanding as at December 31, 2019 related to interest rate hedges and the bunker hedge as reported in Note 14.

Indeed, at December 31, 2019, there was a hedging instrument (swap) on the bunker that the shipbuilding company activated in order to reduce and control the risks associated with changes in the price of raw material. At December 31, 2019, its negative fair value of Euro 50 thousand was recognized under current financial payables with counter-entry equity reserve specifically designated.

As at December 31, 2019, there is an interest rate hedge in place linked to the Euro 60 million loan, in addition to that initially activated by the sub-holding company GF Distribuzione S.r.l. on the Euro 20 million loan transferred to the Parent Company following the refinancing operation, whose negative fair value amounts to Euro 476 thousand, booked to the item "Non-current financial payables", with a specially designated shareholders' equity reserve as contra-entry.

NOTE 33. Disclosures on assets and liabilities measured at fair value

Several standards and disclosure requirements require the Group to measure the fair value of financial and non-financial assets and liabilities. Based on the requirements of IFRS 13 "Fair value measurement", the following disclosure is provided.

Fair value of financial instruments:

- for financial assets and liabilities that are liquid or have a very short maturity, the book amount is considered to approximate fair value; this hypothesis also applies to term deposits, disposable securities and floating rate financial instruments;
- for the measurement of the fair value of hedging instruments, valuation models based on market parameters are used. At the reporting date, interest rate and bunker hedging derivatives had been stipulated, as already described;
- the fair value of non-current financial payables is obtained by discounting all future cash flows at the period-end conditions. In the current situation, where for medium-term debt the cost of the loan is aligned with the market value, the nominal values of the debt are considered as fair values.

As regards trade and other receivables and payables, the fair value is equal to the book value, based on the consideration of their close maturity.

Fair value of non-financial instruments:

- for long-term biological assets, the cost method was used net of accumulated depreciation for the determination of the carrying amount;
- for current biological assets (agricultural product on the plant) fair value is used, i.e. the market value net of transportation costs.

It should be noted that, when third party information is used to determine the fair value, such as the prices of brokers or pricing services, the Group evaluates and documents the information obtained from third parties to support the fact that these evaluations comply with the provisions of IFRS, including the fair value hierarchy level in which to reclassify the associated valuation.
In the fair value measurement of an asset or liability, the Group uses observable market data as much as possible. Fair value is divided up into various hierarchical levels according to the input data used in the measurement techniques, as explained below.

- Level 1: the valuation techniques use prices listed (not adjusted) on an active market for identical assets or liabilities subject to valuation;
- Level 2: the valuation techniques consider inputs other than the previous prices, but that can, however, be observed directly (prices) or indirectly (derived from prices) on the market;
- Level 3: the techniques use inputs that are not based on observable market data.

If the input data used to measure the fair value of an asset or liability comes under different fair value hierarchy levels, the entire valuation is made using the lower hierarchical level which is significant for the entire valuation. The Group records transfers between the different levels of the fair value hierarchy at the end of the year in which the transfer took place.

Financial instruments
Derivatives, valued using techniques based on market data, are swaps on bunkers and IRSs on interest rates whose purpose is to hedge both the fair value of underlying instruments and cash flows. The most frequently applied valuation techniques include "forward pricing" and "swap"

models, which use the calculations of the present value. The following table analyzes financial instruments measured at fair value based on three different levels of valuation.

Thousands of euro	31.12.19			31.12.18		
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Current financial assets	19	-	-	19	-	-
Financial liabilities						
Speculative derivatives	-	-	-	-	-	-
Hedging derivatives	-	(526)	-	-	(1,482)	-

Level 1 valuation was used for non-significant securities.
Level 2 valuation, used for financial instruments measured at fair value, is based on parameters such as bunker and interest rates that are quoted in active or observable markets on official rate curves. The liability valued with Level 2 at December 31, 2019 relates to the negative fair values of the derivatives on interest rates and the bunker.

Non-financial instruments

It is noted that there are non-financial instruments measured at fair value as at December 31, 2019, represented by biological assets of the Mexican production company.

NOTE 34. Transactions with related parties

The Company and the Group have put in place a conduct procedure related to transactions with related parties, in order to monitor and trace the necessary information regarding transactions in which directors and executives have interests, as well as transactions with related parties for the purpose of their control and possible authorization. The procedure identifies the subjects required to report the above information, defines what transactions should become the subject of communication, and sets the deadlines to submit the information, specifying its content. The main intra-group activities, regulated at market prices, are developed through contractual relations that specifically concerned:

- management of investments;
- regulation of financial flows through centralized treasury and intra-group loans;
- sharing of general, administrative and legal services;
- assistance related to IT services;
- trade agreements.

In addition, there is a fiscal relationship with the parent company Orsero, following the option exercised for the national tax consolidation regime, governed by articles 117 et seq. of the TUIR Tax Code, only for the Italian companies. Receivables and payables arising from such tax relations are not interest-bearing. Transactions between the companies included in the scope of consolidation have been eliminated from the consolidated financial statements and have not been highlighted. It is noted that in FY 2019, no related party transactions were implemented other than those coming under the scope of the Group's ordinary business, with the exception of the specified purchase of the warehouses owned by Nuova Beni Immobiliari, formerly leased, by Solgne (France), completed in December 2019, and the Italian ones of Milan, Verona, Rome and Molfetta/Bari, completed in January 2020. Below is a summary of the items in the statement of financial position and income statement for transactions between the Group and other related parties in 2019. Relationships with the companies represented in the table are essentially commercial and related to the specific business sectors: production for Citrumed and Moño Azul, the real estate business for Nuova Beni Immobiliari, Business Aviation for GF Aviation and its investee, and distribution for the others. Please note that most of the related and associated companies are in the Distribution Sector (Fruttital Cagliari, Moncada Frutta, Bonaoro), therefore with balances previously represented by trade receivables and sales revenues, whilst Citrumed and Moño Azul are production companies, whose balances therefore mainly relate to trade payables and costs for supplies. Finally, Fruport provides fruit and vegetable product and containers loading/unloading services, operating out of the port of Tarragona (Spain). It should also be pointed out that Fruttital Cagliari was a related company until June 30, 2019 and then became a subsidiary, therefore its economic results of the first half are shown in the table below:

Thousands of euro	Related parties at December 31, 2019								
	Other fixed assets[4]	Trade receivables	Trade payables	Net sales	Other operating revenues and cost recoveries [5]	Other income and expenses	Financial income	Trade expenses [5]	Trade expenses [6]
Associates									
Moño Azul S.A.[2]	320	658	(28)	-	-	-	8	(1,726)	-
Frt Cagliari S.r.l.	-	-	-	2,571	8	-	-	(14)	-
Moncada S.r.l.	-	1,443	1	7,523	6	4	-	(75)	-
Citrumed S.A.	958	38	-	-	104	9	23	(763)	-
Bonaoro S.L.	-	-	74	477	-	-	-	(614)	-
Decofruit S.L.	-	14	212	-	33	-	-	(273)	-
Fruport S.A.	-	6	569	17	-	-	-	(3,425)	-
Total exposure to Associates	**1,278**	**2,158**	**827**	**10,588**	**151**	**13**	**32**	**(6,890)**	**-**
Related companies									
NBI[3]	-	260	878	206	-	-	-	(72)	(60)
Business Aviation[1]	-	96	56	14	-	517	-	-	-
Immobiliare Ranzi	-	106	-	2	-	-	-	-	-
Argentina S.r.l.	-	3	-	-	-	-	-	-	-
Fif Holding S.p.A.	-	8	-	8	-	-	-	-	-
Total exposure to related companies	**-**	**473**	**935**	**230**	**-**	**517**	**-**	**(72)**	**(60)**
Total associates-related	**1,278**	**2,631**	**1,762**	**10,817**	**151**	**530**	**32**	**(6,962)**	**(60)**
Balance	**5,401**	**121,439**	**127,523**	**1,005,718**	**(927,927)**	**(1,720)**	**264**	**(927,927)**	**(67,693)**
% of Balance	**23.67%**	**2.17%**	**1.38%**	**1.08%**	**-0.02%**	**-30.84%**	**12.02%**	**0.75%**	**0.09%**

[1] Referred to the companies GF Aviation S.r.l., K-Air S.p.A.
[2] Net to bad provisions.
[3] Nuova Beni Immobiliari S.r.l.
[4] Within the "Other fixed assets"
[5] Within the "Cost of goods sold"
[6] Within the "Overheads"

It should be noted that the item "Other current assets" includes euro 8,000 thousand of receivables due from Argentina S.r.l. entirely devalued.
Transactions with related parties are governed by specific contracts, the conditions of which are in line with those of the market.
"Other fixed assets" due from related companies come to Euro 1,278 thousand and refer to the loan to the Tunisian investee, aimed at developing business (orange production for the French market), whilst as concerns Moño Azul, it represents the discounted value of the receivable of USD 400 thousand payable over the next few years, as defined by the contract of the re-organization of assets in Argentina. Trade receivables for Euro 2,158 thousand refer to normal receivables for the supply of fruit and vegetables to Italian related companies, whilst for Moño Azul, they are normal advances to be settled at the close of the fruit campaign. "Trade payables" due to associated companies in the amount of Euro 827 thousand derive from normal service and/or supply contracts with companies mainly operating in the Distribution and Service sectors, all at arm's length. "Commercial revenues" in regard to associated companies, in the amount of Euro 10,588 thousand are linked to fruit sales, whilst those to related companies come to Euro 230 thousand and mainly refer to revenues for consultancy services provided to related companies. "Commercial costs"

toward associated companies for Euro 6,890 thousand mainly refer to costs for the purchase of fruit and terminal services.
For more details, refer to Annex 2 “Financial statements tables stated in accordance with Consob resolution 15519/2006”.

NOTE 35. Share-based payments

As previously discussed, the Group has launched a long-term incentive plan based on ordinary shares of the Company, the “Orsero S.p.A. Stock Grant Plan”, for Orsero’s executive directors and certain key managers, linked to the achievement of the objectives progressively set in the three-year period 2017-2019. As the 2017 objective was achieved, resulting in the assignment to the aforementioned individuals of 166,667 shares, for a total amount of Euro 2,328 thousand, based on the relative fair value at the assignment date, as envisaged in IFRS 2, equivalent to the market price of Euro 13.97. Note that these shares are already held by the Company, which allocated a portion of treasury shares, equivalent to 500,000 shares, specifically for this Plan. As explained in more detail in another part of this report, the 2018 objective was met, although not fully, triggering the assignment to beneficiaries of 153,335 shares for an equivalent value of Euro 2,142 thousand. Please note that the 2019 objective was not achieved, hence there has been no assignment to beneficiaries of any shares, consequently meaning that no cost has been entered on the income statement. Please also note that the shares assigned for achieving the 2017 and 2018 target will be delivered free of charge within 15 trading days of approval of the 2019 financial statements.

NOTE 36. Employees

The following table shows the number of employees and the average number of employees as at December 31, 2019 and as at December 31, 2018.

	31.12.2019	31.12.2018	Change
Distribution Sector			
Number of employees	1,286	1,192	94
Average number of employees	1,328	1,218	110
Import&Shipping Sector			
Number of employees	177	175	2
Average number of employees	177	173	4
Services Sector			
Number of employees	82	94	(12)
Average number of employees	83	94	(11)
Number of employees	**1,545**	**1,461**	**84**
Average number of employees	**1,588**	**1,485**	**103**

NOTE 37. Guarantees provided, commitments and other contingent liabilities.

The guarantees provided by the Company are as follows:

Thousands of euro	31.12.2019	31.12.2018	Change
Guarantees issued in the interest of the Group	6,625	7,045	(420)
Guarantees issued to third parties	2,828	8,601	(5,774)
Guarantees issued to third parties in the interest of related parties	-	1,440	(1,440)
Total guarantees	**9,453**	**17,086**	**(7,634)**

Relative to the closing of the previous year, of note is the reduction of the guarantees by Euro 7,634 thousand, of which Euro 5,9 million due to the expiry of the guarantees on VAT reimbursements of previous years and for Euro 1,152 thousand essentially due to the elimination of the “K-Air” guarantee, replaced by the recognition of a provision for risks, as mentioned previously. As in previous years, the guarantees outstanding at December 31, 2019 are essentially related to guarantees issued to Customs and/or VAT offices in respect of the business of Group companies.

We are not aware of any other disputes or proceedings that may have repercussions on the Group's economic and financial position, except for those already described in this financial report.

NOTE 38. Fees due to the Directors and the Board of Auditors

The following table details the remuneration for the members of the corporate bodies of Orsero S.p.A. in 2019.

Thousands of euro	2,019
Board of Directors	646
Board of Auditors	95

"Directors' fees" include remuneration from letters of appointment of Euro 570 thousand, committee remuneration of Euro 30 thousand and contributions for Euro 46 thousand.

NOTE 39. Significant events after December 31, 2019

In this regard, please note that after the financial statements were closed, on January 14, 2020, Fruttital S.r.l. purchased four strategic properties from the related company Nuova Beni Immobiliari S.r.l. This transaction has been thoroughly described in the Directors' Report on Operations, in the paragraph entitled "Significant events after the 2019 closing", to which we would refer you.
With reference to the potential effects connected with the Covid-19 epidemic it is to be noted how, under an accounting perspective compliant with IAS 10 par 3-10, such emergency must be considered as a "non-adjusting event" with reference to the financial statements closed 31 december 2019. It is true indeed that, altough the information on the first cases of infection provided by the Chinese Authorities date back to the end of 2019, only on 31 january 2020 the International Regulations Emergency Committee of the World Health Organization has declared the existence of a phenomenon of international emergence, and only after such date the single Countries have started adopting the relevant countermeasures. As outlined in the Report on operations the Group's management is closely monitoring the evolution of the situation but has not currently noted any notable effects not balanced by an increase in the unit sale price of the products. In general, our activity shows an increase in the sales to the Large Distribution channel matching a physiologic decrease in the sales to the "traditional" wholesale channel, at present the segment more heavily influenced by the Government regulations also because of its relations with the Ho.Re.Ca. businesses. We cannot, however, exclude the possibility that major impacts be determined on the economic and financial position of the Group, to an extent that at present it is not possible to quantify, should the situation continue for a considerable length of time and new and more strict regulations imposed in Italy and Europe on logistics and circulation of the goods. The management, who constantly follows the situation, will promptly disclose to the public any possible negative evolution of the Group activities and, if possible, make estimations on the potential impacts of Covid-19.
Finally, as regards the proceedings brought against Raffaella Orsero, Deputy Chair and Managing Director of the Company, please refer to the information given in the Directors' Report on Operations, in the paragraph "Significant events after the 2019 closing".

ANNEX 1. Information in accordance with Art. 149-due decies of the Consob Issuers' Regulation

The table below, prepared in accordance with Art. 149-duodecies of the Consob Issuers' Regulation, shows the fees for 2019 for auditing and other non-auditing services provided by the independent auditing firm appointed or by companies belonging to its network.

Tyoe of services - Thousands of euro	Company that provided the service	Addressee	Fees for 2019
Audit (*)			
	Kpmg S.p.A.	Parent company	173
		Italian subsidiaries	133
	Kpmg Auditores S.L.	Foreign subsidiaries	78
Other services rendered as auditor of the Parent company in relation to MTA/STAR listing process			
MTA certification services	Kpmg S.p.A.	Parent company	284
Other services			
Tax declaration	Kpmg S.p.A.	Parent company	3
Tax declaration	Kpmg S.p.A.	Italian subsidiaries	20

(*) Includes the audit at December 31, 2019 and at June 30, 2019

ANNEX 2. Financial statements tables stated in accordance with Consob Resolution 15519/2006

Consolidated statement of financial position 2019 and 2018

Thousands of euro	31/12/2019	of which related parties Associates	Related companies	Total	%
ASSETS					
Goodwill	46,828	-	-	-	-
Other intangible assets	5,145	-	-	-	-
Tangible assets	181,722	-	-	-	-
Financial investments	8,117	7,594	-	7,594	94%
Other fixed assets	5,401	1,278	-	1,278	24%
Deferred tax assets	9,122	-	-	-	-
NON-CURRENT ASSETS	**256,336**	**8,872**	**-**	**8,872**	**3%**
Inventories	36,634	-	-	-	-
Trade receivables	121,439	2,158	473	2,630	2%
Current tax receivables	16,971	-	-	-	-
Other current assets	11,066	-	-	-	-
Cash and cash equivalent	56,562	-	-	-	-
CURRENT ASSETS	**242,672**	**2,158**	**473**	**2,630**	**1%**
Assets held for sale	**-**	**-**	**-**	**-**	**-**
TOTAL ASSETS	**499,008**	**11,030**	**473**	**11,502**	**2%**
Share Capital	69,163	-	-	-	-
Reserves	79,036	-	-	-	-
Net profit	2,022	-	-	-	-
Group equity	**150,221**	**-**	**-**	**-**	**-**
Minorities	**710**	**-**	**-**	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY	**150,931**	**-**	**-**	**-**	**-**
LIABILITIES					
Non-current financial liabilities	131,583	-	-	-	-
Other non-current liabilities	349	-	-	-	-
Deferred tax liabilities	5,216	-	-	-	-
Provisions for risks and charges	4,022	-	-	-	-
Employees benefits liabilities	9,422	-	-	-	-
NON-CURRENT LIABILITIES	**150,592**	-	-	-	-
Current financial liabilities	51,897	-	-	-	-
Trade payables	127,523	827	935	1,762	1%
Current tax and social security contributions liabilities	6,400	-	-	-	-
Other current liabilities	11,343	-	-	-	-
CURRENT LIABILITIES	**197,162**	**827**	**935**	**1,762**	**1%**
Liabilities held for sale	**-**	**-**	**-**	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**498,685**	**827**	**935**	**1,762**	**-**

Thousands of euro	31/12/2018	of which related parties Associates	Related companies	Total	%
ASSETS					
Goodwill	32,975	-	-	-	-
Other intangible assets	5,057	-	-	-	-
Tangible assets	103,145	-	-	-	-
Financial investments	8,919	8,419	-	8,419	94%
Other fixed assets	6,080	1,255	-	1,255	21%
Deferred tax assets	9,277	-	-	-	-
NON-CURRENT ASSETS	**165,453**	**9,674**	**-**	**9,674**	**6%**
Inventories	35,838	-	-	-	-
Trade receivables	109,360	2,728	320	3,048	3%
Current tax receivables	17,210	-	-	-	-
Other current assets	9,014	-	-	-	-
Cash and cash equivalent	76,285	-	-	-	-
CURRENT ASSETS	**247,706**	**2,728**	**320**	**3,048**	**1%**
Assets held for sale	**-**	-	-	-	-
TOTAL ASSETS	**413,160**	**12,402**	**320**	**12,722**	**3%**
Share Capital	69,163	-	-	-	-
Reserves	72,567	-	-	-	-
Net profit	7,974	-	-	-	-
Group equity	**149,704**	-	-	-	-
Minorities	**475**	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	**150,178**	-	-	-	-
LIABILITIES					
Non-current financial liabilities	82,984	-	-	-	-
Other non-current liabilities	482	-	-	-	-
Deferred tax liabilities	5,451	-	-	-	-
Provisions for risks and charges	2,697	-	-	-	-
Employees benefits liabilities	8,559	-	-	-	-
NON-CURRENT LIABILITIES	**100,173**	-	-	-	-
Current financial liabilities	29,387	-	-	-	-
Trade payables	112,751	1,201	1,229	2,430	**2%**
Current tax and social security contributions liabilities	7,316	-	-	-	-
Other current liabilities	13,354	-	-	-	-
CURRENT LIABILITIES	**162,808**	**1,201**	**1,229**	**2,430**	**1%**
Liabilities held for sale	**-**	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**413,160**	**1,201**	**1,229**	**2,430**	**1%**

Consolidated income statement and Consolidated statement of comprehensive income 2019 and 2018

Thousands of euro	Year 2019	of which related parties			
		Associates	Related companies	Total	%
Net sales	1,005,718	10,588	230	**10,817**	1%
Cost of goods sold	(927,927)	(6,739)	(72)	**(6,811)**	1%
Gross profit	**77,792**	**-**	**-**	**-**	**-**
Overheads	(67,693)	-	(60)	**(60)**	-
Other income and expenses	(1,720)	13	517	**530**	-31%
- of which non-recurring operating income	*820*	-	517	**517**	63%
- of which non-recurring operating expenses	(5,395)	-	-	-	-
Operating result (Ebit)	**8,378**	**-**	**-**	**-**	**-**
Financial income	264	32	-	**32**	12%
Financial expenses and exchange rate differences	(4,888)	-	-	-	-
Net income (loss) from equity investments	959	-	-	-	-
Share of net profit of associates and joint ventures	751	751	-	**751**	100%
Profit before tax	**5,465**	**-**	**-**	**-**	**-**
Tax expenses	(3,201)	-	-	-	-
Net profit from continuing operations	**2,264**	**-**	**-**	**-**	**-**
Net profit of "Discontinued operations"	-	-	-	-	-
Net profit	**2,264**	**-**	**-**	**-**	**-**
attributable to non-controlling interests	**242**	-	-	-	-
attributable to parent company	**2,022**	**-**	**-**	**-**	**-**

Thousands of euro	Year 2019	of which related parties			
		Associates	Related com	Total	%
Net profit	**2,264**	**-**	**-**	**-**	**-**
Items that may not be subsequently reclassified to net profit or loss	(441)	-	-	-	-
Items that may be subsequently reclassified to net profit or loss	930	-	-	-	-
Total comprehensive income	**2,754**	**-**	**-**	**-**	**-**
attributable to non-controlling interests	**242**	-	-	-	-
attributable to parent company	**2,511**	**-**	**-**	**-**	**-**

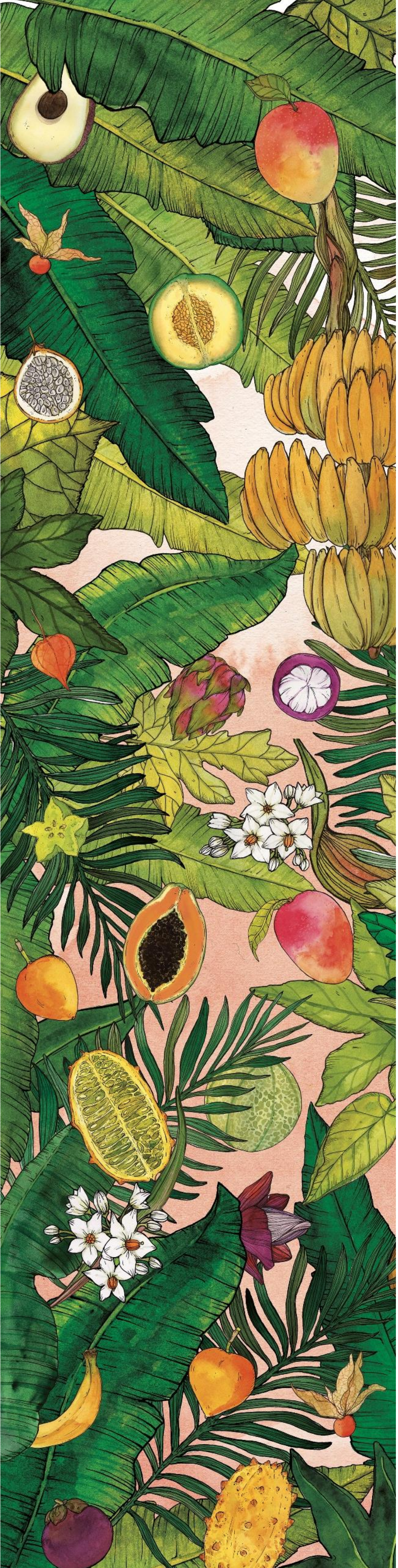
Thousands of euro	Year 2018	of which related parties			
		Associates	Related companies	Total	%
Net sales	952,756	11,746	26	**11,772**	**1%**
Cost of goods sold	(874,801)	(7,627)	(2,174)	**(9,801)**	**1%**
Gross profit	**77,956**	**-**	**-**	**-**	**-**
Overheads	(67,016)	(3)	(836)	**(839)**	**1%**
Other income and expenses	412	193	-	**193**	**47%**
- of which non-recurring operating income	*279*	-	-	-	-
- of which non-recurring operating expenses	*(4,263)*	-	-	-	-
Operating result (Ebit)	**11,352**	**-**	**-**	**-**	**-**
Financial income	186	34	-	**34**	**18%**
Financial expenses and exchange rate differences	(2,647)	-	-	-	-
Net income (loss) from equity investments	1,163	-	-	-	-
Share of net profit of associates and joint ventures	1,187	1,187	-	**1,187**	100%
Profit before tax	**11,241**	**-**	**-**	**-**	**-**
Tax expenses	(3,239)	-	-	-	-
Net profit from continuing operations	**8,002**	**-**	**-**	**-**	**-**
Net profit of "Discontinued operations"	-	-	-	-	-
Net profit	**8,002**	**-**	**-**	**-**	**-**
attributable to non-controlling interests	**29**	-	-	-	-
attributable to parent company	**7,974**	**-**	**-**	**-**	**-**

Thousands of euro	Year 2018	of which related parties			
		Associates	Related com	Total	%
Net profit	**8,002**	**-**	**-**	**-**	**-**
Items that may not be subsequently reclassified to net profit or loss	151	-	-	-	-
Items that may be subsequently reclassified to net profit or loss	(1,340)	-	-	-	-
Total comprehensive income	**6,813**	**-**	**-**	**-**	**-**

Consolidated statement of cash flows 2019 and 2018

Thousands of euro	Year 2019	of which related parties		
		Associates	Related	Total
A. Net cash flows provided by (used for) operating activities				
Net profit	**2,264**			
Income taxes	3,201	-	-	-
Net financial expenses	4,623	(32)	-	**(32)**
1. Net Profit before Tax, Interests, Dividends and (earnings)/losses from disposal of assets	**10,088**			
Non-cash adjustments not related to working capital:				
Provisions	2,046	-	-	-
Depreciations and Amortizations	23,707	-	-	-
2. Cash flows before working capital changes	**35,842**			
Changes in Working Capital:				
Change in inventories	(570)	-	-	-
Change in trade receivables	(9,244)	570	(152)	**418**
Change in trade payables	9,562	(374)	(294)	**(668)**
Other working capital changes	(2,297)	-	-	-
3. Cash flows after working capital changes	**33,292**			
Other non-cash adjustments:				
Net financial expenses	(4,623)	32	-	**32**
Income taxes	(3,201)	-	-	-
4. Cash flows after other changes	**25,468**			
Net cash flows provided by (used for) operating activities (A)	**25,468**			
B. Net cash flows provided by (used for) investing activities				
Tangible assets				
(Investment)	(34,883)	-	**(1,980)**	**(1,980)**
Disposals	5,442	-	-	-
Intangible assets				
(Investment)	(15,244)	-	-	-
Disposals	131	-	-	-
Financial Investments				
(Investment)	(751)	(751)	-	**(751)**
Disposals	1,561	1,516	-	**1,516**
Financial assets				
(Investment)	-	-	-	-
Disposals	884	-	-	-
Disposals / (acquisitions) of investments in controlled companies, net of cash	726	-	-	-
Net cash flows provided by (used for) investing activities (B)	**(42,134)**			
C. Net cash flows provided by (used for) financing activities				
Financial loans				
Increase /(decrease) of short term financial debts	9,885	-	-	-
Drawdown of new loans	20,630	-	-	-
Pay back of loans	(32,059)	-	-	-
Equity				
Capital Increase and other changes in increase or decrease	604	-	-	-
Disposal/ (aquisition) of own shares	(20)	-	-	-
Dividends paid	(2,096)	-	-	-
Net cash flows provided by (used for) financing activities(C)	**(3,056)**	-	-	-
Increase/ (decrease) of cash and cash equivalent (A ± B ± C)	**(19,722)**			
Net cash and cash equivalents, at beginning of the year	**76,285**			
Net cash and cash equivalents, at end of the year	**56,562**			

Thousands of euro	Year 2018	of which related parties		
		Associates	Related	Total
A. Net cash flows provided by (used for) operating activities				
Net profit	**8,002**			
Income taxes	3,239	-	-	-
Net financial expenses	2,461	(34)	-	**(34)**
1. Net Profit before Tax, Interests, Dividends and (earnings)/losses from disposal of assets	**13,702**			
Non-cash adjustments not related to working capital:				
Provisions	1,706	13	6	18
Depreciations and Amortizations	13,673	-	-	-
2. Cash flows before working capital changes	**29,081**			
Changes in Working Capital:				
Change in inventories	(2,340)	-	-	-
Change in trade receivables	1,833	334	4,576	**4,910**
Change in trade payables	9,356	347	(1,636)	**(1,289)**
Other working capital changes	(378)	-	-	-
3. Cash flows after working capital changes	**37,551**			
Other non-cash adjustments:				
Net financial expenses	(2,461)	34	-	**34**
Income taxes	(3,239)	-	-	-
4. Cash flows after other changes	**31,851**			
Net cash flows provided by (used for) operating activities (A)	**31,851**			
B. Net cash flows provided by (used for) investing activities				
Tangible assets				
(Investment)	(14,957)	-	-	-
Disposals	491	-	-	-
Intangible assets				
(Investment)	(1,962)	-	-	-
Disposals	3,631	-	-	-
Financial Investments				
(Investment)	(4,604)	(4,604)	-	**(4,604)**
Disposals	203	159	-	**159**
Financial assets				
(Investment)				
Disposals	(6,085)	(1,209)	-	(1,209)
Disposals / (acquisitions) of investments in controlled companies, net of cash	794	3,441	-	3,441
Net cash flows provided by (used for) investing activities (B)	**(22,489)**			
C. Net cash flows provided by (used for) financing activities				
Financial loans				
Increase /(decrease) of short term financial debts	(6,996)	-	-	-
Drawdown of new loans	91,992	-	-	-
Pay back of loans	(96,396)	-	-	-
Equity				
Capital Increase and other changes in increase or decrease	763	-	-	-
Disposal/ (aquisition) of own shares	(297)	-	-	-
Dividends paid	(2,036)	-	-	-
Net cash flows provided by (used for) financing activities(C)	**(12,971)**	-	-	-
Increase/ (decrease) of cash and cash equivalent (A ± B ± C)	**(3,608)**			
Net cash and cash equivalents, at beginning of the year	**79,893**			
Net cash and cash equivalents, at end of the year	**76,285**			



Independent Auditor’s Report

KPMG S.p.A.
Revisione e organizzazione contabile
Piazza della Vittoria, 15 int. 11
16121 GENOVA GE
Telefono +39 010 564992
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Orsero S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Orsero Group (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated income statement and the statements of comprehensive income, the consolidated changes in equity and the consolidated cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Orsero Group as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Orsero S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Orsero Group
Independent auditors' report
31 December 2019

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill

Notes to the consolidated financial statements: section "Valuation criteria" and note 1 - Goodwill

Key audit matter	Audit procedures addressing the key audit matter
The Goodwill included in the consolidated financial statements at 31 December 2019 amounts to a total of €46.8 million. Goodwill is allocated to the cash-generating units ("CGU") of the Distribution sector by geographical area. In particular, goodwill is allocated to the CGU Italy for €24.7 million, the CGU France for €9.5 million, the CGU Spain for €11.2 million and the CGU Portugal for €1.4 million. In line with the procedure approved by the Orsero S.p.A.'s board of directors on 10 February 2020, the goodwill is tested for impairment at least annually and whenever there are triggering events, by comparing the carrying amounts of each CGU, including goodwill, to the related recoverable amounts. The recoverable amount is estimated based on the value in use, calculated using the discounted cash flow model by discounting the individual CGU's expected cash flows over the three-year period 2020-2022. The expected operating cash flows were estimated on the basis of the Business plan 2019-2021, prepared during the procedure for admission to listing Orsero S.p.A. security on MTA/STAR segment and on the 2020 budget, respectively approved by the Board of Directors on 9 September 2019 and on 10 February 2020, duly supplemented to incorporate the effects of the acquisition of five warehouses from the related party Nuova Beni Immobiliari S.r.l.. The expected operating cash flows for the year 2022 and for the Terminal values have been determined on the basis of the operating result of year 2021.	Our audit procedures, which also involved our own specialists, included: — understanding the process adopted to prepare the impairment tests and the forecasts set out in the 2019-2021 plan and in the budget 2020; — checking any discrepancies between the previous year forecast and actual figures, in order to understand the accuracy of the estimation process; — analysing the reasonableness of i) the key assumptions used by the directors to identify the CGU, the criteria for the allocation of goodwill and to determine the related operating cash flows and ii) the valuation models adopted; — checking the consistency of the expected cash flows used for impairment testing with those used for the forecasts and analysing the reasonableness of any discrepancies; — checking the sensitivity analysis presented in the notes to the consolidated financial statements in relation to the key assumptions used for impairment testing; — assessing the appropriateness of the disclosures provided in the notes to the consolidated financial statements about goodwill and related impairment tests.

Key audit matter	Audit procedures addressing the key audit matter
Impairment testing is complex and entails a high level of judgement, especially in relation to: — the expected operating cash flows, calculated by taking into account the general economic performance and that of the Group's sector, the actual cash flows for recent years and the projected growth rates. — the financial parameters used to calculate the discount rate. For the above reasons and due to the materiality of the relevant caption, we believe that the recoverability of the carrying amounts of goodwill is a key audit matter.	

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 24 April 2019, the shareholders of Orsero S.p.A. appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2019 to 31 December 2027.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The directors of Orsero S.p.A. are responsible for the preparation of the directors' report and the report on corporate governance and ownership at 31 December 2019 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership indicated by article 123-bis.4 of Legislative decree no. 58/98 with the Group's consolidated financial statements at 31 December 2019 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership referred to above are consistent with the Group's consolidated financial statements at 31 December 2019 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Orsero Group
Independent auditors' report
31 December 2019

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Orsero S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, this statement is subject of a separate attestation issued by other auditor.

Genoa, 30 March 2020

KPMG S.p.A.

(signed on the original)

Matteo Pastore
Director of Audit

Separate Financial Statements at December 31, 2019

Parent Company Financial Statements

Statement of financial position (1) (2) (3)

Euro	Notes	31/12/2019	31/12/2018
ASSETS			
Other intangible assets	1	180,675	108,525
Tangible assets	2	2,746,043	729,093
Financial investments	3	165,693,826	168,776,264
Other fixed assets	4	22,833	25,014
Deferred tax assets	5	2,008,939	1,987,735
Non-Current Assets		**170,652,316**	**171,626,632**
Receivables	6	37,856,155	75,845,878
Current tax receivables	7	2,473,891	3,257,760
Other current assets	8	335,083	443,007
Cash and cash equivalent	9	26,728,246	29,564,505
Current Assets		**67,393,375**	**109,111,149**
Assets held for sale		**-**	**-**
TOTAL ASSETS		**238,045,690**	**280,737,781**
Share Capital		69,163,340	69,163,340
Reserves		72,063,526	88,537,558
Net profit		1,496,197	4,041,242
Total Shareholders' Equity	**10**	**142,723,063**	**161,742,141**
LIABILITIES			
Non-current financial liabilities	11	70,528,871	79,047,627
Provisions for risks and charges	12	520,000	-
Employees benefits liabilities	13	1,744,998	1,507,218
Non-Current Liabilities		**72,793,869**	**80,554,845**
Current financial liabilities	11	11,167,077	11,011,301
Payables	14	9,884,279	25,302,850
Current tax and social security contributions liabiliti	15	333,828	315,057
Other current liabilities	16	1,143,574	1,811,587
Current Liabilities		**22,528,758**	**38,440,795**
Liabilities held for sale		**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**238,045,690**	**280,737,781**

(1) The notes commenting on the individual items are an integral part of these Separate Financial Statements.
(2) The Parent Company adopted IFRS 16 for the first time on January 1, 2019, using the modified retrospective approach, therefore without restating the comparative data from previous years. For more details, refer to the paragraph Leasing of the notes to the Parent Company Financial Statements.
(3) In accordance with Consob Resolution no. 15519 of July 27, 2006, the effects of related party transactions are given in the explanatory notes to the Separate Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Income statement (1) (2) (3)

Euro	NOTES	Year 2019	Year 2018
Net sales	17	3,025,863	3,314,379
Cost of goods sold		-	-
Gross profit		**3,025,863**	**3,314,379**
Overheads	18	(9,091,621)	(10,547,614)
Other income and expenses	19	(1,180,830)	(39,248)
Operating result (Ebit)		**(7,246,588)**	**(7,272,483)**
Financial income	20	173,113	86,181
Financial expenses and exchange rate differences	20	(2,349,275)	(1,282,305)
Net income (loss) from equity investments	21	9,410,163	9,717,144
Profit before tax		**(12,587)**	**1,248,536**
Tax expenses	22	1,508,784	2,792,706
Net profit from continuing operations		**1,496,197**	**4,041,242**
Net profit of "Discontinued operations"		-	-
Net profit		**1,496,197**	**4,041,242**

(1) The notes commenting on the individual items are an integral part of these Separate Financial Statements.
(2) The Parent Company adopted IFRS 16 for the first time on January 1, 2019, using the modified retrospective approach, therefore without restating the comparative data from previous years. For more details, refer to the paragraph Leasing of the notes to the Parent Company Financial Statements.
(3) In accordance with Consob Resolution no. 15519 of July 27, 2006, the effects of related party transactions are given in the explanatory notes to the Separate Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Statement of comprehensive income

Euro		Year 2019	Year 2018
Net profit		**1,496,197**	**4,041,242**
Items that may not be subsequently reclassified to net profit or loss	13	(104,499)	(31,860)
Items that may be subsequently reclassified to net profit or loss	11	(82,582)	(279,206)
Total comprehensive income		**1,309,116**	**3,730,176**

(1) The notes commenting on the individual items are an integral part of these Separate Financial Statements.
(2) The Parent Company adopted IFRS 16 for the first time on January 1, 2019, using the modified retrospective approach, therefore without restating the comparative data from previous years. For more details, refer to the paragraph Leasing of the notes to the Parent Company Financial Statements.
(3) In accordance with Consob Resolution no. 15519 of July 27, 2006, the effects of related party transactions are given in the explanatory notes to the Separate Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Cash Flow Statement

Euro	Notes	Year 2019	Year 2018
A. Net cash flows provided by (used for) operating activities			
Net profit		**1,496,197**	**4,041,242**
Income taxes	22	(1,508,784)	(2,792,706)
Net financial expenses	20	2,176,055	1,196,124
(Dividends)	21	(10,059,510)	(8,000,000)
1. Net Profit before Tax, Interests, Dividends and (earnings)/losses from disposal of assets		**(7,896,042)**	**(5,555,340)**
Non-cash adjustments not related to net working capital:			
Depreciations and Amortizations	18	432,416	219,537
2. Cash flows before net working capital changes		**(7,463,626)**	**(5,335,803)**
Changes in Net Working Capital:			
Change in trade receivables	6	1,302,080	38,645,555
Change in trade payables	14	(7,170,737)	(28,475,099)
Change in other payables/receivables	7-8-12-13-15-16	619,778	(50,202,866)
3. Cash flows after net working capital changes		**(12,712,504)**	**(45,368,213)**
Other non-cash adjustments:			
Net financial expenses	20	(2,176,055)	(1,196,124)
Income taxes	22	1,508,784	2,792,706
Dividends	21	10,059,510	8,000,000
4. Cash flows after other changes		**(3,320,265)**	**(35,771,631)**
Net cash flows provided by (used for) operating activities (A)		**(3,320,265)**	**(35,771,631)**
B. Net cash flows provided by (used for) investing activities			
Tangible assets			
(investment)	2	(292,734)	(308,337)
Disposals	2	81,525	159,168
Intangible assets			
(investment)	1	(122,839)	(77,360)
Disposals	1	-	-
Financial Investments			
(Investment)	3	(200,000)	-
Disposals	3	14,827,001	706,678
Financial assets			
(Investment)	4-5	(19,023)	(1,387,461)
Disposals	4-5	-	-
Disposals / (acquisitions) of investments in controlled companies, net of cash	3-11	17,518,799	-
Net cash flows provided by (used for) investing activities (B)		**31,792,730**	**(907,312)**
C. Net cash flows provided by (used for) financing activities			
Financial loans			
Increase /(decrease) of short term financial debts	11	50,780	(1,426,635)
Drawdown of new loans	11	-	89,377,733
Pay back of loans	11	(10,859,851)	(74,742,000)
Equity			
Capital increase and other changes in increase or decrease	10	(18,462,755)	1,775,799
Disposal/ (aquisition) of own shares	10	(20,908)	(297,161)
Dividends paid	10	(2,031,612)	(2,036,000)
Net cash flows provided by (used for) financing activities(C)		**(31,324,346)**	**12,651,736**
Increase/ (decrease) of cash and cash equivalent (A ± B ± C)		**(2,851,880)**	**(24,027,207)**
Net cash and cash equivalents, at beginning of the year	**9**	**29,580,126**	**53,607,333**
Net cash and cash equivalents, at end of the year	**9**	**26,728,246**	**29,580,126**

(1) The notes commenting on the individual items are an integral part of these Separate Financial Statements.
(2) The Parent Company adopted IFRS 16 for the first time on January 1, 2019, using the modified retrospective approach, therefore without restating the comparative data from previous years. For more details, refer to the paragraph Leasing of the notes to the Parent Company Financial Statements.
(3) In accordance with Consob Resolution no. 15519 of July 27, 2006, the effects of related party transactions are given in the explanatory notes to the Separate Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Statement of Changes in Shareholders' Equity

Thousands of euro	Share Capital*			Legal reserve	Share premium reserve	Other reserves	Currency transation reserve	Cash Flow Hedge reserve	Remeasurement of defined benefit plans	Long-term incentive plan reserve	Retained earnings/ (losses)	Net profit	Total Shareholders' equity
	Share Capital*	Treasury Share*	Equity investments'costs reserve*										
December 31, 2017	**69,163**	**(7,109)**	**(153)**	**-**	**80,556**	**12,444**	**-**	**-**	**(163)**	**2,328**	**(1,195)**	**2,386**	**158,258**
Allocation of reserves	-	-	-	119	-	(965)	-	-	-	-	1,195	(349)	-
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchasing treasury shares	-	(297)	-	-	-	-	-	-	-	-	-	-	(297)
Effect IAS 19	-	-	-	-	-	-	-	-	(32)	-	-	-	(32)
Change in fair value of cash flow hedge derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	**(2,036)**	(2,036)
Long-term incentive plan	-	-	-	-	-	-	-	-	-	2,142	-	-	2,142
Other changes	-	-	-	-	-	(55)	-	(279)	-	-	-	-	(334)
Net profit	-	-	-	-	-	-	-		-	-	-	**4,041**	4,041
December 31, 2018	**69,163**	**(7,406)**	**(153)**	**119**	**80,556**	**11,424**	**-**	**(279)**	**(195)**	**4,470**	**-**	**4,041**	**161,742**

Thousands of euro	Share Capital**	Treasury Share**	Equity investments'costs reserve**	Legal reserve	Share premium reserve	Other reserves	Currency transation reserve	Cash Flow Hedge reserve	Remeasurement of defined benefit plans	Long-term incentive plan reserve	Retained earnings/ (losses)	Net profit	Total Shareholders' equity
December 31, 2018	**69,163**	**(7,406)**	**(153)**	**119**	**80,556**	**11,424**	**-**	**(279)**	**(195)**	**4,470**	**-**	**4,041**	**161,742**
Allocation of reserves	-	-	-	202	-	1,808	-	-	-	-	-	(2,010)	-
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchasing treasury shares	-	(21)	-	-	-	-	-	-	-	-	-	-	(21)
Effect IAS 19	-	-	-	-	-	-	-	-	(104)	-	-	-	(104)
Change in fair value of cash flow hedge derivatives	-	-	-	-	-	-	-	(83)	-	-	-	-	(83)
Dividends	-	-	-	-	-	-	-	-	-	-	-	(2,032)	(2,032)
Long-term incentive plan	-	-	-	-	-	-	-	-	-		-	-	-
Other changes	-	-		-	-	(18,276)	-	-	-	-		-	(18,276)
Net profit	-	-	-	-	-	-	-		-	-	-	**1,496**	1,496
December 31, 2019	**69,163**	**(7,427)**	**(153)**	**321**	**80,556**	**(5,044)**	**-**	**(362)**	**(299)**	**4,470**	**-**	**1,496**	**142,723**

(*) Espression of the share capital according to IAS 32, net of treasury shares for €/000 7,405 and equity investments'costs for €/000 153

(**) Espression of the share capital according to IAS 32, net of treasury shares for €/000 7,426 and equity investments'costs for €/000 153

(1) The notes commenting on the individual items are an integral part of these Parent Company Financial Statements.

(2) The Group adopted IFRS 16 for the first time on January 1, 2019, using the modified retrospective approach, therefore without restating the comparative data from previous years. For more details, refer to the paragraph Leasing of the notes to the Parent Company Statements.

(3) In accordance with Consob resolution no. 15519 of July 27, 2006, the effects of related party transactions and the effects of non-recurring income and expenses, are given in the explanatory notes to the Consolidated Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Certification of the separate financial statements pursuant to Art. 81-ter of Consob Regulation no. 11971 of May 14, 1999, as subsequently amended and supplemented

1. The undersigned Matteo Colombini, Managing Director, and Prudenziati colom, Corporate Accounting Reporting Officer of Orsero S.p.A., taking into account the provisions of Art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of February 24, 1998, hereby certify:
   - the adequacy, considering the Company's characteristics, and
   - the effective application of administrative and accounting procedures for the preparation of the separate financial statements during the period closed as at December 31, 2019.
2. No significant issues arose.
3. It is further certified that:

3.1 the separate financial statements:

i) are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

j) coincide with the underlying books and accounting records;

k) are suitable to give a true and fair view of the issuer's economic, equity and financial position.

3.2 The report on operations, prepared in a single format for both the separate and consolidated financial statements, contains a reliable analysis of the business outlook and management result, the financial position of the issuer and a description of the main risks and uncertainties it is subject to.

Milan, Monday, March 11, 2019

Matteo Colombini
Managing Director

Giacomo Ricca
The Reporting Officer

Notes to the Financial Statements as at December 31, 2019

Form and content of the separate financial statements and other general information

Group Structure

Orsero S.p.A. (the "Parent Company" or the "Company") is a company organized under the laws of the Republic of Italy. The company represents the Parent Company of Orsero Group, whose activities have been extensively described in the pages above with regard to the single Report on Operations. The registered office of the Parent Company is via Fantoli 6/15, Milan, Italy.
As at December 31, 2019, the Company's share capital totals Euro 69,163,340.00, divided up into 17,682,500 ordinary shares with no nominal value.
Please note that the ordinary shares in Orsero S.p.A. (formerly Glenalta Food S.p.A.) were admitted for trading on AIM Italia, organized and managed by Borsa Italiana S.p.A., with Borsa Italiana S.p.A. Notice on November 6, 2015. Trading began on November 10, 2015. On February 13, 2017, with the effect of the merger of Glenalta Food S.p.A. and GF Group S.p.A., the name changed of the financial instruments, from Glenalta Food S.p.A. to Orsero S.p.A. On December 16, 2019, with notice no. 8617, Borsa Italiana arranged for the admission to listing on the telematic stock market (MTA) of ordinary Orsero shares. On December 19, 2019, Borsa Italiana ordered the start-up of trading of ordinary Orsero shares on the STAR segment of the MTA, starting December 23, 2019.

Statement of compliance and preparation criteria

These Separate financial statements as at December 31, 2019, prepared on the basis that the business continues to operate as a going concern, were prepared in accordance with Art. 4, paragraph 1 of Italian Legislative Decree no. 38 of 2/28/2005 and in compliance with the International Financial Reporting Standards (IFRS), the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Commission as per the procedure envisaged by Regulation (EC) 1606/2002, issued by the European Parliament and Council in July 2002 and in force as at the reporting date, as well as with the previous International Accounting Standards (IAS). Hereinafter in the Parent company financial statements, to simplify matters, all these standards and interpretations will together be defined as "IFRS". In preparing this document, consideration was given to the provisions of Art. 9 of Italian Legislative Decree no. 38 of 2/28/2005, the provisions of the Italian Civil Code, Consob Resolutions no. 15519 ("Provisions on the financial statements tables to be issued in implementation of Art. 9, paragraph 3 of Italian Legislative Decree no. 38 of 2/28/2005") and no. 15520 ("Amendments and supplements to the regulation setting out provisions implementing Italian Legislative Decree no. 58/1998"), both dated July 27, 2006, and those of Consob communication no. DEM/6064293 of July 28, 2006 ("Corporate disclosure of listed issuers and issuers with financial instruments disseminated amongst the public pursuant to Art. 116 of the TUF") and Art. 78 of the Issuers' Regulation. It is specified that with reference to Consob Resolution no. 15519 of July 27, 2006 on the financial statements tables, specific additional tables have been added representing the statement of financial position, the income statement and statement of cash flows, highlighting significant related party transactions and the effects of non-recurring income and expense in order to avoid compromising the overall legibility of the financial statements tables.
The separate financial statements are prepared in euros, which is the functional currency of the economy in which Orsero operates; the amounts given on the consolidated accounting statements are in units of euros, whilst the data given in the notes, is in thousands of euros. These separate financial statements are compared with last year's separate financial statements, which

were prepared applying the same criteria except for that described in the paragraph entitled "Accounting standards, amendments and IFRS interpretations applied starting January 1, 2019". It should be noted, in fact, that the accounting standards applied are in line with those adopted in preparing the separate statement of financial position at December 31, 2018, as well as the 2018 income statement, in accordance with IFRS. As regards the comparability of data, please note that in FY 2019, the sub-holdings GF Distribuzione S.r.l. and GF Porterm S.r.l. were merged by incorporation into Orsero S.p.A.
The separate statements have been drawn up in accordance with the general historical cost principle, with the exception of financial assets and derivative instruments, which are measured at fair value. Please also note that the Directors have prepared the separate financial statements assuming that the business will continue operating as a going concern, in accordance with paragraphs 25 and 26 of the standard IAS 1; this is possible due to the strong competitive position of the Group and the profitability and solidity of the equity and financial structure achieved. The IFRS were applied on a consistent basis with the indications provided in the "Framework for the preparation and presentation of financial statements" and no critical issues which required derogations in accordance with paragraph 19 of IAS 1, arose. Assets and liabilities are stated separately, without netting.
On March 11, 2020, the Board of Directors of Orsero S.p.A. approved the separate and consolidated financial statements of Orsero S.p.A. and authorized their publication. The Separate financial statements as at December 31, 2019 were audited by KPMG S.p.A.

Content and form of the separate financial statements
The separate financial statements consist of the statement of financial position, income statement, comprehensive income statement, cash flow statement, statement of changes in equity and these Notes, applying the provisions of IAS 1 "Presentation of the financial statements".

The Company has adopted the following financial statements:

- statement of financial position, which classifies assets and liabilities as current and non-current;
- income statement, in which costs are presented using the "allocation" classification, a structure considered more representative than presentation by type;
- comprehensive income statement, which reports revenue and cost items that are not recognized in profit (loss) for the year as required or permitted by IFRS;
- cash flow statement, presented using the "indirect method";
- statement of changes in equity reporting all changes during the year under review.

The choice of these statements allows the Parent Company's equity, economic and financial situation to be represented in a truthful, correct, reliable and more relevant manner. The form chosen is, in fact, consistent with internal reporting and management.
Please also remember that with its Resolution no. 15519 of July 27, 2006, Consob asked that the accounts given in the financial statements should highlight, if of significant value, any additional sub-items to those already specifically required by IAS 1 and the other international accounting standards, so as to highlight separately from the items of reference, the amount of all related party transactions and positions, as well as, insofar as regards the income statement, the positive or negative items of income deriving from non-recurring or unusual transactions. This information, as requested, has been included in Annex 2 and Note 25 and in all notes to the separate financial statements.

Management and coordination
The Company does not fulfill the requirements for being subject to management and coordination activities by the parent company FIF Holding S.p.A. pursuant to art. 2497 bis of the Italian Civil Code. For more information, please refer to the single report on operations.

Valuation criteria

Below are the main criteria adopted for the preparation of the consolidated financial statements at December 31, 2019; the valuation criteria are applied uniformly to the Parent Company and to all consolidated companies. When, in relation to specific events or as a result of the development of accounting practice, a change is made in the accounting standards applied in a year, the Notes are intended to provide all the appropriate explanations to allow comparison with the previous year, if necessary by providing for the correction/re-alignment of the figures of the related financial statements. Please note that in preparing the consolidated financial statements as at December 31, 2019, the same consolidation standards and the same measurement criteria were applied as used to prepare the consolidated financial statements as at December 31, 2018, with the exception of right-of-use tangible assets pursuant to the new standard IFRS 16.

Other intangible assets

Intangible assets are assets that are not physical, identifiable, controlled by the Group, and that can produce future economic benefits.
Intangible assets are recognized as assets in accordance with IAS 38 - Intangible Assets, when they are identifiable, it is likely that their use will generate future economic benefits and the cost can be reliably determined. These assets are stated at purchase or production cost, inclusive of all ancillary expenses incurred, and amortized on a straight-line basis over their useful lives. Intangible assets with definite useful life are amortized systematically from the time the asset is available for use for the period of their expected usefulness. The useful life is reviewed annually and any changes, where necessary, are made with prospective application.
The recoverability of their value is verified according to the criteria set forth in IAS 36. Costs incurred subsequently are capitalized only when the expected future economic benefits which are attributable to the asset they refer to are increased. All other subsequent costs are allocated to profit and loss during the year in which they are incurred.
Costs incurred internally for the development of new products and services (mainly software costs) are intangible assets generated internally, recognized as assets only if all of the following conditions are met: existence of technical feasibility and intention to complete the asset so as to make it available for use or sale, the Group's ability to use or sell the asset, existence of a market for products and services resulting from the asset or its usefulness for internal purposes, existence of adequate technical and financial resources to complete the development and sale or internal use of the products and services that result from it, reliability of the cost recognition attributable to the asset during its development. Capitalized development costs, where existing, include only expenses incurred that can be attributed directly to the development process and are amortized on a systematic basis from the beginning of production over the estimated product / service life. Research costs are charged to the income statement in the year in which they are incurred.
Patents and intellectual property rights are mainly related to application software licenses, which are amortized on a straight-line basis over their contractual useful life.
Concessions, licenses and trademarks are essentially related to the fees paid for the exercise of commercial activities located within the general markets and amortized on the basis of the duration of the concession, as well as the costs of using licensed software programs, amortized on average over a three-year period. These expenses are recognized as assets in accordance with IAS 38 "Intangible Assets", when it is likely that their use will generate future economic benefits and when their cost can be reliably determined.
Assets in progress and advances include the balance of investments in assets not yet in service at year-end and therefore not subject to amortization, but are subject to impairment testing, as required by IAS 36.
Other intangible assets purchased or produced internally are recognized as assets, if existing, in accordance with IAS 38 (Intangible Assets), when it is likely that their use will generate future economic benefits and when their cost can be reliably determined.

Other intangible assets recognized as a result of the acquisition of a company are recognized separately from goodwill if their current value can be determined reliably.

Tangible assets

Tangible assets are assets that are physical, identifiable, controlled by the Group, and that can produce future economic benefits. Tangible assets purchased or produced internally are recognized as assets in accordance with IAS 16 - Property, Plant and Equipment, when it is likely that their use will generate future economic benefits and when their cost can be reliably determined. They are recorded at historical cost of purchase, production or transfer, including the ancillary expenses required to make the asset available for use deducted from the cumulative accumulated depreciation and any write-downs made to adjust their value to the expected lower future utility. Subsequent costs are only capitalized when it is likely that the relative future economic benefits will be received by the Group.
Depreciation is calculated on the basis of economic/technical rates related to the expected useful life of the assets, the most representative of which are:

Category	Useful life
Land	Not depreciated
Buildings	20 – 33 years
Ships	24/25 years
Plants	7 – 10 years
Vehicles	4 – 5 years

In the event there is an impairment, the asset is written down, regardless of the depreciation already recorded; in subsequent periods if the reasons for the write-down are no longer valid, it is restored to its original value, net of accumulated depreciation that would have been allocated, had impairment not been applied, or the recoverable value, if lower. The recoverability of its value is verified according to the criteria set forth in IAS 36. The residual value and useful life of an asset and the accounting methods used are reviewed yearly and adjusted where necessary at the end of each financial year.
Gains and losses arising from the sale or disposal of assets are determined as the difference between the sale proceeds and the net book value of the asset and are recognized in the income statement for the year.
Any financial expense incurred for the purchase or production of tangible assets for which a certain period of time normally passes to make the asset ready for use, is capitalized and amortized throughout the useful life of the class of assets to which it refers, while all other financial expense is booked as profit and loss in the year in which they are incurred.
The costs of routine maintenance are fully recognized in the income statement while costs of an incremental nature are allocated to the assets to which they refer and are depreciated in proportion to their residual useful life.
If leasehold improvements meet the capitalization requirements, they are classified under tangible assets and depreciated on the basis of the duration of the lease contract.
In the presence of legal or implied obligations for the dismantling and removal of assets from sites, the carrying amount of the asset includes the estimated (discounted) costs to be incurred at the time of abandonment of the structures, recognized in counter-entry under a specific provision.
When tangible assets consist of several significant components with different useful lives, depreciation is calculated and carried out separately for each component. Costs relating to cyclical maintenance of ships are recorded as assets as separate component of the main asset in the year in which they are incurred and are included in the depreciation process, taking into account an appropriate useful life.
Land is not subject to depreciation, even if purchased in conjunction with a building.

Leasing

In reference with the application of the new IFRS 16 accounting principle it should be noted how :

- The new standard provides a new definition for a lease and introduces a criterion based on control (right of use) of an asset to distinguish lease agreements from service agreements, identifying as determining factors: identification of the asset, the right to replace it, the right to obtain substantially all the economic benefit deriving from use of the asset, and the right to direct use of the asset underlying the agreement;
- the standard establishes a single model of recognition and evaluation of lease agreements for the lessee, which involves registration of the leased asset, also operational, in assets with financial debt counter-entry, while also providing the opportunity to not recognize as leases contracts concerning "low-value assets" and leases with a contract term equal to or less than 12 months. By contrast, the Standard does not include significant changes for lessors. This process is broken down into various phases, including the complete mapping of contracts that could potentially contain a lease and the analysis of such contracts to decide whether the main clauses are relevant for the purposes of IFRS 16. In particular, with respect to lease agreements previously classified as operating leases, the Group accounted for:

  a) a financial liability, equal to the present value of residual future payments at the transition date, discounted using the incremental borrowing rate applicable at the transition date for each contract;
  b) a right of use equal to the value of the financial liability at the transition date.

Before January 1, 2019, the Group, in line with the previous IAS 17 - Leases, classified each agreement for the use of third-party assets (as the lessee) as a finance lease or an operating lease at the start date. The agreement was classified as a finance lease if it substantially transferred all the risks and benefits deriving from ownership of the leased asset to the Group; otherwise, the agreement was classified as an operating lease. Finance leases were represented as investments at the start of the contract, for a value equal to the fair value of the leased asset or, if lower, equal to the present value of the minimum contractual payments. For operating leases, the leased asset was not capitalized as an investment and the lease payments were recognized as costs in the income statement on a straight-line basis throughout the term of the agreement.
For the first time adoption of this standard, the Group decided to adopt the modified retrospective approach. Therefore, the data from the comparative period were not restated and some simplifications and practical expedients were applied as permitted by the reference standard. The adoption of IFRS 16 has had no effect on the opening shareholders' equity as at January 1, 2019. Below is a summary of the key hypotheses used for the first application of IFRS 16:

- all the agreements in force at January 1, 2019 relating to the use of third-party assets were analyzed in light of the new definition of a lease included in the new standard;
- as part of the analyses carried out, the Group has also considered the presence of unstructured agreements as a lease in legal terms, but that may in any case contain a lease on the basis of the new definition given in IFRS 16. The Group has therefore decided not to exploit the practical expedient whereby the leases can be identified on the basis of the analyses already carried out on basis of IAS 17 and IFRIC 4 - "Determining Whether an Arrangement Contains a Lease";
- lease agreements for low-value assets (i.e., with a unit value below USD 5 thousand) and those with a short duration (less than 12 months) were managed separately. The costs relating to those contracts, which primarily regard certain containers, IT equipment and motor vehicles, will continue to be recognized in the income statement as separately identified operating expenses;
- for lease agreements falling within the scope of application of the new standard, right of use assets were recognized in an amount equal to the estimated financial liability for leases, adjusted by the amount of any early payments or payments already recorded in

the financial statements, as well as any incentives received from the lessor prior to January 1, 2019;
- no impact on the opening balances at January 1, 2019 for lease agreements in which the Group acts as lessee and which were classified as finance leases on the basis of IAS 17 was recognized, as those assets continue to be classified under tangible assets and the previous values of the assets and financial liabilities were retained;
- lastly, no onerous agreements were identified.

Other practical expedients were applied at the transition date:

- initial direct costs (including "key money") were excluded from the valuation of the right of use at the initial application date;
- the term of the lease was determined using all available information if the contract contained options to extend or terminate the lease

Impact of initial application

Rights of use

As mentioned previously, Orsero S.p.A. applied IFRS 16 at the initial application date (i.e., January 1, 2019) using the modified retrospective approach. Therefore, the cumulative effect of the adoption of IFRS 16 was recognized as an adjustment to the opening balance at January 1, 2019, without any restatement of comparative information.

Thousands of euro	Lands and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total
Carrying amount	**-**	**-**	**-**	**-**	**-**
Accumulated depreciation	**-**	**-**	**-**	**-**	**-**
Balance at December 31, 2018	**-**	**-**	**-**	**-**	**-**
Change of year:					
Reclassification at January 1, 2019	2,187	-	-	-	**2,187**
Changes of consolidated companies	-	-	-	-	**-**
Investments	-	-	-	-	**-**
Disposal - Carrying amount	-	-	-	-	**-**
Disposal - accumulated depreciation	-	-	-	-	**-**
Depreciations	(171)	-	-	-	**(171)**
Carrying amount	**2,187**	**-**	**-**	**-**	**2,187**
Accumulated depreciation	**(171)**	**-**	**-**	**-**	**(171)**
Balance at December 31, 2019	**2,016**	**-**	**-**	**-**	**2,016**

At January 1, 2019 (transition date), the Company, as lessee, therefore recognized new liabilities (Euro 2 million) for third party loans and greater right of use assets (Euro 2 million), entirely relating to office blocks.

Financial liabilities for leases as at 31 December 2019

Thousands of euro	Total	Within 12 months	Between 12 and 60 months	Over 60 months
Lease's financial liabilities	**(2,026)**	**(154)**	**(552)**	**(1,320)**

The impact in terms of net financial position and Adjusted EBITDA is Euro 2,026 thousand and Euro 196 thousand.

Discounting rate

The main key assumptions regarding the definition of the marginal interest rate (or incremental borrowing rate - IBR) at the date of initial application of the new standard, and in a similar manner for the redetermination of contracts entered into subsequently, were the following:

- a method was defined for estimating the IBR to be applied to all contracts with similar characteristics, which were considered as a single portfolio of contracts. Therefore, we opted for the adoption of the practical simplification expedient in defining this parameter, as permitted by the new standard;
- the starting point for the definition of the IBR at the date of initial and/or subsequent application of the new standard is the average effective rate of the existing loan at the reference date (January 1, 2019 and subsequent contractual dates), with an expiry similar to the average of the agreements subject to remeasurement. This rate was adjusted appropriately on the basis of the requirements of the new accounting rules to simulate a theoretical marginal borrowing rate consistent with the contracts being assessed. In estimating the IBR, some of the characteristics considered in separating the agreements outstanding at January 1, 2019 and subsequent ones are average residual term, amount of the financial liability, country in which the leased asset is located, currency of the agreement.

In light of which, a weighted average rate of 2.10% was determined.

Impairment

At each reporting date, the Group reviews the book values of its intangible and tangible assets to determine whether there is any indication of impairment. If they are found to be impaired, the asset's recoverable value is estimated in order to determine the extent of the write-down. Should it be impossible to estimate the recoverable value of an individual asset, the Group estimates the recoverable value of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful life or not yet available for use are tested for impairment annually or more frequently, whenever there is an indication that the asset may have been subject to impairment. The recoverable amount is the higher of the fair value net of selling expenses and the value in use. In calculating the value in use, estimated future cash flows are discounted to present value at a pre-tax rate that reflects current market valuations of the value of capital and the specific risks connected to the asset. If the recoverable amount of an asset (or of a cash-generating unit) is estimated to be lower than the relative book value, it is reduced to the lower recoverable value. The impairment is recognized in the income statement. When it is no longer necessary to maintain an impairment, the carrying value of the asset (or cash-generating unit), with the exception of goodwill, is increased to the new value deriving from the estimate of its recoverable value, but not exceeding the net book value that the asset would have had if it had not been written down for impairment. The write-back is immediately recognized in the income statement.
The chapter on impairment testing details the procedure applied to validate the amounts of goodwill booked and the intangible and tangible assets held by the Group companies.

Equity investments

Equity investments in subsidiaries and associated companies are valued at cost, and their book-values are subject to reduction in case of impairment.
Upon acquisition, the positive difference between the purchase cost and the share of the equity of the acquired company pertaining to the Group is therefore included in the book-value of the equity investment. Every year, and more frequently in case it was necessary, the equity investment are tested for impairment to detect possible losses of their values. The valuation methods used are either the discounted cash-flow method or the fair value method, with the latter determined as the amount obtainable from the sale of the investment on the ground of a free transaction between diligent parties, deducted the costs related to the sale. In case evidence of impairment is found, the relevant amount is posted in profit and loss as a devaluation of equity investments. In those cases in which the share of the losses recorded by the investee exceeds its carrying amount, and the Group has the obligation and/or the intention to participate in the re-capitalization, the carrying amount is brought to zero and the difference for the further losses is posted as a provision among the liabilities of the balance sheet. In case of a recovery in time of the investee the carrying

amount of the participation may be revaluated, with the relevant effect posted in profit and loss, until it reaches the limit of the original cost value.

Other fixed assets

This item includes other non-current financial assets: typically, medium-term financial and trade receivables, contributions to be received, security deposits and similar assets, all valued at nominal value that normally coincides with the realizable value. For more information on their posting and measurement, please refer to the information given in the paragraph below, entitled "(Non-current/current) financial assets".

(Non-current and current) financial assets

Trade receivables and debt securities issued are noted at the time they are originated. All other financial assets and liabilities must be recognized initially at the trading date, i.e. when the Company becomes party to the contractual clauses of the financial instrument and must be classified on the basis of the business model of the Group that holds them and considering the cash flows of these assets. IFRS 9 envisages the following types of financial instruments, depending on measurement:

- financial assets measured at amortized cost;
- financial assets at fair value with changes recognized in the income statement;
- financial assets at fair value with changes recognized in the comprehensive income statement.

Initially, all financial assets are measured at fair value, increased in the case of assets other than those at fair value with changes in the income statement of ancillary charges. It should be noted that fair value means the value of the price of the instrument in an active market; in the absence of the latter, it is determined by using a valuation technique that establishes which price the transaction would have had at the valuation date in a free exchange based on normal commercial considerations. The Company determines the classification of its financial assets after initial recognition and, where appropriate and permitted, reviews said classification at the close of each financial year if the business model is changed. The recoverability of their value is verified according to the criteria set forth in IFRS 9 and described below. At the time of subscription, it is considered whether a contract contains implicit derivatives. Derivatives embedded in contracts where the primary element is a financial asset that falls under the field of application of IFRS 9 must never be segregated.
The Company must recognize a provision to cover losses for expected credit losses regarding financial assets measured at amortized cost or at fair value through comprehensive income/loss, receivables implicit in leases, assets deriving from contracts or commitments to disburse loans and financial guarantee contracts.
Financial assets are derecognized with the contractual rights over cash flows deriving from such expire, when the contractual rights to receive cash flows under the scope of a transaction in which substantively all risks and benefits deriving from ownership of the financial assets are transferred or when the Group does not transfer nor substantively maintain all risks and benefits deriving from the ownership of the financial asset and does not maintain control over the financial asset.
The financial assets measured at amortized cost are those financial assets held within the framework of a business model whose objective is the ownership of financial assets targeted at the collection of contractual cash flows and whose contractual terms envisage, at given maturity dates, cash flows represented solely by payments of principal and interest on the amount of principal to be returned. The measurement of financial assets at amortized cost involves the application of the effective interest rate method net of any provision for impairment, taking into consideration foreseeable future losses. This calculation includes any discount or purchase premium and includes commissions that are an integral part of the effective interest rate and transaction costs. Therefore, interest is calculated in relation to the cash value over time and the

credit risk associated to the instrument during that particular period of time. Receivables and other financial assets measured at amortized cost are shown on the balance sheet net of the related provision for doubtful debt. Interest income, exchange gains and losses and impairment losses are booked to the period income statement, as are any gains or losses from derecognition from the accounts.
The financial assets at fair value with changes booked to the statement of comprehensive income are those financial assets held within the framework of a business model whose objective is achieved through both the ownership of financial assets targeted at the collection of contractual cash flows and through the sale of financial assets and whose contractual terms envisage, at given maturity dates, cash flows represented solely by payments of principal and interest on the amount of principal to be returned. These assets entail the recognition of changes in the instrument's fair value amongst other components of comprehensive income, in shareholders' equity. The cumulative amount of changes in fair value, allocated to the equity reserve that includes other components of comprehensive income, is reversed on the income statement when the instrument is derecognized. Interest income is noted on the income statement, calculated using the active interest rate, exchange differences and impairment. For assets measured at fair value through comprehensive income/loss, the provision to cover losses must be booked to other comprehensive income and must not reduce the book value of the financial asset in the statement of financial position. At the time of initial booking of a capital security not held for trading, the Group can make the irrevocable choice of presenting subsequent changes to fair value in the other components of comprehensive income. This choice is made for each asset.
The financial assets that are not measured at amortized cost and that are not designated at fair value with changes booked to the statement of comprehensive income are measured at fair value, but with changes booked to period profit/(loss). It should be noted that, at the moment of initial recognition, the entity can irrevocably designate the financial asset as measured at fair value booked to profit (loss) for the year. All derivatives are included. Net profit and loss, including dividends or interest received is noted in the period income statement.
It should be noted that equity instruments must always be measured at fair value, given that as they are not characterized by secure and constant cash flows, they are not compatible with the amortized cost method. The financial instrument which represents principal, and which is held for strategic reasons and not for trading purposes is therefore measured at fair value, whose variations are booked to the statement of comprehensive income. The dividends relating to said instruments are booked to the income statement, while changes booked to the comprehensive income statement cannot be reclassified to the income statement.
Please note that financial assets and liabilities are offset and the amount deriving from the offsetting presented in the statement of financial position when, and only when, the Group currently has a legal right to offset said amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Trade, tax and other receivables

Trade and other receivables are initially recognized at fair value, equating to the price of the transaction insofar as there is no significant loan component; thereafter, they are measured according to the amortized cost method, net of impairment.
IFRS 9 defines a new impairment model for such assets, with the aim of providing information that is useful to readers of the financial statements in regard to the related expected losses. According to this model, the Company measures receivables adopting an expected loss approach in lieu of the IAS 39 framework, which is typically based on the measurement of the incurred losses observed. For trade receivables, the Company takes a simplified approach to measurement, which does not require the recording of periodic changes to the credit risk, as much as it does the booking of an expected credit loss calculated over the entire life of the receivable (known as the "Lifetime Expected Credit Loss"). More specifically, the policy adopted by the Company envisages the stratification of trade receivables into categories according to the number of days past due, defining the provision on the basis of past experience of losses on loans, rectified to take into

account specific provisional factors referring to creditors and the economic environment. The credit risk must be revalued at the reporting date also for those financial assets whose cash flows have been renegotiated or modified. Trade receivables are written down entirely if there is no reasonable expectation that they will be collected, or where commercial counterparties are inactive. The book value of the asset is reduced by the use of a provision for doubtful debt and the amount of the loss is recognized to the income statement.
At each reporting date, the Company must, therefore, recognize in the income statement as profit or loss due to impairment the accumulated changes in expected losses over the entire life of the receivable. This valuation must be made for trade receivables or assets deriving from contracts as defined by IFRS 15, for receivables implicit in leases. The expected credit losses of the financial instrument must reflect a target or weighted amount, the time value of money and the reasonable and demonstrable information available.
When collection of the price is deferred beyond normal commercial terms applied to the customer, the credit is discounted at a suitable market rate. The item "Receivables and other current assets" also includes accruals and deferrals relating to portions of costs and income spanning two or more years, the entity of which varies over time, in application of the accruals accounting approach.

Cash and cash equivalents

This item includes cash and amounts held in on-demand post office/bank current accounts (including fees payable and receivable accrued as at the reporting date) and entered at nominal value, which usually coincides with fair value.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit and loss. A financial liability is classified at fair value through profit and loss when it is held for trading, represents a derivative or is designated at such at the time it is first booked. Financial liabilities measured at fair value through profit or loss are measured at fair value with any changes, including interest expense, noted on the income statement. Other financial liabilities are measured thereafter at amortized cost, using the effective interest rate criterion. Interest expense and foreign exchange gains/(losses) are booked on the income statement, as are any gains or losses deriving from derecognition.
The Company proceeds to derecognize a financial liability when the obligation specified in the contract has been fulfilled or canceled or has expired. The Company also derecognizes a financial liability in the event of a change to the related contractual terms meaning that cash flows of the liability modified are substantively different. In this case, a new financial liability is booked at fair value in accordance with the modified contractual terms. The difference between the book value of the financial liability that has been extinguished and the price paid (including assets not represented by liquid funds transferred or the liabilities assumed) is noted on the period income statement.
Financial liabilities are entered under current and non-current financial payables, other non-current liabilities, trade payables, tax payables and contributions and contributions and other current payables. Current and non-current financial payables include bond payables, bank loans, current account overdrafts, liabilities due to other lenders (namely leasing, factoring and payables in accordance with IFRS 16), liabilities for hedging derivatives and the price balance on acquisitions. Financial payables, apart from derivatives, are initially carried at cost, which is approximately the equivalent of fair value, net of costs incurred for the transaction. Thereafter, any difference between the cost and value of repayment throughout the term of the loan, using the effective interest method. Loans are classified as current liabilities unless the Group has the unconditional right to defer the termination of this liability at least twelve months after the reference date. As regards leasing and liabilities in accordance with IFRS 16, reference is made, for measurement, to

the paragraph entitled "Leasing" of these Notes, while for derivatives, please refer to the paragraph on "Derivative financial instruments and hedging".
As regards other non-current liabilities, trade payables, tax payables and contributions and other current payables are entered at nominal value, which is believed to represent their extinguishing value; please note that these items do not include a significant portion of financing.

Derivative financial instruments and hedging

Derivative financial instruments are initially recognized at fair value on the date on which they are stipulated. Thereafter, this fair value is periodically reviewed, and changes booked to the period income statement. They are recognized as assets when the fair value is positive and as a liability when it is negative. Embedded derivatives are separated out from the primary contract and booked separately when the primary contract is not a financial asset and when certain criteria are met. The Company carries out transactions with derivative instruments with a view to hedging the risk of fluctuations in the prices of commodities and interest rates. Derivatives are classified, consistently with IFRS 9, as hedging instruments when:

- the hedging relationship consists solely of admissible hedging instruments and admissible hedged elements;
- At the inception of the hedging relationship there is a designation and formal documentation of the hedging relationship, the Group's risk management objectives and the hedging strategy;
- the hedge ratio satisfies all the requirements of effectiveness (existence of an economic relationship between the hedged element and the hedging instrument, credit risk that does not dominate the value changes that result from that economic relationship, the hedging relationship is the same as that determined by the quantity of the hedged element that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge said quantity of hedged element).

When derivatives hedge the risk of fluctuation in the fair value of the underlying hedged item (fair value hedges), they are measured at fair value through the income statement; consistent with this, the hedged items are adjusted to reflect variations in the fair value associated with the hedged risk. When derivatives hedge the risk of changes in the cash flows of the underlying hedged item (cash flow hedge), the effective portion of changes in the fair value of the derivatives is initially recognized in equity (accounted through "other comprehensive income") and subsequently recognized in the income statement, consistently with the economic effects of the hedged transaction.
Changes in the fair value of derivatives that do not meet the formal requirements to qualify as hedging for IAS/IFRS purposes are recognized in the income statement.

Treasury shares

Treasury shares are booked as a reduction of shareholders' equity. Their original cost and any economic effects from any subsequent sale are equally recorded as changes in equity.

Provisions for risks and charges

The Company records provision for risks and charges (current and non-current) when it has a current, legal or implicit obligation, in regard to a past event, toward third parties and it is likely that Company resources will be necessary to fulfill the obligation, and when a reliable estimate of the amount of the obligation may be made. The allocations reflect the best possible estimate based on the information available. The provisions are then reviewed at each reference date and potentially adjusted to reflect the best current estimate; any changes in estimate are reflected in the income statement of the period in which the change occurred. When the financial effect of time is significant and the payment dates of the obligations can be estimated, the provision is discounted using a rate that reflects the current valuation of the cost of money in relation to time.

The increase in the provision related to the time elapsed is recorded in the income statement under "Financial income, Financial expenses and exchange rate differences".
In the event of lawsuits, the amount of the provisions is determined according to the risk assessment, in order to determine the probability, timing and amounts concerned. When the liability relates to tangible assets (such as the dismantling and reclamation of sites), the provision is recognized as a counter-entry to the asset to which it refers and recorded in the income statement through the depreciation process.
The Notes to the financial statements provide information on significant contingent liabilities represented by:

- possible (but unlikely) obligations arising from past events whose existence will only be confirmed if one or more future events occur that are not entirely under the control of the company;
- current obligations arising from past events whose amount cannot be estimated reliably or whose fulfillment may not be onerous.

Employee benefits

Short-term benefits
Short-term employee benefits are accounted for in the income statement during the period in which they are employed.

Post-employment benefits
Employees of Group companies are assigned post-employment benefits that can be defined contribution or defined benefit pension plans and other long-term benefits, according to the conditions applied locally in the countries in which the companies operate. The liability relative to employee benefits and disbursed at or after termination of the employment contract and relative to defined benefit programs, net of any assets used for the plan, is determined on the basis of actuarial assumptions estimating the amount of future benefits that employees have accrued as at the reference date (the "projected unit credit" method). The liability is recognized on an accruals basis throughout the period for which the right is accrued and measured by independent actuaries for the Group companies.
The accounting of pension plans and other post-employment benefits depends on their nature.
Defined contribution plans are post-employment benefits on which basis the Group companies pay fixed contributions to a legally different entity on a mandatory, contractual or voluntary basis, without there being any legal or implicit obligation to make additional payments if the entity does not have sufficient assets to pay all pension benefits accrued in relation to the work carried out this year and previous years. The contributions to be paid are recorded on the income statement through accruals accounting and classified amongst payroll costs.
Defined benefit plans are post-employment benefit plans other than defined contribution plans. The obligation to finance provisions for defined benefit pension plans and the related annual cost noted on the income statement are determined on the basis of independent actuarial valuations using the projected unit credit method, according to one or more factors such as age, years of service and future remuneration envisaged. Actuarial gains and losses relative to defined benefits plans deriving from changes in the actuarial assumptions and adjustments based on past experience, are noted immediately in the period in which they arise in the statement of comprehensive income and are never carried as profit and loss in subsequent periods. Recognized liabilities for post-employment benefits reflect the present value of liabilities for defined-benefit plans, adjusted to consider unrecognized actuarial gains, reduced by the fair value of plan assets, where such exist. Any net assets determined by applying this calculation are entered up to the amount of the actuarial losses and the cost relating to past performance, not recognized previously, as well as the current value of repayments available and the reductions of future contributions to the plan. Costs relating to defined benefits plans are classified under payroll and related costs apart from costs relating to the increase of the current value of the obligation deriving from the approach to the time when benefits classified amongst financial expense, fall due.

As regards the Italian companies, severance indemnity due to employees in accordance with Article 2120 of the Italian Civil Code, was considered up until December 31, 2006 a defined benefits plan. The regulation of this provision has been significantly altered by Italian Law no. 296 of December 27, 2006 ("2007 Financial Law") and subsequent Decrees and Regulations. More specifically, the new provisions have required, for companies with a workforce in excess of 50 employees as at the date on which the reform is introduced, to consider severance indemnity a defined benefits plan only for portions accrued as at January 1, 2007 (and not yet liquidated as at the reporting date); after that date, it is considered as equivalent to a defined contribution plans. Consequently, the portions of severance indemnity accrued after that date take on the nature of defined contribution plans, except, therefore, for actuarial estimating components used to determine the accrued cost. The portions of severance indemnity accrued as at December 31, 2006 remain valued as defined benefits plan, according to actuarial procedures, with the calculation, however, excluding the component relative to future salary increases.

Share-based payments

With regard to the medium/long-term management incentive plans (Stock Grant plans) for directors and employees, the fair value of the shares assigned at the grant date was measured in accordance with the provisions of IFRS 2. This fair value is recognized in the income statement as a cost on the basis of the vesting period, with a counter-entry in a dedicated equity reserve.

Revenues

In accordance with IFRS 15 the service revenues are recognized at the time they are provided, having reference to the status of completion of the relevant activity on the balance sheet date.
The proceeds from dividend, interest income and royalties are recognized as follows:

- dividends, upon collection;
- royalties, in accordance with the accrual principle,
- interest, in application of the effective interest rate method.

Costs and expenses

The costs incurred in non-homogeneous or linear manner during the year are anticipated and/or deferred at the end of the period only to the extent to which their anticipation and/or deferral complies with the accounting standards for the preparation of the annual financial statements.
The financial charges include the interest expense, determined in application of the effective interest rate method, and the losses and differences in exchange rates, posted in the profit and loss at maturity.

Dividends

Dividends received are recognized when, after the resolution of the Shareholders' Meeting is passed, the right to receive the payment is established, typically coinciding with the collection.

Period income tax, deferred tax assets and liabilities

Income taxes are determined on the basis of the estimate of taxable income in accordance with the provisions in force, taking into account applicable exemptions and existing tax assets.
Deferred income taxes are determined on the basis of the temporary differences, either taxable and deductible, between the book-values of assets and liabilities and their values for tax purposes. Deferred income tax assets and provisions are classified as non-current assets and liabilities. A deferred tax asset is recognized in the financial statements only if its recovery is considered probable in respect of the presence of future taxable incomes. The book-value of the deferred tax assets is periodically tested for impairment and its value is reduced in case and to the extent the estimated future incomes will be likely to offset it.

Conversion criteria for foreign currency items

Costs and revenues denominated in currencies other than the Euro, as well as investments in tangible and intangible fixed assets and equity investments, are accounted for using the historical exchange rates at the dates of the related transactions.
Receivables and payables in foreign currency are initially recorded based on historical exchange rates of the related transactions, with the exchange rate differences realized at the time of collection or payment recorded in the income statement; receivables and payables in foreign currency outstanding at the end of the year are valued at December 31 existing rates. Related exchange rate gains and losses are recognized in the income statement. If the conversion creates a net gain, this amount represents a reserve which cannot be distributed until it is actually realized.

Earnings per share

Earnings per share are calculated by dividing the Group's net profit for the period attributable to the ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the reference period, excluding treasury shares. To calculate diluted earnings per share, the weighted average number of outstanding shares is adjusted by assuming the conversion of all potential shares having a dilutive effect.

Use of estimates, risks and uncertainties

The preparation of the consolidated financial statements and related Notes in accordance with IFRS requires management to make estimates and assumptions that have an impact on the value of revenues, costs of assets and liabilities of the financial statements and on the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience, other relevant factors and the information available. Therefore, the actual results achieved may differ from said estimates. The estimates and assumptions may vary from one year to the next and they are therefore reviewed periodically; the effects of any changes made to them are reflected in the income statement in the period in which the estimate is reviewed if the review only concerns that period, or possibly in subsequent periods if the review concerns both the current and future periods.
The main estimates for which the use of subjective valuations by the management is most required concerned the equity investments in subsidiary and associated companies, deferred tax assets and provisions, provisions for risks and fair values of the financial instruments.

Impairment test on equity investments

In compliance with IAS 36 the Company carries out every year, or more frequently in presence of indications of possible losses, an impairment test on its equity investments in order to check the solidity of their carrying values, making sure that the recoverable amounts of the equity investments stay above their respective book-values.

The solidity of the values of the equity investments is verified by comparing the book values with the values in use, equal to the sum of discounted cash flows for the three-year period 2020-2022 and the terminal value that the management estimates the investees will be able to generate.
In order to estimate cash flows, data was used taken from the 2020 budget and the 2019-2021 business plan, prepared during the proceedings implemented to have the Orsero shares admitted to the MTA/STAR segment, respectively approved by the Board of Directors on February 10, 2020 and September 9, 2019, duly supplemented to incorporate the effect of the acquisition of the five former NBI warehouses. The year 2022 data have been determined on the basis of those of year 2021, and the same was done in respect to the data used for Terminal Values. For Cosiarma alone, an average Adjusted Ebitda value was instead determined, calculated on the basis of the years 2015-2020 and with an amortization/depreciation value such as to take the ship value at end 2024 to their scrap value.

For discounting, the post-tax WACC is used as the discount rate, which takes into account the specific risks of the asset and reflects current market valuations of the cost of money. It is based on weighting the cost of debt and the cost of equity, calculated based on the values of companies comparable to those belonging to the Group and subject to impairment as they operate in the same business sector.
For the 2019 impairment test, an independent professional was appointed, a university professor, to determine the parameters applied in the test as indicated below:

	WACC	**"g" rate**
CGU Italy	7,03 %	0,50 %
CGU France	5,43 %	1,50 %
CGU Spain	5,99 %	1,50 %
CGU Portugal	6,36 %	1,50 %
CGU Greece	9,54 %	1,50 %
CGU Cosiarma	9,13 %	n.a.

The results of the calculations showed the extensive head-room between the Equity values and the carrying values of the equity investments:

Thousands of euro	**WACC**	**"g" rate**	**Equity Value**	**Book Value financial investments**	**Head-room**
- Italy	7.03%	0.50%	90,707	53,761	36,946
- France	5.43%	1.50%	91,721	21,466	70,255
- Spain	5.99%	1.50%	101,951	41,222	60,729
- Portugal	6.36%	1.50%	9,465	3,174	6,291
- Greece	9.54%	1.50%	5,506	2,505	3,001
- Cosiarma	9.13%	-	49,410	38,281	11,129

The sensitivity analysis was carried out highlighting, on the basis of impairment testing data, how much Adjusted Ebitda should reduce, without prejudice to the parameters of WACC and "g" rate, to zero the head-room of the various CGUs, just like the WACC should come in at that value, without prejudice to the values of Adjusted Ebitda and "g" rate, to zero the head-room and the same for the "g" rate, without prejudice to the Adjusted Ebitda and WACC values. The table below summarizes the results of this test.

CGU	**Adjusted Ebitda**	**WACC**	**"g" rate**
- Italy	-11.28%	9.25%	-2.16%
- France	-48.97%	15.43%	-11.58%
- Spain	-38.64%	11.18%	-4.90%
- Portugal	-30.70%	12.56%	-6.54%
- Greece	-41.40%	21.10%	-14.35%
- Cosiarma	-16.99%	17.55%	-

Management of financial risk

IFRS 7 requires additional information to evaluate the significance of financial instruments in relation to the Company's economic performance and financial position. This accounting standard requires a description of the objectives, policies and procedures implemented by the Management for the different types of financial risk (liquidity, market and credit) to which the Company is exposed, also inclusive of the sensitivity analysis for such operational risks (foreign exchange rates, interest rates, equity investments, commodity) and relevant disclosure about the concentration and the average, maximum and minimum exposures to such risks along the period, in case the year end disclosure were not satisfactorily representative.

Orsero S.p.A. is a holding company carrying out in favor of its subsidiaries the activities of central direction and strategic coordination, marketing and communication, human resources management, information technology and finance.
The financial risks to which it is exposed are:

- liquidity risk, with reference to the availability of financial resources and access to the credit market;
- market risk, in respect of interest rate risk;
- credit risk, relating to its commercial relations.

Please note that the only significant market risk to which Orsero is exposed to is the interest rate risk, since it does not carry out transactions in currencies other than the euro and, because of its nature of holding company, is not subject to price risk. The company's main financial instruments include current accounts and short-term deposits, as well as financial liabilities to banks in the short and long term, bond payables, liabilities due to other lenders and derivatives. The purpose is to finance the Group's operating activities. Additionally, the company has trade receivables and payables from its business activities. Management of the cash needs and related risks (mainly interest rate risk) is carried out by the centralized treasury on the basis of the guidelines defined by the Treasury Manager with the Group CFO and approved by the Managing Director. Said risks are constantly monitored, taking action with a view to dealing with and limiting the potential negative effects through the use of appropriate policies and, in general, where deemed necessary, also through specific hedges.
This section provides qualitative and quantitative information of reference on the incidence of such risks on the Company. The quantitative data presented below are not predictions and cannot reflect the complexity and the related reactions of markets that could derive from each hypothetical change.

Liquidity risk
Orsero S.p.A., as the Group's Parent Company, manages the liquidity risk with a view to ensuring the presence, on both a separate and consolidated level, of a liabilities structure that matches the composition of the assets of the financial statement, in order to maintain a solid level of capital structure. Credit facilities, even if negotiated on a Group level, are granted for individual companies. The Company and the Group have also financed their investments with medium/long-term credit facilities that guarantee a liquidity position that is adequate for its core business. There is plenty of opportunity to use short-term trade credit facilities if trade working capital is needed in connection with organic growth and development.
Please also note that the Group operates in a sector that is relatively protected in terms of liquidity, insofar as there is a specific European regulation (Art. 62 of Decree Law 1/2012), which requires payments of perishable goods to be made within 30 days of the end of the month in which said assets are invoiced.
This means that collection and payment terms are relatively short, precisely due to the type of goods marketed. If we then also add the fact that inventories have very rapid stock rotation times and, in any case, an average of 1 or 2 weeks, we can see that the working capital cycle is virtuous and does not entail any liquidity risk in normal market operations.
The table below offers an analysis of deadlines, based on contractual obligations for reimbursement, relative to financial, trade, tax and other payables in place as at December 31, 2019.

Thousands of euro	Balance at December 31, 2019	Within 1 year	Over 1 year and up to 5 years	Over 5 years
Bond payables	**30,000**	-	10,000	20,000
Medium- to long- term bank loans (Non - current/ current)	**48,679**	10,742	37,937	-
Other lenders (Non - current/ current) ex IFRS 16	**2,026**	154	552	1,320
Non current liabilities for derivative (Non-current/ current)	**476**	-	476	-
Other current lenders short term	**272**	272	-	-
Payables for price balance on acquisitions (Non - current/current)	**243**	-	243	-
Payables to suppliers	**2,104**	2,104	-	-
Payables to subsidiaries	**7,682**	7,682	-	-
Payables to related parties	**99**	99	-	-
Current tax and social security contributions liabilities	**334**	334	-	-
Other current liabilities	**1,144**	1,144	-	-
Non-current/current liabilities at 31.12.2019	**93,058**	**22,530**	**49,209**	**21,320**

All amounts indicated in the table above represent values determined with reference to the residual contract end dates. The Company expects to cope with these commitments using cash flow from Group operations.

Interest rate risk

The Company and the Group help finance their medium/long-term investments and working capital through use of credit instruments. The Group mainly uses medium-term credit facilities in euros, part of which at fixed rate and part at variable rate; a suitable partial IRS plain vanilla hedge has been activated on the main one (2018-2024 pool loan for an original figure of Euro 60 million), with a view to mitigating the risk of fluctuation of the reference rates (Euribor) over time; instead, in the case of the only debenture loan issued, the options was chosen for an entirely fixed rate structure. As at December 31, 2019, interest rate hedges adopted by the Company cover 78% of medium/long-term variable rate loans. It is stressed that, in the Company's opinion, such choices are today very prudent, also in view of the expected medium-term evolution of reference rates in Europe. As already mentioned, this hedging is effective against interest rate rises but clearly does not cancel out the effect of any spread increases, envisaged contractually if the ratio between Net Financial Position and Adjusted Ebitda should take a turn for the worse.

Please note that at December 31, 2019, two hedging contracts are in place, stipulated by the Company with two banks in accordance with the Pool Loan Agreement, which contain a cross default clause that entitles the related bank to terminate and/or withdraw from (as applicable) the related hedging contract, in the event of significant default by subsidiaries, parents and/or joint ventures, with the concept of control regulated by the possession of the majority of votes.

Sensitivity analysis on interest rates

In FY 2019, the net financial position of Orsero dropped from Euro 60,479 to Euro 54,952 thousand, in connection with the repayments made of the loan for an original figure of Euro 60 million, the recognition of the payable pursuant to IFRS 16, which came into force on January 1, 2019 and the different amount of bank balances of the companies associated with the cash pooling system.
Below is the ratio of debt to equity as at December 31, 2019 and December 31, 2018. Please note that the financial covenants existing on the bond and pool loan must be counted, as envisaged by the related contracts, on a net financial position that excludes the application of the new standard IFRS 16 for the entire term of said loans.

Thousands of euro	31/12/2019	31/12/2018
Net financial debt	54,952	60,479
Total shareholders'equity	142,723	161,742
Ratios	**0.39**	**0.37**

The table below shows the increased period incidence of fixed-rate debt or variable-rate debt hedged by IRSs. The incidence of said debt on total "onerous" debt is also indicated, thereby meaning not only medium-term bank debt and the debenture loan but also short-term, variable rate bank debt. As compared with gross financial debt, as shown in the financial statements, "non interest-bearing" payables are excluded, like the mark-to-market positions on derivatives and payables linked to the application of the new standard IFRS 16.

Thousands of euro	31/12/2019	31/12/2018
Total medium- to long- term bank loans (A)	**78,679**	**89,378**
of which fixed rate	68,208	42,000
Percentage - fixed rate	86.7%	47.0%
of which floating rate	10,472	47,378
Percentage - floating rate	13.3%	53.0%
Total other indebtedness (B)	**271**	**314**
Total indebtedness (A)+(B)	**78,950**	**89,692**
Percentage - fixed rate	86.4%	46.8%
Percentage - floating rate	13.6%	53.2%

As reported, the Group has taken out suitable IRSs to hedge the loan for an original Euro 60 million, covering 78% of the value, in light of which the actual incidence of medium-term, variable rate debt (A) reduces from 53.0% on December 31, 2018 to 13.3% on December 31, 2019 and the incidence on total onerous debt (B) from 53.2% to 13.6%, with a significant reduction of risk. If the reference rates should be increased by the European Central Bank, it is considered that the Company and Group would not suffer from any particularly severe impacts with respect to the present state.
Below is the sensitivity analysis on the effect of a greater value of interest rates on variable rate, medium-term bank debt. This table shows, in relation to the interest linked to medium/long-term bank loans, the greater expenses that would be incurred, in the reference period, if interest rates should have risen between 25 and 100 basis points:

Thousands of euro	31/12/2019	31/12/2018
Evolution of financial charges		
- on fixed rate bank loans	(1,110)	(271)
- on fixed rate bank loans related to liabilities for derivative	(803)	(70)
- on floating rate bank loans	(134)	(883)
- on bank overdrafts and other financial liabilities	(11)	(61)
- amortizing interests	(212)	(78)
Total	**(2,270)**	**(1,363)**

Below is a summary of the effect of the increase of medium/long-term variable rate financial expense in the reference period as interest rates rise.

Thousands of euro	31/12/2019	31/12/2018
In the balance sheet	(134)	(883)
+ 25 bp	(29)	-
+ 50 bp	(58)	(147)
+ 75 bp	(87)	(294)
+ 100 bp	(117)	(442)

Credit risk

The Company has a limited degree of exposure to the credit risk, for the most part deriving from transactions with Group companies meaning that the risk is low that any delays or non-payments made by them should have a negative impact on Orsero's economic, equity and financial position. Receivables and payables include loans, both creditors and debtors, with respect to subsidiaries also through the cash pooling system, whose balances at December 31, 2019 amount to Euro 32,768 thousand of receivables and Euro 5,636 thousand of payables.
The table below provides a breakdown of receivables as at December 31, 2019, grouped by past-due, net of the provision for doubtful debt:

Thousands of euro	At December 31, 2019	To expire	Overdue within 30 days	Overdue between 31 and 90 days	Overdue between 91 and 120 days	Overdue over 120 days
Gross Trade receivables	37,856	37,738	42	14	-	62
Provision for bad debts	-	-	-	-	-	-
Trade receivables	**37,856**	**37,738**	**42**	**14**	**-**	**62**

Transactions deriving from non-recurring transactions

In accordance with the Consob Communication of July 28, 2006, it is specified that in 2019 the Company incurred costs relating to non-recurring transactions. In accordance with Consob Communication no. 15519 of February 28, 2005, please note that "Other revenues and costs" include revenues for Euro 584 thousand, mainly due to the partial derecognition of a payable in place with the related party K-Air S.r.l. (today in liquidation) deriving from the application of the effects of procedure pursuant to Art. 67 of the Bankruptcy Law, which the same company stipulated during the year; in view of this derecognition, a cost provision has been made for a potential enforcement of the guarantee in the amount of Euro 520 thousand, by the financial institute BPER; the balance is completed by Euro 1,259 thousand in non-recurring costs due to the extensively mentioned procedure for listing on the MTA market and other minor costs for Euro 163 thousand.
For more details, refer to the Note 19 "Other revenues and costs" and Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Transactions deriving from atypical and/or unusual transactions

In compliance with the provisions of the Consob Communication of July 28, 2006, in FY 2019, the Company did not implement any atypical and/or unusual transactions as defined in that Communication, with the exception of the incorporation of the two sub-holdings GF Distribuzione and GF Porterm, as already described.

Notes - disclosures on the statement of financial position and the income statement

This chapter provides useful information to explain the most significant changes compared to the previous year in the items of the financial statements.

NOTE 1. Intangible assets

Thousands of euro	Intellectual property rights	Concessions, licenses and trademarks	Assets in progress and advances	Other intangible assets	Total
Carrying amount	**261**	-	-	-	**261**
Accumulated amortization	**(152)**	-	-	-	**(152)**
Carrying amount at December 31, 2018	**109**	-	-	-	**109**
Change of year:	-	-	-	-	-
Investments	118	6	-	-	123
Disposal - Carrying amount	-	-	-	-	-
Disposal - accumulated amortization	-	-	-	-	-
Reclassification - carrying amount	-	-	-	-	-
Reclassification - accumulated amortization	-	-	-	-	-
Impairment losses	-	-	-	-	-
Translation differences - carrying amount	-	-	-	-	-
Translation differences - accumulated amortization	-	-	-	-	-
Amortization	(51)	(1)	-	-	(51)
Carrying amount	**378**	**6**	**-**	**-**	**384**
Accumulated amortization	**(203)**	**(1)**	**-**	**-**	**(203)**
Carrying amount at December 31, 2019	**176**	**5**	**-**	**-**	**181**

Intangible assets have increased by Euro 124 thousand. The increase is due to costs incurred for a further implementation of the information system, aimed at optimizing the management of the Group's workforce for Euro 64 thousand; this software was commissioned in 2018 (hence the 2017 reclassification of investments originally included amongst intangible fixed assets in progress); the other increases relate to software dedicated to treasury management for Euro 54 thousand and expenses relating to research on European Community trademarks, for Euro 6 thousand.
The Company did not incur any expenses for research in 2019.

Intellectual property rights

The item includes costs incurred for the Company's software programs and licenses, amortized on a straight-line basis over 5 years or based on the duration of the related license, with a residual value of Euro 176 thousand (Euro 109 thousand at December 31, 2018). During the year, amortization of Euro 51 thousand was applied on the software mentioned above.
Concessions, licenses, trademarks and similar rights are amortized on a straight-line basis over 10 years; there were none last year and they have a balance of Euro 5 thousand, in respect of period amortization of Euro 1 thousand.

NOTE 2. Tangible assets

Thousands of euro	Lands and buildings	Plantations	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets in progress and advances	Total
Carrying amount	**70**	**-**	**-**	**-**	**1,670**	**-**	**1,740**
Accumulated depreciation	**(3)**	**-**	**-**	**-**	**(1,008)**	**-**	**(1,011)**
Balance at December 31, 2018	**67**	**-**	**-**	**-**	**662**	**-**	**729**
Change of year:							
Investments	-	-	-	-	292	-	292
Disposal - Carrying amount	-	-	-	-	(217)	-	(217)
Disposal - accumulated depreciation	-	-	-	-	136	-	136
IFRS 16 effect opening	2,187	-	-	-	-	-	2,187
Reclassification - accumulated depreciation	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-
Translation differences - carrying amount	-	-	-	-	-	-	-
Translation differences - accumulated depreciation	-	-	-	-	-	-	-
Depreciation	(173)	-	-	-	(208)	-	(381)
Carrying amount	**2,258**	**-**	**-**	**-**	**1,745**	**-**	**4,003**
Accumulated depreciation	**(176)**	**-**	**-**	**-**	**(1,080)**	**-**	**(1,256)**
Balance at December 31, 2019	**2,081**	**-**	**-**	**-**	**665**	**-**	**2,746**

At December 31, 2019, Tangible assets totaled Euro 2,746 thousand, marking a net increase of Euro 2,017 thousand compared to the previous year due to the following events:

- As at January 1, 2019 (the transition date), as lessee, the Company recorded greater assets for right of use for Euro 2,187 thousand, entirely related to the use of office blocks. The related annual amortization share comes to Euro 171 thousand.
- investments for Euro 292 thousand, including vehicles for Euro 263 thousand, electronic equipment for Euro 13 thousand, furnishings for Euro 5 thousand, equipment for Euro 3 thousand and telephony for Euro 7 thousand.
- period depreciation of "other assets" of Euro 208 thousand,
- disposals of assets (at book value) for Euro 217 thousand (depreciated for Euro 136 thousand), fully represented by sales of company cars.

Land and buildings

This item includes buildings for Euro 2,258 thousand (Euro 70 thousand in 2018), depreciated at 3% and refers to the extraordinary maintenance work carried out at the Company's new headquarters in Milan and the already-mentioned incorporation of the IFRS 16 effects relative to the corporate office above and the administrative complex in Albenga, leased sites.

Other tangible assets

The item mainly includes the following assets held by the Company:

- corporate cars for Euro 752 thousand (Euro 706 thousand in 2018) and depreciated at 25%;
- furniture and fixtures for Euro 519 thousand (Euro 513 thousand in 2018) and depreciated at 12%;
- office equipment for Euro 354 thousand (Euro 342 thousand in 2018) and depreciated at 20%;
- equipment for Euro 14 thousand (Euro 10 thousand in 2018) and depreciated at 12%;
- mobile telephones for Euro 34 thousand (Euro 27 thousand in 2018) and depreciated at 20%;
- small plants for Euro 40 thousand (Euro 40 thousand in 2018) and depreciated at 15%.

At December 31, 2019, the Company verified there were no internal or external indicators of possible impairment for its tangible assets. Consequently, the value of tangible assets has not been subject to impairment testing.

NOTE 3. Equity Investments

Thousands of euro	Investments in subsidiaries	Investments in associates	Investments in other companies	Total
Carrying amount	**234,213**	**-**	**3,930**	**238,143**
Accumulated provision on investments	**(65,438)**	**-**	**(3,929)**	**(69,367)**
Balance at December 31, 2018	**168,775**	**-**	**1**	**168,776**
Change of year:				
Additional/Capital increase	200	-	-	200
Divestments and disposals-carrying amount	(581)	-	-	(581)
Divestments and disposals-accumulated provision on investments	461	-	-	461
Impairment losses/Using fund to cover losses	(655)	-	-	(655)
Repayments to Shareholders loan	(14,000)	-	-	(14,000)
Reversal of impairment loss	-	-	-	-
Decrease due to merger with subholding	(102,361)	-	-	(102,361)
Merger with subholding - carrying amount	176,419	2,962	33	179,414
Merger with subholding - accumulated provision on investments	(65,348)	(179)	(33)	(65,560)
Reclassification-carrying amount	-	-	-	-
Reclassification-accumulated provision on investments	-	-	-	-
Carrying amount	**293,890**	**2,962**	**3,930**	**314,814**
Accumulated provision on investments	**(130,980)**	**(179)**	**(3,929)**	**(149,120)**
Balance at December 31, 2019	**162,910**	**2,783**	**1**	**165,694**

Equity investments totaled Euro 165,694 thousand at December 31, 2019, with a net decrease of Euro 3,082 thousand due to the changes reported in the table above and detailed below.

Before moving onto describe the individual movements, please note that on September 1, 2019, the merger by incorporation was completed of the two sub-holdings GF Distribuzione S.r.l. and GF Porterm Srl; the main effects of these incorporations were:

- derecognition of the equity investments relative to the two incorporated companies for Euro 86,774 thousand for GF Distribuzione Srl and Euro 15,587 thousand for GF Porterm Srl.
- Assumption of direct control and booking of the equity investments in Fruttital Srl (Euro 31,841 thousand), Simba Spa (Euro 9,667 thousand), R.O.S.T. Fruit SA (Euro 160 thousand), Eurofrutas SA (Euro 4,998 thousand), AZ France SAS (Euro 15,274 thousand), Bella Frutta SA (Euro 3,664 thousand), Fruttital Firenze Srl (Euro 11,972 thousand), Galandi & C. Spa (Euro 4,879 thousand), Hermanos Fernandez Lopez SA (Euro 16,892 thousand), Moncada Frutta Srl (Euro 250 thousand), Vado Container Services Srl (Euro 51 thousand) and Fresco Ship's Agency & Forwarding Srl (Euro 738 thousand).
- Adjustments to the value booked for equity investments as a result of the mergers; in order to make them equal to the values as determined in the 2018 consolidated accounts, since such merger was a mother-daughter type of merger, having a nature of mere simplification of the Group structure and through which the so-called "legal consolidation" of the companies took place. In greater detail, increases of Euro 10,796 thousand for Fruttital Firenze Srl, Euro 788 thousand for Galandi & C. Spa, Euro 6,192 thousand for AZ France SA, Euro 11,341 thousand for Hermanos Fernandez Lopez SA, Euro 129 thousand for

Simba Spa, Euro 6 thousand for R.O.S.T. Fruit SA, Euro 374 thousand for Moncada Frutta Srl, Euro 510 thousand for Fresco Ship's Agency & Forwarding Srl and Euro 532 thousand for Vado Container Services Srl. The reductions booked instead refer to Fruttital Srl for Euro 16,325 thousand, Eurofrutas SA for Euro 1,824 thousand and Bella Frutta SA for Euro 1,160 thousand.

- The effects of the mergers are then completed with the booking of the associated party Fruport Tarragona SL for a total value of Euro 2,159 thousand.

During the year, the 100% share in the subsidiary Vado Container Services Srl was sold for Euro 150 thousand, without generating any effect on the income statement.

Period impairment comes to Euro 655 thousand and refers to Orsero Servizi S.r.l. (Euro 200 thousand) and Vado Container Services S.r.l. Euro 455 thousand). This latter posting meets the need to take the carrying amount of the equity investment, post-value adjustment during incorporation and contributions of Euro 22 thousand during the year, to the value of Euro 150 thousand, equal to the price of sale.

There were no revaluations in 2019 beside the ones above mentioned.

In view of the equity needs, Orsero Servizi S.r.l. has been capitalized for Euro 200 thousand through a waiver of receivables for that same amount and simultaneous impairment of the whole figure.

Impairment test of investments
Impairment regarding the equity investments held by Orsero has already been discussed in the paragraph on impairment testing of equity investments.

NOTE 4. Other fixed assets

Thousands of euro	31.12.2019	31.12.2018	Change
Other fixed assets	**23**	**25**	**(2)**

The item in question includes amounts paid to suppliers as deposits.

NOTE 5. Receivables for deferred tax assets

Thousands of euro	31.12.2019	31.12.2018	Change
Deferred tax assets	**2,009**	**1,988**	**21**

Deferred tax assets are allocated, where their future recovery is probable, on temporary differences, subject to early taxation, between the value of assets and liabilities for statutory purposes and the value of the same for the purposes of taxation and on prior tax losses that can be carried forward. Deferred tax assets as at December 31, 2019, amounting to Euro 2,009 thousand (Euro 1,988 thousand at December 31, 2018), relate to IAS-IFRS transition entries, such as, for example, the liquidation of investments in intangible assets per IAS 38, or the determination of the employee severance indemnity according to the actuarial methodology, in addition to costs that are not deductible for the current year, but will be deductible in subsequent years, and future uses of prior losses as part of the tax consolidation scheme.
The increase for Euro 21 thousand for 2019 primarily relates to the negative mark to market value of derivatives for Euro 26 thousand, taxes relating to changes in the defined benefits plan pursuant to IAS 19 for Euro 46 thousand, the release linked to taxes on long-term costs eliminated pursuant to IAS 38 for Euro 55 thousand and other minor changes for Euro 4 thousand.
For more information on the breakdown of this item, please refer to Note 22 "Income Taxes".

NOTE 6. Receivables

Thousands of euro	31.12.2019	31.12.2018	Change
Trade receivables from third parties	7	18	(11)
Receivables from subsidiaries	37,674	75,707	(38,033)
Receivables from associates	-	-	-
Receivables from related parties	175	121	54
Provision for bad debts	-	-	-
Receivables	**37,856**	**75,846**	**(37,990)**

All receivables are due within one year and derive from normal transactions implemented with the Group companies. There are no receivables due beyond five years.
The balance of receivables at December 31, 2019 from subsidiaries refers mainly to receivables of a financial nature, due within one year for Euro 32,768 thousand; in particular, it includes treasury current accounts and the interest-bearing loan granted to AZ France SA for Euro 5,000 thousand. The balance also includes receivables from the national tax consolidation system for Euro 2,375 thousand. The remainder is entirely attributable to trade receivables; the reduction on December 31, 2018 essentially reflects the incorporation of the sub-holding companies.
Receivables from related parties relate to:

- Nuova Beni Immobiliari S.r.l. Euro 108 thousand, all trade;
- Business Aviation Sector Euro 51 thousand, of which Euro 47 thousand represented by issued invoices, all trade receivables;
- Argentina S.r.l. Euro 1 thousand, trade;
- FIF Holding S.p.A. Euro 8 thousand, trade and represented by invoices to be issued;
- Immobiliare Ranzi Srl Euro 6 thousand, trade.

As at December 31, 2019, the item drops by Euro 37,990 thousand and the considerable decline is entirely due to the mentioned incorporation.

The following is the breakdown of the receivables by geographical area:

Thousands of euro	31.12.2019	31.12.2018	Change
Italy	32,784	75,798	(43,014)
Eu countries	5,072	48	5,024
Non-Eu countries	-	-	-
Receivables	**37,856**	**75,846**	**(37,990)**

NOTE 7. Current tax receivables

Thousands of euro	31.12.2019	31.12.2018	Change
For value added tax	922	1,301	(379)
For tax advances paid in the current year	-	-	-
For taxes claimed for reimbursement	1,452	1,248	204
Other receivables	100	709	(609)
Current tax receivables	**2,474**	**3,258**	**(784)**

At December 31, 2019, tax receivables show a decrease of Euro 784 thousand.
The item "Receivables for taxes to be reimbursed" includes Euro 104 thousand IRES reimbursement request for 2004-2005 pursuant to art. 6 of Decree Law 11/29/2008 and converted by the law of 01/28/2009 no. 2 presented as consolidating entity; Euro 1,028 thousand receivables arising from the submission of the reimbursement request pursuant to art. 2, paragraph 1-quater of Decree Law 201/2011 for the years 2007, 2009, 2010, 2011 as the Company was the consolidating entity. It should be noted that the same amount will have to be recognized to the companies that adhered to the national tax consolidation procedure at the time (payables to subsidiaries). This item also includes

Euro 12 thousand for reimbursement requests for VAT-Auto for 2006, 2007, and 2008. The items already requested for reimbursement for various purposes and described in the paragraph above remained unchanged with respect to the accounting situation in the previous year, while the items relating to advances paid in the current and previous years refer instead to receivables arising from the application of the national tax consolidation system.

NOTE 8. Other current assets

Thousands of euro	31.12.2019	31.12.2018	Change
Advances to suppliers	-	16	(16)
Other receivables	120	49	72
Accrued income and deferred expenses	199	362	(163)
Current financial assets	16	16	-
Other current assets	**335**	**443**	**(108)**

As at December 31, 2019, the item showed an overall decline of Euro 108 thousand, mainly related to prepayments of Euro 195 thousand, mostly for insurance and consultancy costs for future periods. This item also includes accrued income of Euro 4 thousand referring to revenue for the year for insurance reimbursements and contributions relating to employee training courses; the difference relates almost entirely to the balance of prepaid credit cards used by employees and receivables for miscellaneous positions duly collected the following year.
The balance was not affected by the outstanding receivable from the related party, Argentina S.r.l., for Euro 8,000 thousand, as it is entirely written off.
The item "Accrued income and deferred assets" refers to normal allocations for the recognition and correct allocation of costs related to the following year, typically services, insurance and guarantee expenses, leases, interests.

NOTE 9. Cash and cash equivalents

Thousands of euro	31.12.2019	31.12.2018	Change
Cash and cash equivalent	**26,728**	**29,565**	**(2,836)**

The balance reflects the positive current account balances of the Company and the Italian Group companies associated with the cash pooling system. The balance as at December 31, 2019 represents cash on hand for Euro 9 thousand, a banker draft awaiting collection for Euro 150 thousand and the balance of ordinary bank current accounts for Euro 26,569 thousand.
The change in the item can be analyzed in detail in the cash flow statement.

NOTE 10. Shareholders' equity

The share capital at December 31, 2019, fully paid in, consisted of 17,682,500 shares without par value for a value of Euro 69,163,340.00; there are no preference shares. As at December 31, 2019, shareholders' equity had declined as a result of the booking of the deficit from cancellation, noted during the incorporation of GF Distribuzione S.r.l. for Euro 16,157 thousand and of GF Porterm S.r.l. for Euro 2,064 thousand; the balance is completed by the positive period result for Euro 1,496 thousand in addition to other minor changes.
As at December 31, 2019, the shareholders' equity of Orsero S.p.A. was Euro 142,723 thousand (Euro 161,742 thousand in 2018).
Please note that, in the period running October 4 to 11, 2019, the Parent company acquired a total of 3,250 treasury shares at the weighted average price of Euro 6.433 per share, for a total figure of Euro 20,908, under the scope of the treasury share buy-back plan approved by the Board of Directors on June 28, 2018, as per the shareholders' meeting authorization of April 20, 2018.
Instead, in relation to the Medium/long-term incentive plan, it should be pointed out that the objective for FY 2019 was not achieved and, therefore, there was no assignment to the subjects

designated by said Plan of any shares, and, consequently, no cost was entered into the financial statements. Shares instead accrued upon reaching the 2017 and 2018 objectives, as extensively documented in the previous reports, will be delivered free of charge within 15 trading days of the approval by the Orsero shareholders' meeting of the financial statements as at December 31, 2019.
The share premium reserve comes to Euro 80,556 thousand at December 31, 2019, whilst the legal reserve is Euro 321 thousand.
The cash flow hedging reserve, recognized for Euro 362 thousand, shows the change relating to the adjustment to negative fair value as at December 31, 2019 net of the tax effect with indication thereof in the statement of comprehensive income of the derivative on the interest rates for Euro 83 thousand, accounted for with the cash flow hedging method.
The reserve from the remeasuring of Defined benefits plans, established in compliance with the application of IAS 19, changed by Euro 104 thousand on December 31, 2018.
The Shareholders' Meeting called to approve the financial statements as at December 31, 2018 resolved to distribute a gross dividend of Euro 0.12 per share, equal to Euro 2,032 thousand, which was assigned for payment starting May 8, 2019, with ex-dividend date on May 6, 2019 and record date of May 7, 2019.
Below is the table with the possibility of use of the various items of equity and the summary of uses in the last three years:

Thousands of euro	Amount	Possible utilizations	Portion available	Summary of utilizations in the three previous years: For loss coverage	For other reasons
Share Capital*:	**61,584**				
- Share Capital	**69,163**				
- Treasury share reserve	(7,426)				
- Equity investments'costs reserve	(153)				
Capital reserves:					
Share premium reserve	80,556	A,B	80,556		
Merger surplus reserve***	12,051	A,B,C	12,051	1,195	
Incorporation differences***	(18,221)				
Revenue reserves:					
Legal reserve	321	B	321		
Extraordinary reserve***	2,038	A,B,C	2,038		
Cash flow hedge reserve	(362)				
Long term incentive plan reserve	4,470	B	4,470		
Others***	(1,211)	B			
Retained earning/(losses)					
Net profit	1,496	A,B,C	1,496		
Total Shareholders' equity	**142,723**		**100,933**	**1,195**	**-**
Non-distributable portion**	85,647				
Residual distributable portion	15,286				

(*) net of treasury shares for €000 7,426 and equity investments'costs for €000 153
(**) It includes the portion of net profit ex art. 2430 cc
(***) Included in the item "Other reserves". In the amount "Others" is included the "Remeasurement of defined benefit plans reserve"

Legend:
A: for capital increase
B: for loss coverage
C: for distribution to shareholders

The statement of changes in equity annexed to the financial statements illustrates the changes between the two years of the individual reserve items, with particular regard to changes in the share capital, share premium reserve, and treasury share reserve,

NOTE 11. Financial payables

In order to facilitate the understanding of the Company's financial exposure, making the information simpler and of better quality, the data was provided not following the non-current/current distinction, but based on the nature of the payable, within which the non-current/current components are specified.
The financial exposure is as follows:

Thousands of euro	31.12.2019	31.12.2018	Change
Bond payables (over 12 months)	30,000	30,000	-
Non - current medium term bank loans (over 12 months)	37,937	48,680	(10,743)
Non current payables for price balance on acquisitions	243	-	243
Non current liabilities for derivative (over 12 months)	476	367	109
Non - current other lenders (over 12 months) ex IFRS 16	1,872	-	1,872
Non - current financial liabilities	**70,529**	**79,047**	**(8,518)**
Current medium term bank loans	10,742	10,697	45
Bank overdrafts	-	314	(314)
Current other lenders	272	-	272
Current other lenders ex IFRS 16	154	-	154
Current financial liabilities	**11,167**	**11,011**	**156**

The change in FY 2019 of a total of Euro 8,362 thousand (between non-current and current) reflects the primary components, mostly related to medium-term loans, as detailed below:

- the payment by the Parent Company of the June 30 and December 31 installment of Euro 10,909 thousand on the pool loan, along with Euro 212 thousand accounted for as implicit interest deriving from the recognition of the item with the amortized cost method. Please recall that at December 31, a hedge is in place on 78,5 % of that loan against interest rate fluctuations, for which the mark to market value is Euro 476 thousand. Please note that this loan is subject to covenants calculated as the ratio between the net financial position and Adjusted EBITDA and the net financial position and shareholders' equity at the reporting date, which were fully respected.
- the recognition of Euro 1,110 thousand in interest on the debenture loan for Euro 30,000 thousand. Please also note that the debenture loan calls for compliance with the financial covenants, such as the ratio of net financial position and Adjusted EBITDA and the net financial position and shareholders' equity at the reporting date; as at this date, full compliance was noted; the portion of this interest accrued but not yet paid insofar as not yet due, is entered amongst amounts due to other lenders and comes to Euro 272 thousand;
- with the incorporation of GF Distribuzione S.r.l., the payable was noted of Euro 243 thousand relative to the portion of the price yet to be paid in connection with the acquisition of the investment in Galandi;
- other financial payables includes the IFRS 16 component of Euro 2,026 thousand, entirely deriving from the opening determination of the liability as per the situation as at January 1, 2019, already net of repayments during FY 2019 for Euro 171 thousand.
- financial payables also include the changes of Euro 109 thousand in the mark-to-markets of the hedging derivatives on interest rates (negative mark-to-market equal to Euro 476 thousand);
- and, finally, the lesser exposure to short-term facilities brought about by the extinguishing of the short-term loans still in place as at December 31, 2018.

The schedule of medium-term debt to banks and other lenders at December 31, 2018 and December 31, 2019 is detailed in the following table, organized in two columns (due in 2020 and due beyond December 31, 2020, in turn broken down by amounts due by December 31, 2024 and amount due after said date) to provide a better comparison with the previous table.

The table below shows the breakdown of payables to banks for loans and payables to other lenders for medium to long-term financial payables for the current and non-current portions; the latter is further broken down by due within/beyond five years.

Thousands of euro	Total	2,019	> 31.12.2019		2020-2023	> 31.12.2023
Bond payables (Non-current/current)	30,000	-	30,000		5,000	25,000
Medium term bank loans (Non - current/ current)	59,377	10,697	48,680		43,226	5,454
Other lenders (Non - current/ current) ex IFRS 16	-	-	-	as follows:	-	-
Liabilities for the deriv ativ es (Non-current/current)	367	-	367		367	-
Bank ov erdrafts	314	314	-		-	-
Financial liabilities at 31.12.2018	**90,059**	**11,012**	**79,047**		**48,593**	**30,454**

Thousands of euro	Total	2020	> 31.12.2020		2021-2024	> 31.12.2024
Bond payables (Non-current/current)	30,000	-	30,000		10,000	20,000
Medium term bank loans (Non - current/ current)	48,679	10,742	37,937		37,937	-
Other lenders (Non - current/ current) ex IFRS 16	2,026	154	1,872	as follows:	552	1,320
Liabilities for the deriv ativ es (Non-current/current)	476	-	476		476	-
Other current lenders short term	272	272	-		-	-
Payables for price balance on acquisitions (Non-current/current)	243	-	243		243	-
Bank ov erdrafts	-	-	-		-	-
Financial liabilities at 31.12.2019	**81,696**	**11,168**	**70,528**		**49,208**	**21,320**

At December 31, 2019, there was a hedge on the interest rates, the mark to market of which is negative at the reporting date and equal to Euro 476 thousand. Its negative fair value of Euro 476 thousand was recognized under non-current financial payables with a counter-entry in a specific equity reserve ("Other comprehensive income").

Please note that the pool loan contract for Euro 60 million and the debenture loan envisage compliance with financial and equity covenants, summarized in the table below. As mentioned, the covenants regarded the Net Financial Position prior to application of IFRS 16. Such covenants were respected in full at the reporting date.

It is also noted that both loans are subject to change of control clauses.

Thousands of euro	Duration	Period	Parameter	Limit	Respected
Bond payables 30 M€	2018-2028	Annually/ Half-yearly	Net financial position / Total Shareholders' Equity	<1,25	Si
Bond payables 30 M€	2018-2028	Annually/ Half-yearly	Net Financial Position / Adjusted Ebitda	<3,25	Si
Bond payables 30 M€	2018-2028	Annually/ Half-yearly	Adjusted Ebitda/ Net financial expenses	>5	Si
Pool loan 60 M€	2018-2024	Annually	Net financial position / Total Shareholders' Equity	<1,5	Si
Pool loan 60 M€	2018-2024	Annually	Net Financial Position / Adjusted Ebitda	<3,25	Si

According to that required by Consob communication no. 6064293 dated July 28, 2006 and in compliance with the CESR Recommendation of February 10, 2005 "Recommendation for the standardized implementation of the European Commission Regulation on information prospectuses", below is the net financial debt of Orsero as at December 31, 2019.

	Thousands of euro	31/12/2019	31/12/2018
A	Cash and cash equivalent	26,728	29,565
B	Other liquid assets	-	-
C	Current financial assets	16	16
D	**Liquidity (A+B+C)**	**26,744**	**29,580**
E	**Current financial receivables**	**-**	**-**
F	Current bank payables	-	(314)
G	Current portion of non-current debt	(10,742)	(10,697)
H	Other current financial payables *	(425)	-
I	**Current financial debt (F+G+H)**	**(11,167)**	**(11,011)**
J	**Net current financial debt (I-E-D)**	**15,577**	**18,569**
K	Non-current bank payables	(37,937)	(48,680)
L	Bonds	(30,000)	(30,000)
M	Other non-current financial payables*	(2,591)	(367)
N	**Non-current financial debt (K+L+M)**	**(70,529)**	**(79,048)**
O	**Net financial debt in accordance with ESMA (J+N)**	**(54,952)**	**(60,479)**

* Other current financial payables and other non-current financial payables include moreover finance lease IAS 17, factoring with recourse, payables for price balance on acquisitions, mark to market of liabilities for the derivatives, possible shareholder loan and debt one-off, in addition to debt ex IFRS 16 for euro 1,872 thousands (Non-current) and euro 154 thousands (Current).

It is noted that the above ESMA prospectus does not take into account the net credit balance of Euro 27,132 thousand relative to the cash pooling with the Group's Italian companies.

In terms of changes in liabilities as a result of financing activities, information is provided that allows users of the financial statements to evaluate the changes that occurred in compliance with IAS 7.

Liabilities provided by financing activities	31/12/2018	IFRS 16 effect opening	New loans	Payments	Cash Flow	Derivatives	Changes of consolidation scope	Changes of exchange rate	31/12/2019
Current financial assets	-	-	-	-	-	-	(16)	-	(16)
Total financial assets	-	-	-	-	-	-	**(16)**	-	**(16)**
Bond payables (over 12 months)	30,000	-	-	-	-	-	-	-	30,000
Non-current medium term bank loans	59,378	-	-	(10,699)	-	-	-	-	48,679
IFRS 16 Effect	-	2,187	-	(161)	-	-	-	-	2,026
Current liabilities for the derivatives	367	-	-	-	-	109	-	-	476
Current other lenders short term	-	-	-	-	272	-	-	-	272
Payables for price balance on acquisitions (Non current-	-	-	-	-	-	-	-	243	243
Current financial assets	314	-	-	-	(314)	-	-	-	-
Total financial liabilities	**90,059**	**2,187**	**-**	**(10,860)**	**(42)**	**109**	**(16)**	**243**	**81,680**

NOTE 12. Provisions for risks and charges

Thousands of euro	31.12.2019	31.12.2018	Change
Provisions for risks and charges	**520**	**-**	**520**

As at December 31, 2019, the recognition is noted of Euro 520 thousand, following careful assessment by Directors, according to the assumed outlay for the enforcement of the guarantee provided in the past in favor of K-Air. The allocation recognized in the provisions, which represents the estimate of future cash outflows prepared also based on historical experience, was not subject to actuarial valuation since the effect was considered negligible in the separate financial statements. The booked results shows the present provision made for risks by the Company in compliance with IAS 37, which rules that directors must make provisions on the financial statements only if the risk is held to be probable and quantifiable, thereby aiming to express the most truthful and correct situation possible.

NOTE 13. Employees benefits liabilities

Thousands of euro	**Employees benefits liabilities**
Balance at December 31, 2018	**1,507**
Change of year:	
Revaluation	151
Benefits paid and transferred	(11)
Interest cost	(3)
Gain/(losses) resulting from changes in actuarial assumptions	104
Other changes	(4)
Balance at December 31, 2019	**1,745**

The Employee Severance Indemnity Provision (TFR), in accordance with national regulations, essentially includes the employee severance indemnity accrued by employees in service at December 31, net of advances paid to employees. In accordance with IAS 19, the TFR is measured using the actuarial valuation methodology, through the support of an external specialist, and adjusted in relation to the occurrence of relevant events.
The main financial and demographic assumptions used in determining the present value of the liability relative to the liability for employee benefits, are described below.

Discount rate	Curva Euro Composite AA al 31.12.2019
Inflation rate	1.50%
Salary increases (included inflation)	1.00%
Mortality rate	ISTAT 2018
Access to retirement	Minimum access requirements required by Monti-Forner Law
Probability of termination	7.00%

The changes for 2019 are provided herein, calculated using actuarial valuation.
The equity adjustment for actuarial gains/losses includes an actuarial profit of Euro 279 thousand, including the tax effect of Euro 67 thousand, thus obtaining a net effect of Euro 212 thousand. The effect for the year 2019 is equal to an actuarial loss of Euro 104 thousand.
Actuarial gains and losses are recognized in shareholders' equity through the comprehensive income statement.

NOTE 14. Payables

Thousands of euro	**31.12.2019**	**31.12.2018**	**Change**
Payables to suppliers	2,104	1,623	481
Payables to subsidiaries	7,682	22,529	(14,847)
Payables to associates	-	-	-
Payables to related parties	99	1,151	(1,052)
Payables	**9,884**	**25,303**	**(15,418)**

At December 31, 2019, this item had a balance of Euro 9,884 thousand (Euro 25,303 thousand at December 31, 2018); the decrease is Euro 15,418 thousand.

Furthermore, note that:

- trade payables refer entirely to commercial relations linked to the company's routine business and extraordinary activities, recently completed, prior to listing on the MTA market segment;
- payables to subsidiaries are mainly financial payables, comprising treasury current accounts for Euro 5,636 thousand, payables for IRAP reimbursement request for Euro 738 thousand, payables for the tax consolidation system for Euro 1,062 thousand, and trade payables for Euro 246 thousand. The reduction with respect to December 31, 2018 reflects the incorporation of the sub-holding and the repayment of the shareholder contribution made by Cosiarma.

Trade payables with a residual maturity of more than 5 years are not included in the financial statements.
At December 31, 2018 and December 31, 2019, there were no outstanding payables of significant amount, nor did the Company receive injunction decrees for past due payables.
Payables to related parties relate to:

- Business Aviation sector Euro 56 thousand, of which Euro 34 thousand resulting from the sale of the sector in preparation for the conclusion of the Significant Transaction which took place in 2017, extinguished in part (Euro 1,117 thousand) during the year, and the remainder from commercial relations.
- Nuova Beni Immobiliari Srl Euro 43 thousand, trade payables;

Thousands of euro	31.12.2019	31.12.2018	Change
Italy	9,880	25,278	(15,398)
EU countries	4	10	(6)
Non-Eu countries	-	15	(15)
Payables	**9,884**	**25,303**	**(15,419)**

NOTE 15. Current tax and social security contributions liabilities

Thousands of euro	31.12.2019	31.12.2018	Change
For indirect taxes	161	144	17
Social security contributions	173	171	2
Current tax and social security contributions liabilities	**334**	**315**	**19**

At December 31, 2019, the item under review showed a change of Euro 19 thousand, an increase compared to the previous year. The withholding amount of Euro 161 thousand consists of Euro 152 thousand for employees and Euro 9 thousand for professionals; all amounts are regularly paid. The item also includes Euro 173 thousand relating to payables to Public Pension Entities for portions of contributions paid by the Company and its employees to be paid in the month of January and relating to the month of December.
There are currently no past due amounts related to the item in question.

NOTE 16. Other current payables

Thousands of euro	31.12.2019	31.12.2018	Change
Payables to personnel	685	1,061	(376)
Other current payables	453	740	(288)
Accrued expenses and deferred income	6	10	(4)
Other current liabilities	**1,144**	**1,812**	**(668)**

At December 31, 2019, the item "Other current payables" had a balance of Euro 1,144 thousand, a decrease from the previous year.

Payables to personnel relate to current items for December for Euro 113 thousand, as well as accrued and unused holidays for Euro 470 thousand and 14th month accruals for Euro 102 thousand.

In terms of the income statement, the result of the Parent Company is of limited relevance as the revenue side is essentially linked to the services provided to the Group and the collection of dividends, while on the cost side, personnel costs and promotional expenses of the brand are the most significant components, which result in a negative Adjusted Ebitda value; therefore, the discussion in relation to the consolidated income statement is much more relevant.
Adjusted EBITDA dropped by Euro 666 thousand due to the greater advertising expenses for Euro 916 thousand in turn caused by new initiatives described below and partly mitigated by the proceeds deriving from such for Euro 227 thousand, the limitation of consultants to subsidiaries supplied by the parent company for Euro 216 thousand and the rent charge recovery effect in accordance with standard IFRS 16 for Euro 195 thousand.

NOTE 17. Revenues

Thousands of euro	31.12.2019	31.12.2018	Change
Consulting services	960	1,176	(216)
Royalties	1,550	1,550	-
Cost recovery	516	588	(73)
Net sales	**3,026**	**3,314**	**(288)**

As at December 31, 2019, total revenues amounted to Euro 3,026 thousand, consisting of Euro 960 thousand for consultancy services, Euro 1,550 thousand for royalties received and Euro 516 thousand for cost recovery.
Consulting services relate entirely to consulting provided by company personnel regarding administrative, fiscal, corporate and legal matters.
Revenues from royalties refer to the total turnover for the subsidiaries Simba S.p.A. and Fruttital S.r.l. for the “F.lli Orsero” brand. The cost recovery item is closely related to costs that the Company regularly incurs in the name and on behalf of third parties, in order to implement economies of scale and control.

Thousands of euro	Total	Third parties	Subsidiaries	Related parties
Consulting services	**960**	-	876	84
Royalties	**1,550**	-	1,550	-
Cost recovery	**516**	-	513	3
Net sales	**3,026**	**-**	**2,939**	**87**

Consulting services to related parties consist of:

- Business Aviation sector: Euro 5 thousand;
- Nuova Beni Immobiliari S.r.l.: Euro 76 thousand;
- FIF Holding Spa: Euro 6 thousand.

NOTE 18. Overheads

Thousands of euro	31.12.2019	31.12.2018	Change
Personnel costs	3,572	4,669	(1,097)
External labor costs	188	189	(1)
Personnel training costs	15	23	(8)
Corporate bodies fees	653	2,029	(1,376)
Costs for notary, tax, legal and other professional services	467	523	(56)
Other professional services (including expenses) - wages, commercial consulting , technical consulting, others	790	731	59
Commercial, advertising, promotional and representation expenses	1,665	750	916
Insurance expenses	144	126	19
Costs for services and assistance hw, sw, phone network	162	142	20
Costs for maintenance, external labor and various other services	44	41	3
Costs of company car fleet	256	249	7
Rental costs and various rentals	66	264	(198)
Travel expenses	152	221	(69)
Utilities	101	84	16
Indirect taxes and duties	21	14	8
Non-deductible VAT	30	-	30
Amortization of intangible assets	51	27	24
Depreciation of tangible assets	382	192	189
Acquisition costs of stationery and material of consumption	32	40	(7)
Membership fees and other minor costs	282	212	70
Fees, commissions, bank guarantees charges and factoring	17	21	(4)
Overheads	**9,092**	**10,548**	**(1,457)**

The balance at December 31, 2019 of overhead and administrative costs consists mainly of personnel costs of Euro 3,572 thousand, as the holding company provides subsidiaries with a range of consulting services largely provided through direct professionals. The balance for the year is well below that of last year, insofar as no premiums were recognized from the medium/long-term management incentive plan. The considerable reduction in corporate body fees is also due to the failure to reach the medium/long-term management incentive plan during the year. Another significant component is advertising expenses, which amounts to Euro 1,665 thousand, in fact, the Company deals directly with all brand promotion activities, hence operational marketing as well as other types. During the year, two major new promotional activities were carried out and completed, involving the management of a temporary store at the central Milan station for a few months and the presence of a traveling sales point, accompanying all the steps of the important tour organized by Italian artist, Jovanotti. The item “Consulting” also contains a rather significant balance, amounting to Euro 1,257 thousand, as the Parent company centralizes the use of external consultants to obtain more control over the critical issues of subsidiaries and to benefit from economies of scale.

Thousands of euro	Total	Third parties	Subsidiaries	Related parties
Overheads	**9,092**	**8,439**	**649**	**3**

Overhead and administrative costs regarding related parties for 2019 are entirely reduced in the accounts insofar as the rent paid to the related company Nuova Beni Immobiliari for a total of Euro 138 thousand, has been restated in accordance with IFRS 16.

NOTE 19. Other income and expenses

Thousands of euro	31.12.2019	31.12.2018	Change
Other operating income	908	366	542
Other operating expenses	(2,089)	(405)	(1,684)
Total other operating income and expenses	**(1,181)**	**(39)**	**(1,141)**

Details of the items "Other operating income" and "Other operating expenses" for the years 2018 and 2019 are provided herein, with separate indication of ordinary positions and non-recurring items.

Thousands of euro	31.12.2019	31.12.2018	Change
Revenues from recovery of costs and insurance reimbursements	11	27	(16)
Plusvalues and contingent revenues in ordinary course of business	87	339	(252)
Others	227	-	227
Other ordinary operating income	**325**	**366**	**(41)**
Others	584	-	584
Other non-recurring operating income	**584**	**-**	**584**

As at December 31, 2019 the item is mainly composed of: insurance reimbursements of Euro 11 thousand and contingent assets for incorrect estimates in the previous financial statements for Euro 81 thousand, the balance of capital gains on the sale of vehicles for Euro 5 thousand and income on the specified promotional action taken during the year, for Euro 227 thousand. Other non-recurring revenues include the income for the partial derecognition of the payable due to K-Air Srl, as described previously, in the amount of Euro 517 thousand.

Thousands of euro	31.12.2019	31.12.2018	Change
Penalities, sanctions and costs for damage to third parties	(5)	(1)	(4)
Minusvalues and contingent losses in ondinary course of business	(142)	(282)	140
Other ordinary operating expenses	**(147)**	**(283)**	**136**
MTA/STAR listing costs	(1,259)	-	(1,259)
Others	(683)	(122)	(561)
Other non - recurring operating expenses	**(1,942)**	**(122)**	**(1,820)**

As at December 31, 2019, the ordinary portion of other operating expenses mainly consisted of tax and administrative penalties for Euro 5 thousand, contingent liabilities for incorrect estimates for Euro 72 thousand, non-deductible expenses of Euro 48 thousand, and charitable donations for Euro 20 thousand. As at the same date, the non-recurring portion of said item mainly consisted of Euro 1,259 thousand relative to costs incurred to implement the procedure necessary to list the company on the MTA market and the recognition of Euro 520 thousand by way of provision for risks, following careful checking by the Directors, according to the estimated outlay for the enforcement of the guarantee given at the time, in favor of K-Air, as described previously.

NOTE 20. Financial income, financial expenses and exchange differences

Thousands of euro	31.12.2019	31.12.2018	Change
Financial income	173	86	87
Financial expenses	(2,349)	(1,363)	(986)
Exchange rate differences	-	81	(81)
Financial income, financial expenses, exchange rate differences	**(2,176)**	**(1,196)**	**(980)**

Thousands of euro	Total	Third parties	Subsidiaries	Related parties
Financial income	**173**	47	126	-
Financial expenses	**(2,349)**	(2,308)	(41)	-
Exchange rate differences	**-**	-	-	-
Financial income, financial expenses, exchange rate differences	**(2,176)**	**(2,261)**	**85**	**-**

For each item included in the item in question, details are provided below:

Thousands of euro	31.12.2019	31.12.2018	Change
Interest income to third parties	44	82	(38)
Interest income to subsidiaries	126	-	126
Interest income TFR	3	4	(1)
Financial income	**173**	**86**	**87**

At December 31, 2019, financial income comprised interest on bank current account deposits for Euro 43 thousand, interest income on cash pooling transactions for Euro 101 thousand, interest on loans to subsidiaries for Euro 25 thousand and sundry income for Euro 1 thousand.

Thousands of euro	31.12.2019	31.12.2018	Change
Interest expenses from bank	(904)	(1,056)	152
Interest expensese ex IFRS 16	(34)	-	(34)
Interest expenses Bond	(1,110)	(271)	(839)
Interest expenses to subsidiaries	(41)	-	(41)
Losses on derivatives	(259)	(36)	(223)
Financial expenses	**(2,349)**	**(1,363)**	**(986)**

At December 31, 2019, financial expenses were mainly attributable to the cost of debt for Euro 2,263 thousand, interest expense on cash pooling transactions for Euro 41 thousand and banking surety fees for Euro 10 thousand.

Thousands of euro	31.12.2019	31.12.2018	Change
Realized exchange rate differences	(0)	81	(81)
Unrealized exchange rate differences	-	-	-
Exchange rate differences	**(0)**	**81**	**(81)**

NOTE 21. Net income (loss) from equity investments

Thousands of euro	31.12.2019	31.12.2018	Change
Dividends	10,060	8,000	2,060
Devaluations of Group financial investments	(655)	-	(655)
Result of securities and investments negotiation	6	1,717	(1,711)
Net income (loss) from equity investments	**9,410**	**9,717**	**(307)**

At December 31, 2019, the item comprised dividends distributed by Fruttital for Euro 3,000 thousand, by Fruttital Firenze S.r.l. for Euro 1,500 thousand, by Galandi & C. Spa for Euro 1,000 thousand, by Fresco Ship's Agency & Forwarding S.r.l. for Euro 500 thousand, by Hermanos Fernández López S.A. for Euro 3,000 thousand, by Vado Container Services S.r.l. for Euro 570 thousand and by the associated Fruport Tarragona SA for Euro 490 thousand.
Impairment instead related for Euro 455 thousand to the subsidiary Vado Container Services Srl to bring the book value into line with the disposal price and to Orsero Servizi Srl for Euro 200 thousand to cancel the contribution made to cover losses, events already extensively commented and argued in the paragraph on equity investments.

NOTE 22. Taxes expenses

Recall that most Italian subsidiaries participate in the "tax consolidation" system headed by Orsero, in accordance with the option exercised by each company and confirmed by the Revenue Agency as a result of the submission of a specific request for ruling in accordance with art. 124, paragraph 5, of the TUIR Tax Code and with art. 13, paragraphs 1 and 2, of the Ministerial Decree of June 9, 2004.
The changes in taxes are summarized in the following table.

Thousands of euro	31.12.2019	31.12.2018	Change
Current taxes for the year	4	-	4
Deferred taxes = from statutory tax consolidation	1,455	1,434	21
Deferred taxes incomes and liabilities	50	1,358	(1,308)
Tax expenses	**1,509**	**2,792**	**(1,283)**

Taxes for 2019 came to Euro 1,509 thousand due to the income from tax consolidation, recognized by the consolidated companies as well as the recognition of deferred tax assets (please see the table for detailed information).
The reconciliation between the tax charge recognized in the financial statements and the theoretical tax charge, calculated based on theoretical rates applicable in Italy, is as follows:

Thousands of euro	Taxable	Tax
EBT	13	
Theoretical tax rate		24%
Theoretical taxes		3
Temporary differences	2,325	
Permanent differences	(8,398)	
Income	**(6,061)**	
Actual tax charge		(1,455)
Actual tax rate		N/A

Theoretical income taxes have been determined by applying the current IRES tax rate of 24% to the income before tax. At December 31, 2019, there are no significant tax disputes.
For IRAP purposes, the net value of production is negative.
The table below shows the changes in the various deferred tax asset components by type. The amounts of current or deferred taxes charged directly to the statement of comprehensive income refer to the effects of the revaluation of the liability for employee benefits.

Thousands of Euro	Statement of financial position		Income statement		Comprehensive income statement	
	2019	2018	2019	2018	2019	2018
Previous tax losses	1,000	1,000	-	1,000	-	-
Effect IAS 19	83	37	46	-	-	(4)
Reductions in value and provisions	-	-	-	-	-	-
Depreciation	33	80	-	-	-	-
Trademarks	35	42	-	-	-	-
Cost deductible in the future*	730	730	-	350	-	-
Financial derivatives	114	88	-	-	26	88
Others	13	9	4	9	-	-
Deferred tax assets	**2,009**	**1,988**	**50**	**1,358**	**26**	**84**

* Related to medium/long term incentivisation plan for management

Deferred tax assets are recognized to the extent to which on the basis of company plans the existence of future taxable income against which such assets may be used is deemed likely. There are no other significant amendments to the tax legislation between 2019 and 2018.

NOTE 23. Disclosures on financial instruments

Pursuant to IFRS 7, the breakdown of financial instruments into the categories set out in IFRS 9 is as follows:

Thousands of euro	Balance at 31.12.19	Assets measured at amortized cost	Assets at fair value with changes recognized in the PL*	Liabilities measured at amortized cost	Liabilities at fair value with changes recognized in the CI*
Financial assets					
Investments in other companies	1	1	-	-	-
Other fixed assets	23	23	-	-	-
Trade receivables	37,856	37,856	-	-	-
Current tax receivables	2,474	2,474	-	-	-
Other current assets	335	319	16	-	-
Cash and cash equivalent	26,728	26,728	-	-	-
Financial assets	**67,417**	**67,401**	**16**	**-**	**-**
Financial liabilities					
Financiali liabilities of which:					
Bond payables	*(30,000)*	-	-	*(30,000)*	-
Non-current medium term bank loans (over 12 months)	*(37,937)*	-	-	*(37,937)*	-
Non-current other lenders (over 12 months) ex IFRS 16	*(1,872)*	-	-	*(1,872)*	-
Non-current liabilities for derivative (over 12 months)	*(476)*	-	-	-	*(476)*
Non-current payables for price balance on acquisition (over 12 months)	*(243)*			*(243)*	
Current medium term bank loans	*(10,742)*	-	-	*(10,742)*	-
Bank overdraft	-	-	-		-
Current other lenders ex IFRS 16	(154)	-	-	*(154)*	-
Other current lenders short term	(272)			*(272)*	
Trade payables	(9,884)	-	-	(9,884)	-
Current tax and social security contributions liabilities	(334)	-	-	(334)	-
Other current liabilities	(1,144)	-	-	(1,144)	-
Financial liabilities	**(93,058)**	**-**	**-**	**(92,582)**	**(476)**

* CI=Comprehensive income; PL=Income Statement

Thousands of euro	Balance at 31.12.18	Assets measured at amortized cost	Assets at fair value with changes recognized in the PL*	Liabilities measured at amortized cost	Liabilities at fair value with changes recognized in the CI*
Financial assets					
Investments in other companies	1	1	-	-	-
Other fixed assets	25	25	-	-	-
Trade receivables	75,846	75,846	-	-	-
Current tax receivables	3,258	3,258	-	-	-
Other current assets	443	427	16	-	-
Cash and cash equivalent	29,565	29,565	-	-	-
Financial assets	**109,137**	**109,122**	**16**	**-**	**-**
Financial liabilities					
Financiali liabilities of which:					
Bond payables	*(30,000)*	-	-	*(30,000)*	-
Non-current medium term bank loans (over 12 months)	*(48,680)*	-	-	*(48,680)*	-
Non-current other lenders (over 12 months) ex IFRS 16	-	-	-	-	-
Non-current liabilities for derivative (over 12 months)	*(367)*	-	-	-	*(367)*
Current medium term bank loans	*(10,697)*	-	-	*(10,697)*	-
Bank overdraft	*(314)*	-	-	*(314)*	-
Current other lenders ex IFRS 16	-	-	-	-	-
Trade payables	(25,303)	-	-	(25,303)	-
Current tax and social security contributions liabilities	(315)	-	-	(315)	-
Other current liabilities	(1,812)	-	-	(1,812)	-
Financial liabilities	**(117,488)**	**-**	**-**	**(117,121)**	**(367)**

* CI=Comprehensive income; PL=Income Statement

It is noted that only "Other current assets" of all financial assets include securities, i.e. financial instruments that are valued at fair value with impact on the income statement. Trade and other receivables are measured at the nominal value that, considering the speed of collection, coincides with the value determined by the application of amortized cost, in compliance with IFRS 9. Among financial liabilities, trading derivatives fall within the category "Liabilities measured at fair value", while hedging derivatives are recorded at fair value; the related change is accounted for in a shareholders' equity reserve that constitutes the comprehensive income statement. In this regard, it is noted that the Company has derivative contracts outstanding as at December 31, 2019 related to interest rate hedges as reported in Note 11.

As at December 31, 2019, there is an interest rate hedge in place linked to the Euro 60 million loan, in addition to that initially activated by the sub-holding company GF Distribuzione S.r.l. on the Euro 20 million loan transferred to the Company following the refinancing operation, whose negative fair value amounts to Euro 476 thousand, booked to the item "Non-current financial payables", with a specially designated shareholders' equity reserve as contra-entry.

NOTE 24. Disclosures on financial instruments

Based on the requirements of IFRS 13 "Fair value measurement", the following disclosure is provided.

Fair value of financial instruments:

- for financial assets and liabilities that are liquid or have a very short maturity, the book amount is considered to approximate fair value; this hypothesis also applies to term deposits, disposable securities and floating rate financial instruments;
- for the measurement of the fair value of hedging instruments, valuation models based on market parameters are used. At the reporting date, no new derivative contracts had been stipulated;
- the fair value of non-current financial payables is obtained by discounting all future cash flows at the year-end conditions. In the current situation, where for medium-term debt the cost of the loan is aligned with the market value, the nominal values of the debt are considered as fair values.

As regards trade and other receivables and payables, the fair value is equal to the book value.
Fair value of non-financial instruments: it should be noted that there are no non-financial instruments measured at fair value at December 31, 2019.
As regards property investments, they are valued at cost, which is believed to be a reliable approximation of the related fair value.
The following tables analyze the hierarchy of financial and non-financial instruments measured at fair value, based on the valuation techniques used:

- Level 1: the valuation techniques use prices listed on an active market for the assets or liabilities subject to valuation;
- Level 2: the valuation techniques consider inputs other than the previous prices, but that can, however, be observed directly or indirectly on the market;
- Level 3: the techniques use inputs that are not based on observable market data.

Financial instruments
Derivatives, valued using techniques based on market data, are mainly IRSs on interest rates that have the purpose of hedging both the fair value of underlying instruments and cash flows.
The most frequently applied valuation techniques include "forward pricing" and "swap" models, which use the calculations of the present value.

The following table analyzes financial instruments measured at fair value based on three different levels of valuation.

Thousands of euro	**31.12.19**			**31.12.18**		
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Current financial assets	16	-	-	16	-	-
Financial liabilities						
Speculative derivatives	-	-	-	-	-	-
Hedging derivatives	-	(476)	-	-	(367)	-

Level 1 valuation was used for non-significant securities.
Level 2 valuation, used for financial instruments measured at fair value, is based on parameters such as interest rates that are quoted in active or observable markets on official rate curves. The liability valued with Level 2 at December 31, 2019 relates to the negative fair value of the derivative on interest rates.

Non-financial instruments
It should be noted that there are no non-financial instruments measured at fair value at December 31, 2019.

NOTE 25. Transactions with related parties

The Company and the Group have put in place a conduct procedure related to transactions with related parties, in order to monitor and trace the necessary information regarding transactions in which directors and executives have interests, as well as transactions with related parties for the purpose of their control and possible authorization. The procedure identifies the subjects required to report the above information, defines what transactions should become the subject of communication, and sets the deadlines to submit the information, specifying its content. The main intra-group activities, regulated at market prices, are developed through contractual relations that specifically concerned:

- management of investments;
- regulation of financial flows through centralized treasury and intra-group loans;
- sharing of general, administrative and legal services;
- assistance related to IT services;
- trade agreements.

In addition, there is a fiscal relationship between Orsero and the Italian subsidiaries, following the option exercised for the national tax consolidation regime, governed by articles 117 et seq. of the TUIR, for the three-year period 2018-2020. Receivables and payables arising from such tax relations are not interest-bearing. It is noted that during FY 2019, no related party transactions were implemented other than those coming under the scope of the Company's ordinary business, with the exception of the incorporation of the two sub-holdings GF Distribuzione and GF Porterm, as already described.
Below is a summary of the items in the statement of financial position and income statement for transactions between the Company and other related parties in 2019. Relationships with the companies represented in the table are essentially commercial and related to the specific business sectors: the real estate business for Nuova Beni Immobiliari and the Aviation business for GF Aviation and its investee.
The table shows financial receivables and payables related to financing and/or cash pooling transactions with companies as well as trade and tax receivables and payables. Transactions with related parties are governed by specific contracts, the conditions of which are in line with those of the market.

Thousands of euro	Related parties at December 31, 2019			
	Financial receivables	Trade receivables	Fiscal receivables	Other receivables
Subsidiaries				
AZ France SA	5,000	30	-	-
Bella Frutta S.A.	-	41	-	-
Cosiarma S.p.A.	808	122	825	-
Fresco S.r.l.	-	11	-	-
Fruttital S.r.l.	339	788	1,240	-
Fruttital Firenze S.p.A.	1,030	1	280	-
Galandi S.p.A.	-	-	23	-
GFB S.r.l.	109	12	7	-
GF Produzione S.r.l.	-	12	-	-
Orsero Servizi S.r.l.	2,287	47	-	-
Simba S.p.A.	23,195	1,466	-	-
Total exposure to subsidiaries	**32,768**	**2,531**	**2,375**	**-**
Related companies				
Nuova Beni immobiliari S.r.l.	-	108	-	-
Immobiliare Ranzi Srl		6		-
Business Aviation*	-	51	-	-
Fif Holding S.p.A.	-	8	-	-
Argentina S.r.l. **	-	1	-	-
Total exposure to related companies	**-**	**175**	**-**	**-**
Total exposure to subsidiaries and related companies	**32,768**	**2,706**	**2,375**	**1**
Total Receivables	**37,856**	**37,856**	**37,856**	**37,856**
% Total Receivables	**87%**	**7%**	**6%**	**-**

* Referred to the companies GF Aviation S.r.l., K-Air S.r.l.

** It should be noted that the item "Other current assets" includes euro 8,000 thousand of receivables due from Argentina S.r.l. entirely devalued.

Thousands of euro	Related parties at December 31, 2019			
	Financial payables	Trade payables	Fiscal payables	Other payables
Subsidiaries				
Bella Frutta SA	-	1	-	-
Cosiarma S.p.A.	-	27	6	-
Fresco S.r.l.	1,903	6	240	-
Fruttital S.r.l.	-	75	620	-
Fruttital Cagliari Srl	381	1	-	-
Galandi SpA	1,786	3	-	-
GF Produzione S.r.l.	1,566	4	5	-
Orsero Servizi S.r.l.	-	130	47	-
Simba S.p.A.	-	-	881	-
Total exposure to subsidiaries	**5,636**	**246**	**1,799**	**-**
Related companies				
Nuova Beni immobiliari S.r.l.	-	43	-	-
Business Aviation*	-	22	-	34
Total exposure to related companies	**-**	**65**	**-**	**34**
Total exposure to subsidiaries and related companies	**5,636**	**311**	**1,799**	**34**
Total Payables	**9,884**	**9,884**	**9,884**	**9,884**
% Total Payables	**57%**	**3%**	**18%**	**-**

* Referred to the companies GF Aviation S.r.l., K-Air S.r.l.

Thousands of euro	Related parties at December 31, 2019					
	Net sales	Trade expenses	Other income and expenses	Financial and incomes/ expenses	Devaluations of financial investments	Dividends received
Subsidiaries						
Az France S.A.	5	-	-	25	-	-
Bella Frutta S.A.	140	-	-	-	-	-
Cosiarma S.p.A.	254	-	-	(26)	-	-
Fresco S.r.l.	112	-	-	(6)	-	500
Fruttital S.r.l.	966	(267)	-	9	-	3,000
Fruttital Firenze S.r.l.	-	-	-	1	-	1,500
Fruttital Cagliari S.r.l.	-	-	-	(1)	-	-
Galandi S.r.l.	-	-	-	(3)	-	1,000
GFB S.r.l.	10	-	-	-	-	-
GF Produzione S.r.l.	10	-	-	(4)	-	-
Orsero Servizi S.r.l.	32	(382)	-	10	(200)	-
Hermans Fernandez S.A.	-	-	-	-	-	3,000
Simba S.p.A.	1,410	-	-	81	-	-
Vado Container Services Srl	-	-	-	-	(455)	570
Total exposure to Subsidiaries	**2,939**	**(649)**	-	**85**	**(655)**	**9,570**
Fruport Tarragona SL	-	-	-	-	-	490
Total exposure to Associates	-	-	-	-	-	**490**
Related companies						
Nuova Beni immobiliari S.r.l.	76	(3)	-	-	-	-
Fif Holding S.p.A.	6	-	-	-	-	-
Business Aviation*	5	-	517	-	-	-
Total exposure to related companies	**87**	**(3)**	**517**	-	-	-
Total exposure to subsidiaries, associates and related companies	**3,026**	**(652)**	**517**	**85**	**(655)**	**10,060**
Income statement data	**3,026**	**(9,092)**	**(1,181)**	**(2,176)**	**9,410**	**9,410**
% of Income statement data	**100%**	**7%**	**-44%**	**-4%**	**-7%**	**107%**

* Referred to the companies GF Aviation S.r.l., K-Air S.r.l.

Receivables from related parties:

- Nuova Beni Immobiliari S.r.l. Euro 108 thousand, all trade;
- Business Aviation Sector Euro 51 thousand, trade receivables, of which Euro 5 thousand represented by invoices to be issued;
- FIF Holding S.p.A. Euro 8 thousand, trade receivables, of which Euro 6 thousand represented by invoices to be issued;
- Immobiliare Ranzi S.r.l. Euro 6 thousand, all trade;
- Argentina S.r.l. Euro 1 thousand, trade.

Payables to related parties:

- Aviation business sector Euro 56 thousand trade receivables, of which Euro 34 thousand resulting from the sale of the sector during the year 2017 and Euro 22 thousand for trade.
- Nuova Beni Immobiliari S.r.l. Euro 43 thousand, all trade.

Revenues with respect to related parties consist of:

Consulting services:

- Business Aviation: Euro 5 thousand;
- Nuova Beni Immobiliari S.r.l.: Euro 76 thousand;
- FIF Holding S.p.A. Euro 6 thousand

Other income:

- Aviation business: Euro 517 thousand, for the partial derecognition of the debt position, as described previously;

Costs with respect to related parties consist of:

Ordinary operating costs:

- Nuova Beni Immobiliari S.r.l.: Euro 3 thousand.

Transactions with related parties are governed by specific contracts, the conditions of which are in line with those of the market.

NOTE 26. Share-based payments

As previously discussed, the Group has launched a long-term incentive plan based on ordinary shares of the Company, the "Orsero S.p.A. Stock Grant Plan", for Orsero's executive directors and certain key managers, linked to the achievement of the objectives progressively set in the three-year period 2017-2019. Considering the achievement of the objectives of FYs 2017 and 2018, the above subjects were assigned a total of 320,002 shares, for an equivalent value of Euro 4,470 thousand calculated in connection with the stock exchange listing of the share of Euro 13.97 as at the award date, as envisaged by IFRS 2. Note that these shares are already held by the Company, which allocated a portion of treasury shares, equivalent to 500,000 shares, specifically for this Plan. The 2019 objective was instead not reached and therefore no assignment was made.
As envisaged by the Plan, the shares assigned will be delivered to beneficiaries free of charge within 15 trading days of approval of the 2019 financial statements.

NOTE 27. Employees

The following table shows the number of employees and the average number of employees as at December 31, 2019 and as at December 31, 2018.

	31.12.2019	31.12.2018	Change
Number of employees	33	35	(2)
Average number of employees	33	34	(1)

NOTE 28. Fees due to the Directors and the Board of Auditors

The following table details the remuneration for the members of Orsero's corporate bodies for the year.

Thousands of euro	31.12.2019	31.12.2018	Change
Board of Directors	361	1,823	(1,462)
Board of Auditors	81	81	-

The amount of "Board of Directors' Fees" includes Directors' remuneration from letters of appointment for Euro 285 thousand, emoluments for the remuneration of specific offices for Euro 30 thousand and social security and welfare contributions relative to the previous items for Euro 46 thousand.

NOTE 29. Guarantees provided, commitments and other contingent liabilities.

The guarantees provided by the Company are as follows:

Thousands of euro		2019	2018
Guarantees issued	**in favour of:**		
- To Bre for guarantees given on credit lines facilities	Fruttital S.r.l	5,539	4,194
- To Carige for guarantees given on credit lines facilities	Fruttital S.r.l	8	8
- To BPM for guarantees given on credit lines facilities	Fruttital S.r.l	50	50
- To Carige for guarantees given on credit lines facilities	Simba S.p.A.	1,486	2,145
- To French Banks for guarantees given on credit lines facilities	AZ France S.A.	1,900	-
- To Intesa for guarantees given on credit lines facilities	Eurofrutas S.A.	2,131	1,990
- To Intesa for guarantees given on credit lines facilities	Bella Frutta S.A.	355	822
- To Eurobank for guarantees given on credit lines facilities	Bella Frutta S.A.	16	-
- To Core Fruit	Bella Frutta S.A.	300	-
- To Carige for guarantees given to Customs	Fresco S.r.l.	10	10
- To Ass.ni Generali for guarantees given on credit lines facilities	Fresco S.r.l.	1,000	1,115
- To AON for guarantees given on credit lines facilities	Fresco S.r.l.	5,500	5,500
- To Albalesing/Biper for guarantees Albaleasing	K-air S.r.l.	-	1,152
- To CIC for guarantees given wharehouse Solgne	Nuova Beni Immobiliari S.r.l.	-	288
- To Banco Desio for guarantees to C.ie Frutiere	Simba S.p.A.	1,000	1,000
- To Microsoft	Fruttital S.r.l	-	200
- To Microsoft	GF Servizi	-	220
Total guarantees		**19,295**	**18,694**

The table provides details on the main changes made with respect to December 31 of the previous year, essentially due to the different uses of current account overdrafts by Fruttital S.r.l. and Simba Spa and the guarantees - previously held by the sub-holding incorporated, GF Distribuzione - on facilities granted AZ France SA, as part of normal operations. The loss of the Albaleasing/Biper guarantee is worthy of separate mention. It had been given in the interests of the related party K-Air in liquidazione, linked to the allocation of a provisions for risks already commented on for the amount of Euro 520 thousand, in exchange for the envisaged outlay to this end.

NOTE 30. Significant events after December 31, 2019

In this regard, please note that after the financial statements were closed, on January 14, 2020, Fruttital S.r.l. purchased four strategic properties from the related company Nuova Beni Immobiliari S.r.l. This transaction has been thoroughly described in the Directors' Report on Operations, in the paragraph entitled "Significant events after the 2019 closing", to which we would refer you.
With reference to the potential effects connected with the Covid-19 epidemic it is to be noted how, under an accounting perspective compliant with IAS 10 par 3-10, such emergency must be considered as a "non-adjusting event" with reference to the financial statements closed 31 December 2019. It is true indeed that, altough the information on the first cases of infection provided by the Chinese Authorities date back to the end of 2019, only on 31 January 2020 the International Regulations Emergency Committee of the World Health Organization has declared the existence of a phenomenon of international emergence, and only after such date the single Countries have started adopting the relevant countermeasures. As outlined in the Report on operations the Group's management is closely monitoring the evolution of the situation but has not currently noted any notable effects not balanced by an increase in the unit sale price of the products. In general, our activity shows an increase in the sales to the Large Distribution channel matching a physiologic decrease in the sales to the "traditional" wholesale channel, at present the segment more heavily influenced by the Government regulations also because of its relations with the Ho.Re.Ca. businesses. We cannot, however, exclude the possibility that major impacts be determined on the economic and financial position of the Group, to an extent that at present it is not possible to quantify, should the situation continue for a considerable length of time and new and more strict regulations imposed in Italy and Europe on logistics and circulation of the goods.

The management, who constantly follows the situation, will promptly disclose to the public any possible negative evolution of the Group activities and, if possible, make estimations on the potential impacts of Covid-19.
Finally, as regards the proceedings brought against Raffaella Orsero, Deputy Chair and Managing Director of the Company, please refer to the information given in the Directors' Report on Operations, in the paragraph "Significant events after the 2019 closing".

NOTE 31. Information on any contributions

It is noted that the Parent company has not benefited from the aids for which publication is mandatory in the National State Aid Register.

ANNEX 1. Information in accordance with Art. 149-due decies of the Consob Issuers' Regulation

The table below, prepared in accordance with Art. 149-duodecies of the Consob Issuers' Regulation, shows the fees for 2019 for auditing and other non-auditing services provided by the independent auditing firm appointed or by companies belonging to its network.

Tyoe of services - Thousands of euro	Company that provided the service	Addressee	Fees for 2019
Audit (*)			
	Kpmg S.p.A.	Parent company	173
Altri servizi resi ai fini del processo di quotazione sul mercato MTA/STAR			
MTA certification services	Kpmg S.p.A.	Parent company	284
Altri servizi resi			
Tax declaration	Kpmg S.p.A.	Parent company	3

(*) Includes the audit at December 31, 2019 and at June 30, 2019

ANNEX 2. Financial statements tables stated in accordance with Consob Resolution 15519/2006

Statement of financial position 2019 and 2018

Euro	31/12/2019	of which related parties				
		Subsidiaries	Associates	Related companies	Total	%
ASSETS						
Other intangible assets	181	-	-	-	-	-
Tangible assets	2,746	-	-	-	-	-
Financial investments	165,694	162,910	2,783	-	165,693	100%
Other fixed assets	23	-	-	-	-	-
Deferred tax assets	2,009	-	-	-	-	-
Non-Current Assets	**170,652**	**162,910**	**2,783**	**-**	**165,693**	**97%**
Receivables	37,856	37,674	-	175	37,849	100%
Current tax receivables	2,474	-	-	-	-	-
Other current assets	335	-	-	-	-	-
Cash and cash equivalent	26,728	-	-	-	-	-
Current Assets	**67,393**	**37,674**	-	**175**	**37,849**	**56%**
Assets held for sale	-	-	-	-	-	-
TOTAL ASSETS	**238,046**	**200,584**	-	**175**	**203,542**	**86%**
Share Capital	69,163	-	-	-	-	-
Reserves	72,064	-	-	-	-	-
Net profit	1,496	-	-	-	-	-
Total Shareholders' Equity	**142,723**	**-**	**-**	**-**	**-**	**-**
LIABILITIES						
Non-current financial liabilities	70,529	-	-	-	-	-
Provisions for risks and charges	520	-	-	-	-	-
Employees benefits liabilities	1,745	-	-	-	-	-
Non-Current Liabilities	**72,794**	**-**	**-**	**-**	**-**	-
Current financial liabilities	11,167	-	-	-	-	-
Payables	9,884	7,682		99	7,781	79%
Current tax and social security contributions liabilities	334	-	-	-	-	-
Other current liabilities	1,144	-	-	-	-	-
Current Liabilities	**22,529**	**7,682**	**-**	**99**	**7,781**	**35%**
Liabilities held for sale	-	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**238,046**	**7,682**	-	**99**	**7,781**	**3%**

Euro	31/12/2018	of which related parties				
		Subsidiaries	Associates	Related companies	Total	%
ASSETS						
Other intangible assets	109	-	-	-	-	-
Tangible assets	729	-	-	-	-	-
Financial investments	168,776	168,775	-	-	168,775	100%
Other fixed assets	25	-	-	-	-	-
Deferred tax assets	1,988	-	-	-	-	-
Non-Current Assets	**171,627**	**168,775**	**-**	**-**	**168,775**	**98%**
Receivables	75,846	75,707	-	121	75,828	100%
Current tax receivables	3,258	-	-	-	-	-
Other current assets	443	-	-	-	-	-
Cash and cash equivalent	29,565	-	-	-	-	-
Current Assets	**109,111**	**75,707**	-	**121**	**75,828**	**69%**
Assets held for sale	-	-	-	-	-	-
TOTAL ASSETS	**280,738**	**244,482**	-	**121**	**244,603**	**87%**
Share Capital	69,163	-	-	-	-	-
Reserves	88,538	-	-	-	-	-
Net profit	4,041	-	-	-	-	-
Total Shareholders' Equity	**161,742**	-	-	-	-	**-**
LIABILITIES						
Non-current financial liabilities	79,048	-	-	-	-	-
Provisions for risks and charges	-	-	-	-	-	-
Employees benefits liabilities	1,507	-	-	-	-	-
Non-Current Liabilities	**80,555**	**-**	**-**	**-**	**-**	-
Current financial liabilities	11,011	-	-	-	-	-
Payables	25,303	22,528	-	1,151	23,679	94%
Current tax and social security contributions liabilities	315	-	-	-	-	-
Other current liabilities	1,812	-	-	-	-	-
Current Liabilities	**38,441**	**22,528**	**-**	**1,151**	**23,679**	**62%**
Liabilities held for sale	-	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**280,738**	**22,528**	-	**1,151**	**23,679**	**8%**

Income statement and Statement of comprehensive income 2019 and 2018

Euro	Year 2019	of which related parties				
		Subsidiaries	Associates	Related companies	Total	%
Net sales	3,026	2,939	-	87	3,026	100%
Cost of goods sold	-	-	-	-	-	
Gross profit	**3,026**	**-**	**-**	**-**	**-**	**-**
Overheads	(9,092)	(649)	-	(3)	(652)	7%
Other income	908	-	-	517	517	57%
- of which non-recurring operating income	*584*	-	-	517	517	89%
Other expenses	(2,089)	-	-	-	-	-
- of which non-recurring operating expenses	*(1,942)*	-	-	-	-	-
Operating result (Ebit)	**(7,247)**	**-**	**-**	**-**	**-**	**-**
Financial income	173	126	-	-	126	73%
Financial expenses and exchange rate differences	(2,349)	(41)	-	-	(41)	2%
Net income (loss) from equity investments	9,410	9,570	490	-	10,060	107%
Profit before tax	**(13)**	**-**	**-**	**-**	**-**	**-**
Tax expenses	1,509	-	-	-	-	-
Net profit from continuing operations	**1,496**	**-**	**-**	**-**	**-**	**-**
Net profit of "Discontinued operations"	-	-	-	-	-	
Net profit	**1,496**	**-**	**-**	**-**	**-**	**-**

Euro	Year 2019	of which related parties				
		Subsidiaries	Associates	Related companies	Total	%
Net profit	**1,496**	**-**	**-**	**-**	**-**	**-**
Items that may not be subsequently reclassified to net profit or loss	(104)	-	-	-	-	-
Items that may be subsequently reclassified to net profit or loss	(83)	-	-	-	-	-
Total comprehensive income	**1,309**	**-**	**-**	**-**	**-**	**-**

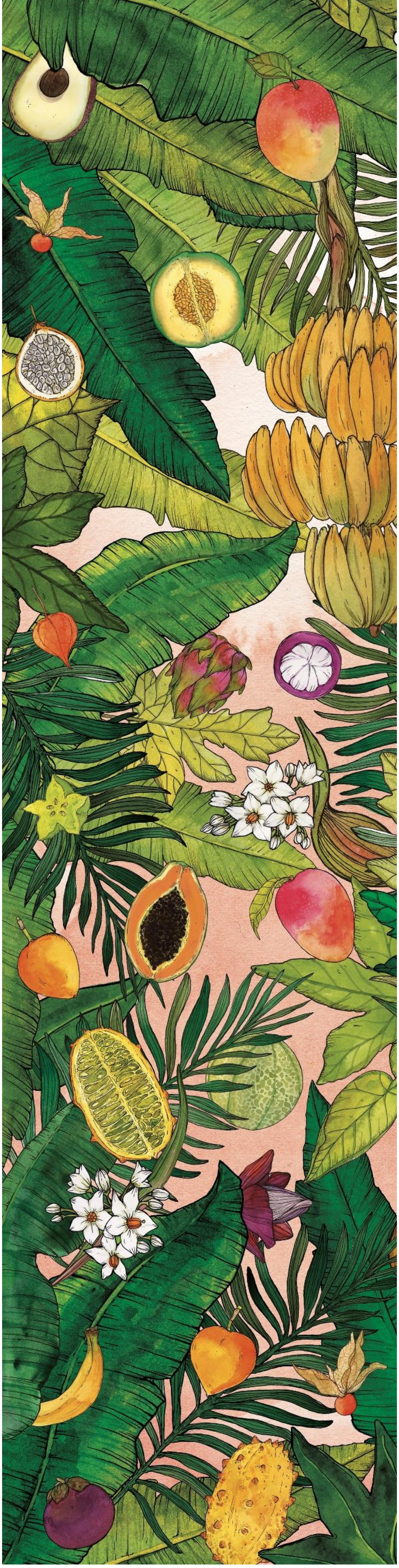
Euro	31/12/2018	of which related parties				
		Subsidiaries	Associates	Related companies	Total	%
Net sales	3,314	3,199	-	114	3,313	100%
Cost of goods sold	-	-	-	-	-	-
Gross profit	**3,314**	**-**	**-**	**-**	**-**	**-**
Overheads	(10,548)	(351)	-	(182)	(533)	5%
Other income and expenses	(39)	-	-	-	-	-
- of which non-recurring operating	(122)	-	-	-	-	-
Operating result (Ebit)	**(7,272)**	**-**	**-**	**-**	**-**	**-**
Financial income	86	-	-	-	-	-
Financial expenses and exchange rate differences	(1,282)	-	-	-	-	-
Net income (loss) from equity investments	9,717	8,000	-	-	8,000	82%
Profit before tax	**1,249**	**-**	**-**	**-**	**-**	**-**
Tax expenses	2,793	-	-	-	-	-
Net profit from continuing operations	**4,041**	**-**	**-**	**-**	**-**	**-**
Net profit of "Discontinued operations"	-	-	-	-	-	-
Net profit	**4,041**	**-**	**-**	**-**	**-**	**-**

Euro	31/12/2018	of which related parties				
		Subsidiaries	Associates	Related companies	Total	%
Net profit	**4,041**	**-**	**-**	**-**	**-**	**-**
Items that may not be subsequently reclassified to net profit or loss	(32)	-	-	-	-	-
Items that may be subsequently reclassified to net profit or loss	(279)	-	-	-	-	-
Total comprehensive income	**3,730**	**-**	**-**	**-**	**-**	**-**

Statement of cash flows 2019 and 2018

Thousands of euro	Year 2019	of which related parties			
		Subsidiaries	Associates	Related	Total
A. Net cash flows provided by (used for) operating activities					
Net profit	**1,496,197**				
Income taxes	(1,508,784)	-	-	-	-
Net financial expenses	2,176,055	(84,895)	-	-	**(84,895)**
Dividends	(10,059,510)	(9,570,000)	(489,510)	-	**(10,059,510)**
1. Net Profit before Tax, Interests, Dividends and (earnings)/losses from disposal of assets	**(7,896,042)**				
Non-cash adjustments not related to working capital:					
Depreciations and Amortizations	432,416	-	-	-	-
2. Cash flows before working capital changes	**(7,463,626)**				
Changes in Working Capital:					
Change in trade receivables	1,302,080	1,345,363	-	(53,464)	**1,291,899**
Change in trade payables	(7,170,737)	(6,599,066)	-	(1,052,088)	**(7,651,154)**
Other working capital changes	619,778	(575,570)	-	520,000	**(55,570)**
3. Cash flows after working capital changes	**(12,712,504)**				
Other non-cash adjustments:					
Net financial expenses	(2,176,055)	84,895	-	-	**84,895**
Income taxes	1,508,784	-	-	-	-
Dividends	10,059,510	9,570,000	489,510	-	**10,059,510**
4. Cash flows after other changes	**(3,320,265)**				
Net cash flows provided by (used for) operating activities (A)	**(3,320,265)**				
B. Net cash flows provided by (used for) investing activities					
Tangible assets					
(Investment)	(292,734)	(12,645)	-	-	**(12,645)**
Disposals	81,525	-	-	-	-
Intangible assets					
(Investment)	(122,839)	-	-	-	-
Disposals	-	-	-	-	-
Financial Investments					
(Investment)	(200,000)	(200,000)	-	-	**(200,000)**
Disposals	14,827,001	14,827,001	-	-	**14,827,001**
Financial assets					
(Investment)	(19,023)	-	-	-	-
Disposals	-	-	-	-	-
Disposals / (acquisitions) of investments in controlled companies, net of cash	17,518,799	17,518,799	-	-	**17,518,799**
Net cash flows provided by (used for) investing activities (B)	**31,792,730**				
C. Net cash flows provided by (used for) financing activities					
Financial loans					
Increase /(decrease) of short term financial debts	50,740	-	-	-	-
Drawdown of new loans	-	-	-	-	-
Pay back of loans	(10,859,811)	-	-	-	-
Equity					
Capital Increase/other changes in increase or decrease	(18,462,755)	(18,220,814)	-	-	**(18,220,814)**
Disposal/ (aquisition) of own shares	(20,908)	-	-	-	-
Dividends paid	(2,031,612)	-	-	-	-
Net cash flows provided by (used for) financing activities(C)	**(31,324,346)**				
Increase/ (decrease) of cash and cash equivalent (A ± B ± C)	**(2,851,880)**				
Net cash and cash equivalents, at beginning of the year	**29,580,126**				
Net cash and cash equivalents, at end of the year	**26,728,246**				

Thousands of euro	Year 2018	of which related parties			
		Subsidiaries	Associates	Related	Total
A. Net cash flows provided by (used for) operating activities					
Net profit	**4,041,242**				
Income taxes	(2,792,706)	-	-	-	-
Net financial expenses	1,196,124	-	-	-	-
Dividends	(8,000,000)	(8,000,000)	-	-	**(8,000,000)**
1. Net Profit before Tax, Interests, Dividends and (earnings)/losses from disposal of assets	**(5,555,340)**				
Non-cash adjustments not related to working capital:					
Depreciations and Amortizations	219,537	-	-	-	-
2. Cash flows before working capital changes	**(5,335,803)**				
Changes in Working Capital:					
Change in trade receivables	38,645,555	38,230,997	9,982	397,476	**38,638,455**
Change in trade payables	(28,475,099)	(27,793,614)	-	(854,174)	**(28,647,789)**
Other working capital changes	(50,202,866)	(50,861,579)	-	-	**(50,861,579)**
3. Cash flows after working capital changes	**(45,368,213)**				
Other non-cash adjustments:					
Net financial expenses	(1,196,124)	-	-	-	-
Income taxes	2,792,706	-	-	-	-
Dividends	8,000,000	8,000,000	-	-	**8,000,000**
4. Cash flows after other changes	**(35,771,631)**				
Net cash flows provided by (used for) operating activities (A)	**(35,771,631)**				
B. Net cash flows provided by (used for) investing activities					
Tangible assets					
(Investment)	(308,337)	(18,458)	-	-	**(18,458)**
Disposals	159,168	39,986	-	-	**39,986**
Intangible assets					
(Investment)	(77,360)	-	-	-	-
Disposals	-	-	-	-	-
Financial Investments					
(Investment)	-	-	-	-	-
Disposals	706,678	706,393	-	-	-
Financial assets					
(Investment)	(1,387,461)	-	-	-	-
Disposals	-	-	-	-	-
Disposals / (acquisitions) of investments in controlled companies, net of cash	-	-	-	-	-
Net cash flows provided by (used for) investing activities (B)	**(907,312)**				
C. Net cash flows provided by (used for) financing activities					
Financial loans					
Increase /(decrease) of short term financial debts	(1,426,635)	-	-	-	-
Drawdown of new loans	89,377,733	-	-	-	-
Pay back of loans	(74,742,000)	-	-	-	-
Equity					
Capital Increase/other changes in increase or decrease	1,775,799	-	-	-	-
Disposal/ (aquisition) of own shares	(297,161)	-	-	-	-
Dividends paid	(2,036,000)	-	-	-	-
Net cash flows provided by (used for) financing activities(C)	**12,651,736**				
Increase/ (decrease) of cash and cash equivalent (A ± B ± C)	**(24,027,207)**				
Net cash and cash equivalents, at beginning of the year	**53,607,333**				
Net cash and cash equivalents, at end of the year	**29,580,126**				



Independent Auditor's Report

KPMG S.p.A.
Revisione e organizzazione contabile
Piazza della Vittoria, 15 int. 11
16121 GENOVA GE
Telefono +39 010 564992
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Orsero S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Orsero S.p.A. (the "Company"), which comprise the statement of financial position as at 31 December 2019, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Orsero S.p.A. as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of Orsero S.p.A. in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of equity investments

Notes to the separate financial statements: section "Valuation criteria" and note 3 – Equity investments

Key audit matter	Audit procedures addressing the key audit matter
The carrying amount of equity investments at 31 December 2019 is of €165.7 million. The main equity investments included in the financial statements at 31 December 2019, also as a result of the merger by incorporation of the two sub-holdings GF Distribuzione S.r.l. and GF Porterm S.r.l. that determined the direct control of the investments held by these merged companies, are related to the following subsidiaries: — Hermanos Fernandez Lopez SA for €41.3 million; — Cosiarma S.p.A. for €38.3 million; — Fruttital Firenze S.r.l. for €22.8 million; — AZ France S.A. for €21.5 million; — Fruttital S.r.l. for €15.5 million; — Simba S.p.A. for €9.8 million. Investments in subsidiaries are accounted for at cost and adjusted for any impairment loss. In line with the procedure approved by the Orsero S.p.A.'s board of directors on 10 February 2020, when they identify indicators of impairment, or at least annually, the directors test these equity investments for impairment, checking their recoverability by comparing their carrying amounts with their related recoverable amounts. The recoverable amount is estimated based on the value in use, calculated using the discounted cash flow model by discounting the expected cash flows for the three-year period 2020-2022. The expected operating cash flows were estimated on the basis of the Business plan 2019-2021, prepared during the procedure for admission to listing Orsero S.p.A. security	Our audit procedures, which also involved our own specialists, included: — understanding the process adopted to prepare the impairment tests and the forecasts set out in the 2019-2021 plan and in the budget 2020; — checking any discrepancies between the previous year forecast and actual figures, in order to understand the accuracy of the estimation process; — analysing the reasonableness of the key assumptions used by the directors to determine the operating cash flows and the valuation models adopted; — checking the consistency of the expected cash flows used for impairment testing with those used for the forecasts and analysing the reasonableness of any discrepancies; — checking the sensitivity analysis presented in the notes to the consolidated financial statements in relation to the key assumptions used for impairment testing; — assessing the appropriateness of the disclosures provided in the notes about the measurement of equity investments and the related impairment tests.

Key audit matter	Audit procedures addressing the key audit matter
on MTA/STAR segment and on the 2020 budget, respectively approved by the Board of Directors on 9 September 2019 and on 10 February 2020, duly supplemented to incorporate the effects of the acquisition of five warehouses from the related party Nuova Beni Immobiliari S.r.l.. The expected operating cash flows for the year 2022 and for the Terminal values have been determined on the basis of the operating result of year 2021. For the investment held in Cosiarma S.p.A., it has been considered the operating cash flows for a period consistent with the Expected useful lives of the ships (year 2024), estimated on the basis of the actual results over the period between 2015 and 2019 and of the budget 2020. Impairment testing is complex and entails a high level of judgement, especially in relation to: — the expected operating cash flows, calculated by taking into account the general economic performance and that of the Group's sector, the actual cash flows for recent years and the projected growth rates; — the financial parameters used to calculate the discount rate. For the above reasons, we believe that the measurement of the equity investments is a key audit matter.	

Responsibilities of the Company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 24 April 2019, the shareholders of Orsero S.p.A. appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2019 to 31 December 2027.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The directors of Orsero S.p.A. are responsible for the preparation of the directors' report and the report on corporate governance and ownership at 31 December 2019 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership indicated by article 123-bis.4 of Legislative decree no. 58/98 with the Company's separate financial statements at 31 December 2019 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership referred to above are consistent with the Company's separate financial statements at 31 December 2019 and have been prepared in compliance with the applicable law.

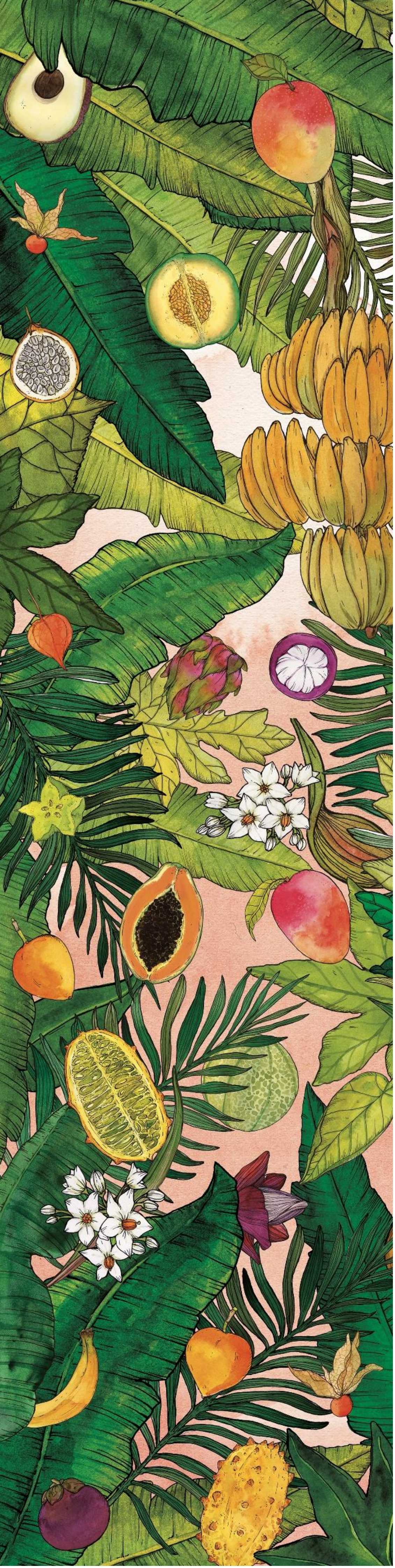
With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Genoa, 30 March 2020

KPMG S.p.A.

(signed on the original)

Matteo Pastore
Director of Audit



Board of Statutory Auditors' Report

Board of Auditors' Report to the Shareholders' Meeting of Orsero S.p.A.
in accordance with Art. 153 of Italian Legislative Decree no. 58/1998 and with Art. 2429 of the Italian Civil Code

Shareholders,

the Board of Auditors, in accordance with Art. 153 of Italian Legislative Decree no. 58/1998 and of Art. 2429, paragraph 2 of the Italian Civil Code, is called to report to the Shareholders' Meeting on the supervisory activities carried out and on any omissions and objectionable facts it may have noted. The Board of Auditors may also make observations and proposals regarding the financial statements, their approval and the matters under its competence.

We preliminarily recall that the Company:

- since January 1, 2019, has been qualified as an "Issuer with financial instruments a significant portion whereof is widely distributed among the public", in accordance with Art. 2 *bis* of Consob regulation no. 11971/1999;
- since December 23, 2019, has been qualified as a "listed Issuer", in accordance with Art. 1 of Italian Legislative Decree no. 58/1998, with the listing of its shares on the telematic stock market (Mercato Telematico Azionario, MTA) of Borsa Italiana, STAR segment;

and consequently, starting from the same dates, the related legal and regulatory provisions have been applicable.

1. Supervisory activities

During FY 2019, the Board of Auditors carried out the supervisory duties assigned it by legal and regulatory provisions, complying with the rules of conduct recommended by the National Board of Chartered Accountants and Expert Tax Advisors (Consiglio nazionale dei Dottori commercialisti ed Esperti contabili) and, insofar as they are applicable, with Consob communications pertaining to corporate controls and activities of the Board of Auditors.

The Board of Auditors monitored compliance with the law, the Articles of Association and proper administration principles; it also monitored the adequacy of the organizational, administrative and accounting structure of the Company for matters under its competence. The Board does not deem that in this regard there are irregularities to be reported herein.

In order to acquire the information instrumental to the conduct of its normal supervisory duties, in 2019 the Board of Auditors:

- attended the two Shareholders' Meetings;
- attended the 8 meetings held by the Board of Directors during the year, obtaining information on the general performance of operations and on the expected outlook, as well as on operations of greater economic, financial and equity relevance carried out by the Company and its subsidiaries (and, based on the information acquired, it has no particular observations to make);
- also attended the only meeting of the Related Parties Committee and the only meeting of the Remuneration Committee (and no significant data or information emerged that would require stating in this report);
- met and shared information with the auditing bodies of the most important subsidiaries (and no significant data or information emerged that would require stating in this report);
- met and shared information with the Supervisory Body, whose composition is identical in the subsidiaries, where present (and no significant data or information emerged that would require stating in this report);
- regularly met and shared information with independent auditor KPMG, assigned to perform the audit (and no significant data or information emerged that would

require stating in this report);

- held 6 of its own meetings, taking minutes thereof; it also verified the absence of grounds for forfeiture among its members, and compliance with independence requirements, in accordance with Art. 148 of Italian Legislative Decree no. 58/1998 and the Corporate Governance Code of listed Italian companies.

Based on the aforementioned supervisory activities, we can reasonably state the following:

a) the operations resolved and implemented by the Directors are compliant with the law and the Articles of Association, and do not appear openly imprudent, hazardous, in potential conflict of interest or in contrast with the resolutions made by the Shareholders' Meeting or such as to compromise the integrity of the corporate Net Assets. On the material transactions carried out in the period, we refer to the Report on Operations and to the Notes where your Directors illustrated their procedures and reasons in detail;

b) we acquired information on and monitored, to the extent of our responsibility, the adequacy of the company's organizational structure, and we have no particular observations to make in this regard;

c) we assessed and monitored the adequacy of the internal control and risk management system and the adequacy of the administrative-accounting system to correctly represent operations, and we have no observations to report in this regard;

d) we did not identify any transactions that, due to their nature or size, were atypical or could be defined as unusual, carried out by the company with third parties, with intragroup companies or with related parties; we identified the existence of transactions between group companies and with related parties of an ordinary nature, verifying the presence of and compliance with procedures that ensure the transactions in question are duly documented, settled at normal market conditions and carried out in the company's interests. All transactions are adequately described by the Directors in the financial statements, in the Report on Operations and in the Notes to the consolidated financial statements, to which reference is made;

e) we monitored compliance of the internal procedure, referred to Related Party transactions, with the principles in the Regulation approved by CONSOB with its resolution no. 17221 of March 12, 2010 as amended, as well as on its application, in accordance with Art. 4, paragraph 6, of the same regulation;

f) we also monitored the adequacy of the instructions issued by the Company to the subsidiaries and of the information flows provided by them, to assure timely compliance with the communication obligations prescribed by law;

g) we oversaw the correct application of the criteria and of the procedures adopted by the Board to assess the independence of the Directors, also in accordance with the Corporate Governance Code of listed companies, currently in force and promoted by Borsa Italiana S.p.A., which the Board of Directors, with its resolution of September 30, 2019, decided to adopt. In this regard we point out that, following the adoption, the Company implemented, with effect since the listing date (December 23, 2019), its own corporate governance structure for better compliance with the principles of the Code. We refer to the Corporate Governance Report, for a complete description of the current Corporate Governance structure and of the main differences with respect to the previous structure, whose measures were found to be adequate for its own characteristics and its own status as a company with shares listed on AIM-Italia/ Alternative Investment Market;

h) we have acknowledged the preparation of the Report on Remuneration per Art. 123 *ter* of Legislative Decree no. 58/1998 and per art. 84 *quater* of CONSOB Regulation no. 11971/1999, without particular observations to report;

i) we monitored, for matters under our own competence, compliance with the provisions of Legislative Decree no. 254 of December 30, 2016, Art. 3 Paragraph 7, with reference to the "Consolidated non-financial statement". The Board of Directors engaged the audit firm Deloitte & Touche S.p.A. to perform the duties per Art. 4, Paragraph 10 of the Decree, which issued a certification of the compliance of the reported information with the requirements of Articles 3 and 4 of the aforesaid decree;

j) no complaints were received from shareholders pursuant to Art. 2408 of the Italian Civil Code, nor were any complaints received from third parties;

k) during the year, no opinions required by law were issued;

l) in the course of the supervisory activity carried out as described above, no significant facts emerged that would require highlighting in this report, nor were any omissions, objectionable facts or irregularities detected that would require reporting to the Shareholders' Meeting or to the Court;

2. Observations and proposals regarding the financial statements and their approval

The draft separate financial statements, the consolidated financial statements as at December 31, 2019 and the Report on Operations were approved in the meeting of the Board of Directors held last 11 March.

The financial statements, both separate and consolidated, were prepared in accordance with the IAS/IFRS.

As it is not responsible for the statutory auditing of the accounts, the Board of Auditors has monitored the general presentation of the separate financial statements and the consolidated financial statements and their compliance with the rules governing their formation and structure. The Board of Auditors has also verified that they are coherent with the events and information of which it has become aware in going about its duties.

On this matter, the Board of Auditors has no specific observations of note.

We acknowledged the certifications provided, in accordance with Art. 81 *ter* of Consob regulation no. 11971/1999, by the Managing Director and by the Reporting Officer per Italian Law no. 262/2005 in charge of the accounting and corporate documents, on the adequacy of the administrative and accounting procedures for the formation of the separate financial statements and of the consolidated financial statements.

Auditing duties are assigned to the audit firm KPMG S.p.A. Recalling that the Board took on the role as "Internal control and audit committee", in accordance with Art. 19 of Italian Legislative Decree no. 39/2010, starting from the listing date (December 23, 2019), with reference to the year 2019 we acknowledge the following:

- we received from the Independent Auditors the Reports on the separate financial statements and on the consolidated financial statements, prescribed by Art. 14 of Legislative Decree no. 39/2010, issued today, without any findings or emphasis of matter paragraphs;
- we received from the Independent Auditors the "Additional Report" in accordance with Art. 11 of Regulation (EU) No. 537/2014, which describes, inter alia, the "fundamental matters" emerged during the audit and any "significant deficiencies" noted in the internal control system in relation to the financial disclosure process. No critical issues to be brought to your attention emerged from said report;
- we received from the Independent Auditors the certification of the "Annual Confirmation of Independence" in accordance with Art. 6 of Regulation (EU) No. 537/2014. In 2019 the Company assigned to the audit firm KPMG S.p.A. and to the entities included in its "network" additional tasks for services not connected with the audit, indicated by amounts and contents in the dedicated annex to the financial statements, in accordance with Art. 149 *duodecies* of the Consob Issuers' Regulation.

Conclusions

On the basis of the above and to the extent of what has been brought to the attention of the Board of Auditors, it is deemed that there are no reasons preventing your approval of the draft financial statements for the year ended December 31, 2019 and of the allocation of the profit for the year, as proposed by the Board of Directors.

* * *

Milan, March 30, 2020

For the Board of Auditors

Michele Paolillo - Chairman