Annual Report

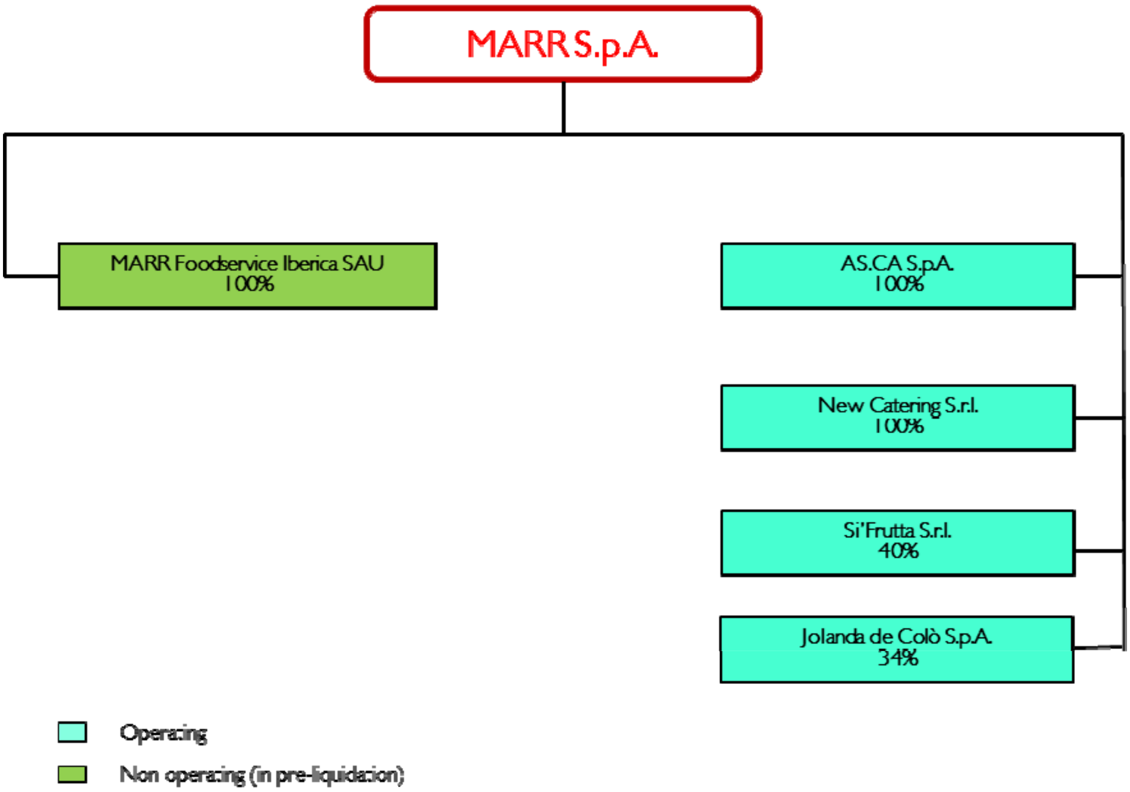
as at December 31, 2019

MARR S.p.A.
Via Spagna, 20 – 47921 Rimini (Italy)
Share Capital € 33,262,560 fully paid-up
Tax Code and registration number in the Register of Enterprises of the Chamber of Commerce of Romagna – Forlì – Cesena and Rimini 01836980365
Company subject to the management and coordination of Cremonini S.p.A. – Castelvetro (MO)

TABLE OF CONTENTS

MARR GROUP ORGANISATION

as at 31 December 2019



The structure of the Gruop as at 31 December 2019 differs from that as at 31 December 2019 as a result of the acquisition by MARR S.p.A. of 34% of the shares of Jolanda de Colò S.p.A., a company operating through a distribution and production with a surface area of more than 6,000 square metres located in Palmanova (Udine) and is one of the main operators at a national level in the premium segment (high range), with more than 21 million Euros in sales in 2018 and about 5,000 customers served with more than 2,000 products of culinary excellence.

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

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

Company	Activity
Jolanda de Colò S.p.A. Via 1° Maggio n. 21 – Palmanova (UD)	Production, marketing and distribution of food products in the premium segment (high range).

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

CORPORATE BODIES

Board of Directors

Chairman	Paolo Ferrari
Chief Executive Officer	Francesco Ospitali
Directors	Claudia Cremonini
	Vincenzo Cremonini
	Pierpaolo Rossi
Independent Directors	Marinella Monterumisi (1)(2)
	Alessandro Nova (2)
	Ugo Ravanelli (1)(2)
	Rossella Schiavini (1)

(1) Member of Control and Risk Committee

(2) Members of the Remuneration and Nomination committee

Board of Statutory Auditors

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

Manager responsible for the drafting of corporate accounting documents	Pierpaolo Rossi

DIRECTORS' REPORT

Group performance and analysis of the results for the business year 2019

As provided by Legislative Decree 38 dated 28 February 2005, in accordance with regulation no. 1606/2002 approved by the European Parliament, MARR has adopted the International Accounting Standards for the consolidated and MARR S.p.A. financial statements.

The 2019 business year closed with total consolidated revenues amounting to 1,695.8 million Euros, compared to 1,667.4 million in 2018.

The EBITDA and EBIT reached 128.5 and 99.1 million Euros respectively, after the application of accounting standard IFRS 16, the effects of which amounted to +9.1 million Euros on the EBITDA and +0.8 million on the EBIT. In the same period of 2018, the EBITDA and EBIT, without the effects of IFRS 16, had amounted to 119.3 and 99.2 million Euros respectively.

Sales of the MARR Group in 2019 amounted to 1,666.7 million Euros, compared to 1,643.1 million in 2018.

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

In particular, the sales to customers in the Street Market and National Account categories reached 1,424.2 million Euros (1,394.1 million in 2018).
Sales in the main Street Market category (restaurants and hotels not belonging to Groups or Chains) reached 1,128.2 million Euros compared to 1,093.2 million in 2018.

As regards the trend of the reference end market of customers in the Street Market segment, on the basis of the most recent survey by the Confcommercio Studies Office ("Congiuntura" Confcommercio no. 2, February 2020) the item "Hotels, meals and out of home consumption" recorded an increase in consumption (by quantity) in 2019 of +1.0%.

Sales to clients in the National Account category (operators of Chains and Groups and Canteens) amounted to 296.0 million Euros (300.9 in 2018).

Sales to customers in the Wholesale category reached 242.4 million Euros, compared to 249.0 million in 2018.

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

	MARR Consolidated (€thousand)	*31.12.19*	*31.12.18*
	Revenues from sales and services by customer category		
	Street market	1,128,226	1,093,176
	National Account	296,009	300,946
	Wholesale	242,443	248,983
	Total revenues from sales in Foodservice	**1,666,678**	**1,643,105**
(1)	Discount and final year bonus to the customers	(18,105)	(18,196)
(2)	other services	2,618	2,554
(3)	other	196	419
	Revenues from sales and services	**1,651,387**	**1,627,882**

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

Organisation and logistics

The organisational structure and logistics of the MARR Group as at 31 December 2019, indicating the availability of properties, is as follows:

Offices, Branches, Distribution Centres and Subsidiaries

Offices, Branches, Distribution Centres		
Management Offices	Santarcangelo di Romagna (RN)	Property
Marr Battistini e Polo Ittico	Rimini	Leasehold by parent company Cremonini S.p.A.
Marr Adriatico	Elice (PE)	Leasehold by third party
Marr Arco	Arco (TN)	Leasehold by third party
Marr Battistini	Cesenatico (FC)	Leasehold by third party
Marr Bologna	Anzola dell'Emilia (BO) e Costermano (VR)	Leasehold by third party
Marr Calabria	Spezzano Albanese (CS)	Property
Marr Urbe	Roma	Leasehold by third party
Marr Dolomiti	Pieve di Cadore (BL)	Leasehold by third party
Marr Elba	Portoferraio (LI)	Property and leasehold by third party
Marr Genova	Carasco (GE)	Leasehold by third party
Marr Milano	Opera (MI)	Property
Marr Napoli	Casoria (NA)	Leasehold by third party
Marr Puglia	Monopoli (BA)	Leasehold by third party
Marr Roma	Capena (Roma)	Leasehold by third party
Marr Romagna	San Vito di Rimini	Leasehold by a company where Marr S.p.A. is stakeholder
Marr Sanremo	Taggia (IM)	Leasehold by third party
Marr Sardegna	Uta (CA)	Property
Marr Scapa	Marzano (PV)	Leasehold by third party
Marr Scapa	Pomezia (RM)	Leasehold by third party
Marr Sfera	Riccione (RN)	Leasehold by third party
Marr Sicilia	Cinisi (PA)	Leasehold by third party
Marr Lago Maggiore	Baveno	Leasehold by third party
Marr Supercash&carry	Rimini	Leasehold by third party
Marr Torino	Torino	Leasehold by third party
Marr Toscana	Bottegone (PT)	Property
Marr Venezia	S. Michele al Tagliamento (VE)	Property
Carnemilia	Bologna	Surface ownership
Emiliani (Fish and Seafood products branch)	Santarcangelo di R. (RN)	Property
Subsidiaries		
AS.CA S.p.A.	Castenaso (BO)	Property
New Catering S.r.l.	Zola Predosa (BO), Forlì (FC), Perugia (PG) e Rimini (RN)	Leasehold by third party

Below are the figures re-classified according to current financial analysis procedures, with the income statement, the statement of financial position and the net financial position for 2019, compared to the previous year.

Analysis of the re-classified Income Statement

MARR Consolidated (€thousand)	*31.12.19*	*%*	*31.12.18*	*%*	*% Change*
Revenues from sales and services	1,651,387	*97.4%*	1,627,882	*97.6%*	*1.4*
Other earnings and proceeds	44,422	*2.6%*	39,547	*2.4%*	*12.3*
Total revenues	1,695,809	*100.0%*	1,667,429	*100.0%*	*1.7*
Cost of raw materials, consumables and goods for resale	(1,345,052)	*-79.3%*	(1,324,931)	*-79.5%*	*1.5*
Change in inventories	11,517	*0.7%*	11,326	*0.7%*	*1.7*
Services	(193,642)	*-11.4%*	(185,220)	*-11.1%*	*4.5*
Leases and rentals	(573)	*-0.1%*	(9,778)	*-0.6%*	*(94.1)*
Other operating costs	(1,533)	*-0.1%*	(1,804)	*-0.1%*	*(15.0)*
Value added	166,526	*9.8%*	157,022	*9.4%*	*6.1*
Personnel costs	(38,054)	*-2.2%*	(37,717)	*-2.2%*	*0.9*
Gross Operating result	128,472	*7.6%*	119,305	*7.2%*	*7.7*
Amortization and depreciation	(15,581)	*-0.9%*	(7,191)	*-0.4%*	*116.7*
Provisions and write-downs	(13,781)	*-0.9%*	(12,869)	*-0.8%*	*7.1*
Operating result	99,110	*5.8%*	99,245	*6.0%*	*(0.1)*
Financial income and charges	(5,383)	*-0.3%*	(4,346)	*-0.3%*	*23.9*
Foreign exchange gains and losses	120	*0.0%*	1	*0.0%*	*11,900.0*
Value adjustments to financial assets	(110)	*0.0%*	0	*0.0%*	*(100.0)*
Result from recurrent activities	93,737	*5.5%*	94,900	*5.7%*	*(1.2)*
Non-recurring income	0	*0.0%*	1,075	*0.0%*	*(100.0)*
Non-recurring charges	(550)	*0.0%*	(222)	*0.0%*	*147.7*
Profit before taxes	93,187	*5.5%*	95,753	*5.7%*	*(2.7)*
Income taxes	(26,658)	*-1.6%*	(27,271)	*-1.6%*	*(2.2)*
Taxes relating previous years	80	*0.0%*	23	*0.0%*	*247.8*
Total net profit	66,609	*3.9%*	68,505	*4.1%*	*(2.8)*

As already highlighted in the Explanatory Notes to the financial statements as at 31 December 2018 and in the Interim Reports for the current year, with reference to the values stated above, it must be highlighted that the new accounting principle IFRS16 became effective on 1st January 2019.

This standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract.
For all long-term lease contracts identified as above explained the principle implies the accounting in the financial statements of a right of use, classified in the fixed assets, and the related financial liability, with allocation in the statement of profit and loss of the related depreciation and financial charges.
With reference to these contracts no lease and rental costs are recorded in the profit and loss statement of the Group.
It should be noted that the same period of 2018 has not been restated in compliance with the new standard so the effects of its application will be explained in the following notes with reference to each item involved.

The application of the new accounting standard in the year 2019 implied an improvement in the EBITDA of 9.1 million Euros (equal to the value of rental fees that previously were accounted in the item "Leases and rentals costs") and in the EBIT of 0.8 million Euros; on the other hand, the impact on the result before taxes has been negative for about 0.8 million Euros by the effect of the accrued interests related to the amortization plans of the financial liabilities recorded in the statement of the financial position .

The consolidated operating economic results for 2019 were as follows: total revenues of 1,695.8 million Euros (1,667.4 million Euros in 2018); EBITDA[1] of 128.5 million Euros (119.3 million Euros in 2018); EBIT of 99.1 million Euros (99.2 million Euros in 2018).
The trend in Revenues from sales and services (+1.4% compared to 2018) is a consequence of the performance of sales in the individual client categories, as analysed previously.

The percentage incidence of the Gross margin (Total Revenues, net of Cost of goods sold plus change in inventories), on total revenues improved slightly (+0.1%) compared to last year, highlighting a recovery in the second half of the year compared to the first half, which had been negatively affected by deflation in the segment of frozen fish products, mainly in the Wholesale category.

The item "Other earnings and proceeds" is mainly represented by contributions from suppliers on purchases and includes logistics payments which MARR charges to suppliers (as in the previous years); on the other hand, following the centralisation of deliveries from suppliers on logistical platforms, MARR undertakes the costs for the internal distribution to the distribution centres.

As regards operating costs, the increased costs of transporting, handling and processing goods mainly as a result of the sales mix, as commented above, have implied an increase in service costs in terms of percentage incidence on the total revenues compared to last year.

Lease and rental costs decreased significantly as a result of the application of the new accounting standard, as described in previous paragraphs.

As regards the Personnel costs, it must be noted that, with a workforce which had reduced slightly at the end of the year in numerical terms compared to the same period of 2018 (823 employees as at 31 December 2019 against 828 as at 31 December 2018), during the course of last year, because of hiring new staff with a view to enhancing some of the central and commercial departments, together with the closure of the Valdagno distribution centre and the completion of the process of outsourcing in some units, the composition of the workforce itself changed, with an increase in the number of employees and a decrease in the number of manual labourers. This process, jointly with the different calendar of festivities, has led to an increase in absolute value of about 0.3 million Euros compared to last year, although maintaining a percentage incidence on total revenues in line with that in 2018.

The increase in absolute value of depreciation is attributable for 8.3 million Euros to the depreciation of the right of use accounted for according to IFRS16 in the financial statements for the lease contracts.

The item "provisions and write-downs" amounted to 13.8 million Euros, an increase compared to 12.9 million in 2018, and is composed for 13.3 million Euros by the provisions for bad debts and for 0.5 million Euros for the provision for client severance indemnity.

As at 31 December 2019, the net financial costs, net of those deriving from the application of IFRS 16 amounting to a total of 1.6 million Euros, showed a decrease compared to last year, linked to the renegotiation of some loans and to the interest rates trend.
The management of items in foreign currency has had a positive impact, mainly related to the performance of the Euro against the Dollar (+0.1 million Euros).

The result of recurrent activities in 2019 reached 93.7 million Euros (94.9 million in 2018).

The result before taxes was negatively affected by non-recurrent costs of 0.6 million Euros, represented by the costs incurred for the closure of activities of the subsidiary AS.CA S.p.A. which, as of 1 February 2020, has leased its branch of business to the Parent Company, which manages it through the MARR Bologna and MARR Romagna distribution centres.
As a result of the above, the result before taxes reached 93.2 million Euros, compared to 95.8 million in 2018, when, it must be recalled, it had benefitted from non-recurrent net income of 0.9 thousand Euros.

The tax rate of the period is 28.6% (28.5% in 2018).

The net result as at 31 December 2019, as a result of the above, amounted to 66.6 million Euros (68.5 million in 2018).

[1] The EBITDA (Gross Operating Margin) is an economic indicator not defined by the IFRS adopted by MARR for the financial statements from 31 December 2005. The EBITDA is a measure used by the company's management to monitor and assess its operational performance. The management believes that the EBITDA is an important parameter for measuring the Group's performance as it is not affected by the volatility due to the effects of various types of criteria for determining taxable items, the amount and characteristics of the capital used and the relevant amortization policies. Today (following the subsequent detailing of the development of the accounting procedures) the EBITDA (Earnings before interests, taxes, depreciation and amortization) is defined as the business year Profits/Losses gross of amortizations and depreciations, write downs and financial income and charges and income tax.

Analysis of the re-classified statement of financial position

MARR Consolidated (€thousand)	31.12.19	31.12.18
Net intangible assets	152,307	152,097
Net tangible assets	70,960	68,168
Right of use assets	45,437	0
Equity investments evaluated using the Net Equity method	2,452	516
Equity investments in other companies	304	304
Other fixed assets	33,222	25,516
Total fixed assets (A)	304,682	246,601
Net trade receivables from customers	376,253	378,489
Inventories	170,395	158,878
Suppliers	(332,999)	(323,227)
Trade net working capital (B)	213,649	214,140
Other current assets	60,690	61,468
Other current liabilities	(25,909)	(23,678)
Total current assets/liabilities (C)	34,781	37,790
Net working capital (D) = (B+C)	248,430	251,930
Other non current liabilities (E)	(1,194)	(1,116)
Staff Severance Provision (F)	(8,298)	(8,418)
Provisions for risks and charges (G)	(7,807)	(8,069)
Net invested capital (H) = (A+D+E+F+G)	535,813	480,928
Shareholders' equity attributable to the Group	(339,798)	(324,272)
Consolidated shareholders' equity (I)	(339,798)	(324,272)
(Net short-term financial debt)/Cash	17,269	61,701
(Net medium/long-term financial debt)	(166,859)	(218,357)
Net financial debt - before IFRS16 (L)	(149,590)	(156,656)
Current lease liabilities (IFRS16)	(7,911)	0
Non-current lease liabilities (IFRS16)	(38,514)	0
IFRS16 effect on Net financial debt (M)	(46,425)	0
Net financial debt (N) = (L+M)	(196,015)	(156,656)
Net equity and net financial debt (O) = (I+N)	(535,813)	(480,928)

With reference to the statement of the financial position it should be noted the accounting - according to IFRS16 as described in the previous paragraph - in the total fixed assets of the Right of use, the net book value of which as at 31 December 2019 was 45.4 million Euros and which is mainly related to the long-term lease contracts for the buildings in which the distribution centers of the Parent Company and of the subsidiary New Catering are located.
On the other hand, the new standard implied the accounting of a financial liability that amounted to 46.4 million Euros at 31 December 2019.

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

Analysis of the Net Financial Position[ii]

The following represents the trend in Net Financial Position.

	MARR Consolidated (€thousand)	Note	31.12.19	31.12.18
A.	Cash		10,873	9,345
	Bank accounts		181,530	168,804
	Postal accounts		90	261
B.	Cash equivalent		181,620	169,065
C.	Liquidity (A) + (B)	14	192,493	178,410
	Current financial receivable due to Parent Company		1,843	1,956
	Current financial receivable due to Related Companies		0	0
	Others financial receivable		1,807	923
D.	Current financial receivable	10/11	3,650	2,879
E.	Current Bank debt		(38,796)	(41,043)
F.	Current portion of non current debt		(130,076)	(77,196)
	Financial debt due to Parent Company		0	0
	Financial debt due to Related Companies		0	0
	Other financial debt		(10,002)	(1,349)
G.	Other current financial debt		(10,002)	(1,349)
H.	Current lease liabilities (IFRS16)	25	(7,911)	0
I.	Current financial debt (E) + (F) + (G) + (H)	24/25/26	(186,785)	(119,588)
J.	Net current financial indebtedness (C) + (D) + (I)		9,358	61,701
K.	Non current bank loans		(137,491)	(180,707)
L.	Other non current loans		(29,368)	(37,650)
M.	Non-current lease liabilities (IFRS16)	18	(38,514)	0
N.	Non current financial indebtedness (K) + (L) + (M)	17/18/19	(205,373)	(218,357)
O.	Net financial indebtedness (J) + (N)		(196,015)	(156,656)

As at 31 December 2019, the net financial indebtedness amounted to 196.0 million Euros, compared to 157.6 million Euros the previous year, with a ratio of net financial position on EBITDA amounting to 1.5 times (1.3 as at 31 December 2018), in line with the internal management parameters and less than the financial covenants, as stated in the Explanatory Notes.

It should be noted that the net financial indebtedness stated above does not consider the long-term financial receivables due to the evaluation of the Cross Currency Swap derivative contracts ongoing at the end of the year; should these

[ii] The Net Financial Position used as a financial indicator of debts is represented by the total of the following positive and negative components of the Statement of financial position:
- Positive short term components: cash and equivalents; items of net working capital collectables; financial assets;
- Negative short and long term components: payables to banks; payables to other financiers, payables to leasing companies and factoring companies; payables to shareholders for loans.
The "Notes" column indicates the reference to the item in the consolidated statement of financial position for the purpose of an accurate reconciliation with same.

receivables be included, the financial indebtedness of the Group as at 31 December 2019 would amount to 192.6 million Euros (154.1 million Euros as at 31 December 2018).

Furthermore, it must be pointed out that this figure is affected by the application as of 1 January 2019 of the new IFRS 16, which has implied the inclusion of a financial debt relating to the long-term lease contract amounting to 46.4 million Euros (of which 22.4 million expiring between 2 and 5 years and 16,2 million expiring after 5 years).
As already stated previously, the comparative data has not been recalculated.
Net of the above impact, as a result of the ordinary operating management and financial expenditure linked to the investments made in the distribution centres of the Parent Company, the net financial position of the Group would amount to 149.6 million Euros, an improvement of 7.1 million Euros compared to 156.7 million last year.

As regards the main financial movements of 2019, in addition to the ordinary operating management and to the cash out related to the investments for the distribution centres of the Parent Company, better specified in the subsequent paragraph "Investments" we point out that:

- dividends amounting to a total of 51.9 million Euros (49.2 million Euros in 2018) have been paid out in the second quarter of the year;
- in November, MARR S.p.A. paid for the purchase of the holdings in the company Jolanda de Colò S.p.A., amounting to a total of 2.0 million Euros.

As regards the structure of the financial debts, it must be pointed out that in 2019, the parent company stipulated the following new contracts:

- loan signed on 30 April 2019 with Mediobanca and paid out in May for 35 million Euros, with a pay-back plan terminating in April 2024;
- loan signed on 16 May 2019 with the Cassa di Risparmio di Ravenna and paid out for 5 million Euros, with a pay-back plan terminating in May 2022;
- loan signed on 5 July 2019 with BBC Rivierabanca and paid out for 4.5 million Euros, with a pay-back plan terminating in July 2022;
- pool loan signed on 5 August 2019 with the Cassa Centrale Banca – Credito Cooperativo Italiano S.p.A. as the leading bank and paid out for 20 million Euros, with a pay-back plan terminating in August 2022;
- loan signed on 29 October 2019 with Caixabanca S.A. and paid out for 25 million Euros, with a pay-back plan terminating in October 2024.

In addition to the above, it must be highlighted that part of the private placement bond in US dollars finalised in July 2013 was classified, for the original 10 million US dollars expiring in July 2020, among the current financial payables. The total value of the reclassification, net of the financial receivables deriving from the derivative Cross Currency Interest Rate Swap contract related thereto amounted to 7.6 million Euros.

The net financial position as at 31 December 2019 remains in line with the company objectives.

Analysis of the Trade net working Capital

MARR Consolidated (€thousand)	*31.12.19*	*31.12.18*
Net trade receivables from customers	376,253	378,489
Inventories	170,395	158,878
Suppliers	(332,999)	(323,227)
Trade net working capital	**213,649**	**214,140**

As at 31 December 2019, the trade net working capital amounted to 213.6 million Euros, a decrease of 0.5 million Euros compared to 214.1 million Euros as at 31 December 2018.
Specifically, it should be noted that, against an increase in the item Total Revenues of 28.4 million Euros, the decrease in Trade receivables from customers compared to the same period in the previous year reached approximately 2.2 million Euros, confirming the trend registered in recent years and the maintenance of a continued policy of careful credit management.

The inventories increased by 11.5 million Euros compared to 31 December 2018 (+11.3 million Euros in the same period last year), mainly attributable to the timing of the fishing campaigns and specific supply policies mainly related to frozen seafood products.
The payables to suppliers increased by 9.8 million Euros compared to 31 December 2018.

At the end of the business year the trade net working capital remains in line with the company objectives.

Re-classified cash-flow statement

MARR Consolidated (€thousand)	31.12.19	31.12.18
Net profit before minority interests	66,609	68,505
Amortization and depreciation	15,582	7,191
Change in Staff Severance Provision	(120)	(846)
Operating cash-flow	82,071	74,850
(Increase) decrease in receivables from customers	2,236	(1,799)
(Increase) decrease in inventories	(11,517)	(11,326)
Increase (decrease) in payables to suppliers	9,772	(5,633)
(Increase) decrease in other items of the working capital	(4,502)	10,087
Change in working capital	(4,011)	(8,671)
Net (investments) in intangible assets	(691)	(789)
Net (investments) in tangible assets	(9,561)	(4,828)
Flows relating to acquisitions of subsidiaries and going concerns	(2,315)	(10,661)
Investments in other fixed assets and other change in non current items	(12,567)	(16,278)
Free - cash flow before dividends	65,493	49,901
Distribution of dividends	(51,890)	(49,229)
Other changes, including those of minority interests	813	275
Cash-flow from (for) change in shareholders' equity	(51,077)	(48,954)
FREE - CASH FLOW	14,416	947
Opening net financial debt	(156,656)	(157,603)
Effect for change in liability for IFRS16	(53,775)	0
Cash-flow for the period	14,416	947
Closing net financial debt	(196,015)	(156,656)

Compared to last year, net of the effect deriving from the IFRS16, the ordinary management has generated an improvement of the free-cash flow before dividends for some 15.5 million Euros.
In the following table we provide reconciliation between the "free-cash flow" above showed and the "increase/decrease in cash flow" reported in the cash flows statement (indirect method):

MARR Consolidated (€thousand)	31.12.19	31.12.18
Free - cash flow	14,416	947
(Increase)/Decrease in current financial receivables	(771)	(904)
Increase/(Decrease) in net financial debt	438	22,082
Increase (decrease) in cash-flow	14,083	22,125

Investments

As concern the investments, it should be highlighted that the increase in intangible assets was related mainly to the acquisition of new software, some of which is still being implemented.

With regard to the tangible fixed assets, it should be noted that the construction of the new management facility in Santarcangelo di Romagna is continuing, with an overall investment in the year amounting to 3,780 thousand Euros.

Regarding the investments in Land and buildings, Plant and machinery and Industrial and business equipment it should be recalled that during the year, the expansion works were completed at some of the distribution centres of the parent company, such as MARR Venice (with total investments in the three categories of 332 thousand Euros) and MARR Adriatico (with total investments of 1,287 thousand Euros) and the Rimini warehouse of the subsidiary New Catering (342 thousand Euros).
Additional investments in plant and machinery were made in some of the distribution centres of the parent company.

The increase in the item "Other assets" was mainly related to the purchase of electronic machines and vehicles.

The following is a summary of the net investments made in 2019:

(€thousand)	*31.12.19*
Intangible assets	
Patents and intellectual property rights	254
Concessions, licenses, trademarks and similar rights	0
Fixed assets under development and advances	437
Goodwill	0
Total intangible assets	691
Tangible assets	
Land and buildings	2,182
Plant and machinery	2,082
Industrial and business equipment	396
Other assets	1,120
Fixed assets under development and advances	3,781
Total tangible assets	9,561
Total	10,252

It must be noted that the values of the investments indicated do not include the amounts capitalised as right of use due to the application of the new IFRS 16.

Research and development activities

The main research and development activities concerned the expansion of the private labels product line.

Transactions with related parties

Related parties include subsidiary, associated, holding and affiliated companies and the members of the top management team.

In addition to that already reported in the "Group Structure" section, the following is a summary of the principal data concerning subsidiary and associated companies:

(€ thousand)	*Annual report*	*Value of production*	*Cost of production*	*Profit (loss) for the year*	*Net Investments*	*Employees (number)*	*Net Equity*
Foodservice Companies							
AS.CA S.p.A.	31/12/2019	46,266	45,877	204	(27)	32	6,890
New Catering S.r.l.	31/12/2019	34,002	31,032	2,157	180	28	9,190
Marr Foodservice Ibérica S.A.U.	31/12/2019	0	9	(5)	0	0	401
Associated Companies							
Sì Frutta S.r.l.	31/12/2019	8,622	8,893	(262)	20	33	1,024
Jolanda De Colò S.p.A.	31/12/2019	23,180	22,454	491	620	48	1,959

It is pointed out that the value of MARR's consolidated purchase and sales of goods by transactions with the parent company Cremonini S.p.A. and affiliated companies (identified by name in the following table) represented respectively approximately 7.1% of the total consolidated purchases and 3.9% of the total consolidated revenue from sales and services carried out by the Group.

The economic and financial data for the 2019 business year is showed in the following table, classified by related party.

COMPANY	FINANCIAL RELATIONS – RECEIVEBLES – Trade	RECEIVEBLES – Other	RECEIVEBLES – Financial	PAYABLES – Trade	PAYABLES – Other	PAYABLES – Financial	ECONOMIC RELATIONS – REVENUES – Sale of goods	REVENUES – Performance of services	REVENUES – Other revenues	REVENUES – Financial Income	COSTS – Purchase of goods	COSTS – Services	COSTS – Leases and rental	COSTS – Other operating charges	COSTS – Financial charges
From Parent Companies:															
Cremonini S.p.A. (*)	738	12	1,843	87	1,755		11			1		1,251			
Total	738	12	1,843	87	1,755	0	11	0	0	1	0	1,251	0	0	0
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Jolanda De Colò											0				
Sì Frutta S.r.l.	12	4		215			0	23		92	1,941				
Total	12	4	0	215	0	0	0	23	0	92	1,941	0	0	0	0
From Affiliated Companies (**)															
Cremonini Group															
Caio S.r.l.	38						171								
Casa Maioli S.r.l.	57						191								
Chef Express S.p.A.	1,494	9		7			9,423					44			
Fiorani & C. S.p.a.	2	229		1,020			60		261		10,611				
Global Service S.r.l.		56		309							3	1,040			
Guardamiglio S.r.l.	3						21								
Inalca Food and Beverage S.r.l.	890			35	48		9,368	184	(1)		65			4	
Inalca S.p.a.	92	43		7,679			416		330		77,360	22			
Inter Inalca Angola Ltda	7														
Interjet S.r.l.				17								38			
Italia Alimentari S.p.a.	5	69		496			5		115		4,994				
Roadhouse Grill Roma S.r.l.	656						4,262								
Roadhouse S.p.A.	6,991			1	34		40,122	32				2			
Tecno-Star Due S.r.l.				1								1			
From Affiliated Companies															
Farmservice S.r.l.	3				0		37								
Le Cupole S.r.l.						1,159									14
Time Vending S.r.l.		24							24						
Total	10,238	430	0	9,565	82	1,159	64,076	216	729	0	93,033	1,147	0	4	14

(*) The items in the Other Receivables columns relate to the residual IRES receivables for requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011, transferred to the Parent Company within the scope of of the National Consolidated tax base; the amount in the the other payables is related to the IRES balance of the year 2019. Trade receivables and payables include the net amount of VAT transferred to Cremonini within the scope of the Group VAT liquidation.

(**) The total amount of trade receivables and payables are reclassified under "Receivables from customer" and "Suppliers" respectively.

COMPANY	RECEIVEBLES – Trade	RECEIVEBLES – Other	RECEIVEBLES – Financial	PAYABLES – Trade	PAYABLES – Other	PAYABLES – Financial	REVENUES – Sale of goods	REVENUES – Performance of services	REVENUES – Other revenues	REVENUES – Financial Income	COSTS – Purchase of goods	COSTS – Services	COSTS – Leases and rental	COSTS – Other operating charges	COSTS – Financial charges
From Oter Related Parties															
Members of top management team					597		3					804			
Total	0	0	0	0	597	0	3	0	0	0	0	804	0	0	0

Other Information

The Company neither holds nor has ever held shares or quotas of parent companies, even through third party persons and/or companies; consequently, during the year 2019, the company never purchased or sold the above-mentioned shares and/or quotas.
As at 31 December 2019 the Company no longer owns own shares.
During the year, the Group did not carry out atypical or unusual operations.
As regards the report on the reconciliation between the result for the period and the net Equity of the group, and the same values for the parent company, refer to Appendix 3 of the consolidated financial statements.

Report on corporate governance and the ownership structure

As regards the information required by art. 123 bis of the Consolidation Act on Finance, see that contained in the "Report on Corporate Governance and the Ownership Structure", drawn up in compliance with the regulations in force and published together with this report on the company website www.marr.it, Corporate Governance section and also available at the Company headquarters.

It must also be pointed out that MARR S.p.A. adheres to and abides by the Code of Self-Governance for listed companies approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Significant events during 2019

On 1st March 2019 the Alternate Statutory Auditor Simona Muratori, pursuant to art. 23 paragraph 9 of the By Laws of MARR S.p.A, replaced the Statutory Auditor Ezio Maria Simonelli, who notified his resignation for limits to the cumulation of offices, according to the limits provided by Article 144 terdecies of the Issuers' Regulation.

On 18 April 2019 the Shareholders' meeting approved the financial statement as at 31 December 2018 and the distribution to the Shareholders of a gross dividend per share of 0.78 Euros (0.74 Euros the previous year) with "ex coupon" (no. 15) on 27 May 2019, record date on 28 May 2019 and payment on 29 May. The non-distributed profits will be allocated to the Reserves.

On the same date, in fulfilment of art. 2401, paragraph 1 of the Civil Code, the Shareholders' Meeting integrated the Board of Statutory Auditors by appointing one Standing Statutory Auditor and one Alternate Auditor, in compliance with art. 148 of Legislative Decree 58/1998. Andrea Foschi and Simona Muratori were appointed respectively as Standing Statutory Auditor and as Alternate Statutory Auditor.
Auditors thus appointed will step down from office together with the other members of the Board, and thus on the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2019.

On 13 November, MARR S.p.A. acquired 34% of the shares of Jolanda de Colò S.p.A from Intrapresa S.r.l. and simultaneously signed with ABA S.r.l., owned by the Pessot – de Colò family, which owns 66% of Jolanda de Colò, an irrevocable agreement giving MARR – as of 31 March 2022 – the option to purchase a majority holding in Jolanda de Colò. This agreement also provides for a mechanism of option call for MARR and put for ABA on the remaining 33% of the share capital of Jolanda de Colò. Through this transaction, MARR is entering into a partnership with the Pessot – de Colò family, which still manages Jolanda de Colò in the development of the premium segment of foodservice supplies. Jolanda de Colò is one of the main national operators in the premium (high range) segment, with more than 21 million Euros in sales in 2018 and about 5,000 customers served with more than 2,000 products of culinary excellence. Jolanda de Colò was founded in 1976 by the Pessot – de Colò family and began operating in the production of meat, but over the years, the company has expanded its activities to include the distribution of food specialties. In particular, the sale of unprocessed products has increased progressively and now represents more than 70% of sales, about 90% of which are concentrated in the Ho.re.ca channel and 93% in Italy. Jolanda de Colò operates through a distribution and production centre with a surface area of more than 6,000 square metres located in Palmanova (Udine).

The price for the acquisition of 34% of the shares of Jolanda de Colò amounted to 2 million Euros and was fully paid-up on transfer.

Subsequent Events after the closing of the year

It should be noted that, effective from 1 February 2020, the subsidiary AS.CA S.p.A. has leased its going concern to the Parent Company, which manages it by integrating the activities with those of the MARR Bologna and MARR Romagna distribution centres.

On 11 March, MARR S.p.A. acquired 60% of the shares of SiFrutta S.r.l. from the companies Si Frutta S.r.l. and Vitali e Bagnoli Multiservice S.r.l. for a total price of 0.7 million Euros. Through this operation, MARR has acquired a controlling stake in the company.

The Covid-19 (Coronavirus) epidemic that has affected Italy since the end of February has led the Italian Government to introduce a series of measures aimed at containing the health emergency. These measures, initially adopted in limited regions and then extended to the whole country, have implied severe restrictions on people's movements and the progressive closure of industrial, commercial, recreational and school activities. Starting in the early weeks in March, these measures have caused a substantial "blocking" of activities for the majority of the clients in the Street Market segment which, although with a marked summer seasonality, represents a very significant portion of the sales of the Group.
In respect of the dispositions in force, the Company has adopted organizational measures to ensure services to all of its clients through its nationwide distribution network.

Outlook

The uncertainty as regards the spread of the Covid-19 epidemic at this time does not enable realistic forecasts to be made as regards the effects that the phenomenon may have on general consumption and, as regards MARR's business, on the foodservice market in Italy.
As regards out-of-home catering in Italy, we recorded an increase last year, confirming the resilience of the market, the measures implemented by the government and local administrations for containing the spread of the virus are affecting consumption in the catering sector, especially commercial catering, but also involving collective catering. The duration of these measures could have repercussions, which we believe could be temporary, on consumption in coming months. However, this country will return to being one of the preferred destinations of tourists from worldwide once conditions allow.

Although considering the complexity and scope of a rapidly developing context, the Company considers the presupposition of business continuity to be appropriate and correct, taking into account its capacity to deal with its obligations in the foreseeable future, and especially in the next 12 months, on the basis of the following considerations:

- the significant sources of liquidity currently available will enable the Group to overcome a period of several months with scarce operativity without having to use other sources of financing;
- assuming that the effects of the restrictions on catering activities and everyday consumption can be considered temporary and resolvable within a fairly short space of time, there do not appear to be any criticalities as regards the risk of overcoming the covenants associated to the loans with regard to the expiry dates provided in the contracts;
- the structure of the income statement of the Company and Group is characterised by a significant incidence of variable costs, also in the presence of significant reductions in revenues, and this enables the impacts on marginality to be limited;
- the MARR Group continues to guarantee services to its clients which are able to continue to operate while the restrictions are in force, including clinics hospitals, canteens and activities providing home delivery services;
- as at 31 December 2019, the Group had agreed credit lines ongoing and unused for a total amount of not less than 270 million Euros, and believes that it can count on the support if the main banks, on the basis of its leadership in the sector in which it operates.

In addition to these factors, the Group has acknowledged a commitment by the government institutions to support the operators and subjects most affected by Covic-19 through safeguarding measures which will implemented in coming months and which the Group intends to avail itself of if possible.

Thanks to its consolidated leadership and its distribution network, MARR is concentrating its efforts on adjusting the organizational measures and service management, which continue to be appreciated by its own clients who, with the support of this distribution system, can dedicate their own skills more effectively towards identifying possible areas for future development.
The Company is also placing great emphasis and attention on managing the trade receivables and operating costs, with the aim of ensuring continuity in terms of quality, products and services offered to the market, so as to help overcome the

contingent difficulties where possible and be completely ready to resume proper business activities when the current uncertainties are resolved.

Main risks and uncertainties

In carrying out its activities, the Company is affected by risks of a financial nature, as described in more detail in the Explanatory notes to the financial statements, these risks being intended as: market risks (as a combination of the risk concerning foreign currencies for purchases abroad, the exchange rate risk and price risk), credit risks and liquidity risks.
It should also be considered that although the company operates in the food distribution sector, which is characterised by its mainly stable nature, it is affected by the general state of the economy and is therefore exposed to the uncertainty of the current macro-economic scenario, albeit to a lesser extent than other sectors.
The difficulties in accessing credit by clients – also continued in 2019 – have led the management team to keep a strong focus on credit management. The policies of cost containment aimed at maintaining the trade margin were also confirmed.
As regards the development of the financial situation of the Group, this depends upon numerous conditions, including the performance of the banking and monetary segments, which are also affected by the current economic situation, in addition to the achievement of the pre-established objectives in terms of management of the trade net working capital.
As regards the specific risks and uncertainties involved in the activities of MARR and the Group, please refer to that described in detail in the paragraph entitled "provision for non-current risks and charges" in the Explanatory notes to the financial statements.

Human Resources

At the end of December 2019, there were 823 employees of the MARR Group (8 Executives, 37 Managers, 564 Employees and 214 Workers), a slight decrease compared to the end of 2018 (828 employees), mainly as a result of the closure of the unit in Valdagno and the completion of the outsourcing of operating activities within the MARR Venice distribution centre. This reduction is partly compensated by the hiring of new personnel to enhance some of the Company departments, especially in the procurement sector.
The average number of employees during 2019 (843) also fell slightly compared to the average figure for 2018 (846) and is higher than that at the end of December 2019, due to that described above and also as a result of the dynamic consequent to the employment (aimed at dealing with peaks of activity) of workers on seasonal contracts.

In addition to dependent personnel, the Group also employs about 850 sales agents and a network of transporters with about 750 vehicles.

As regards the information related to "training and safety in workplace", see the "health and safety at work" and "human resources" paragraphs in the Consolidated non-financial statement at 31 December 2019 attached at this report.

Cost of employment

The changes in workforce described above have led to an increase in white collar workers and a decrease in blue collar workers. This process, in addition to a different calendar of festivities, on the basis of which an increased number of festivities occurring on Sundays have had to be remunerated as thus "not taken", has implied an increase in the absolute value of the item of approximately 0.3 million Euros compared to last year, despite confirming the policy of careful resource management and maintaining a percentage incidence on the total revenues in line with that for 2018.

Environmental information

As regards damage caused to the environment there are no pending legal procedures ongoing for the Group.
In this regard, it should be pointed out that the quality of waste water discharged through the sewers or on the surface is monitored through periodical analyses conducted under self-control to verify the respect of the limits provided by the Law and that our operating units are in possession of discharge authorisations or unique environmental authorization ("AUA") as provided by the laws on the matter.

The waste produced by our activities - constituted by leftover packaging such as paper, plastic and glass, and sub-products of animal origin deriving from the processing carried out in some local units - is disposed of in compliance with the dispositions of the Law concerning environmental and sanitary matters, almost totally through public utilities and partly through private disposal firms.

More details are exposed in the "Environment" paragraph of the Consolidated non-financial statement at 31 December 2019, attached at this Report.

Fulfilments ex art. 37 of Regulation 16191/2007 (Market Regulation)

The Board of Directors certifies that the conditions inhibiting flotation on the stock market pursuant to art. 37 of Market Regulation 16191/2007 concerning companies subject to the management and coordination of others are not applicable.

Fulfilments ex Legislative Decree 254/2016: Non-financial statement

As regards the information required by Legislative Decree 254/2016, see the Consolidated Non-Financial Statement as at 31 December 2019, which is annexed to this Report and is an integral part thereof.

MARR S.p.A. – PARENT COMPANY[III]

Below are the results of the Parent Company MARR S.p.A. drawn up according to the International Accounting Standards IAS/IFRS.

Re-classified Income Statement of the Parent Company MARR

MARR S.p.A. (€thousand)	*31.12.19*	*%*	*31.12.18*	*%*	*% Change*
Revenues from sales and services	1,578,083	*97.3%*	1,548,853	*97.6%*	*1.9*
Other earnings and proceeds	43,024	*2.7%*	37,921	*2.4%*	*13.5*
Total revenues	1,621,107	*100.0%*	1,586,774	*100.0%*	*2.2*
Raw and secondary materials, consumables and goods for resale	(1,289,856)	*-79.6%*	(1,264,134)	*-79.7%*	*2.0*
Change in inventories	11,384	*0.7%*	9,933	*0.6%*	*14.6*
Services	(181,763)	*-11.2%*	(173,598)	*-10.9%*	*4.7*
Leases and rentals	(538)	*0.0%*	(9,388)	*-0.6%*	*(94.3)*
Other operating costs	(1,454)	*-0.1%*	(1,716)	*-0.1%*	*(15.3)*
Value added	158,880	*9.8%*	147,871	*9.3%*	*7.4*
Personnel costs	(35,559)	*-2.2%*	(35,110)	*-2.2%*	*1.3*
Gross Operating result	123,321	*7.6%*	112,761	*7.1%*	*9.4*
Amortization and depreciation	(14,832)	*-0.9%*	(6,805)	*-0.4%*	*118.0*
Provisions and write-downs	(13,195)	*-0.8%*	(12,115)	*-0.8%*	*8.9*
Operating result	95,294	*5.9%*	93,841	*5.9%*	*1.5*
Financial income	(5,272)	*-0.3%*	(4,279)	*-0.3%*	*23.2*
Foreign exchange gains and losses	116	*0.0%*	(8)	*0.0%*	*(1,550.0)*
Value adjustments to financial assets	(116)	*0.0%*	(5)	*0.0%*	*2,220.0*
Result from recurrent activities	90,022	*5.6%*	89,549	*5.6%*	*0.5*
Non-recurring income	0	*0.0%*	1,075	*0.1%*	*(100.0)*
Non-recurring charges	0	*0.0%*	(222)	*0.0%*	*(100.0)*
Profit before taxes	90,022	*5.6%*	90,402	*5.7%*	*(0.4)*
Income taxes	(25,731)	*-1.6%*	(25,778)	*-1.6%*	*(0.2)*
Taxes relating previous years	58	*0.0%*	25	*0.0%*	*132.0*
Total net profit	64,349	*4.0%*	64,649	*4.1%*	*(0.5)*

[III] The data given include the effects of the application of the new accounting standard IFRS 16, applicable as of 1 January 2019; it is recalled that the Group has applied a modified retrospective approach, without restating the comparative figures.

Re-classified Balance Sheet of the Parent Company MARR

MARR S.p.A. (€thousand)	*31.12.19*	*31.12.18*
Net intangible assets	139,464	139,168
Net tangible assets	65,901	63,222
Right of use assets	42,880	0
Equity investments in other companies	24,282	22,342
Other fixed assets	32,997	25,339
Total fixed assets (A)	**305,524**	**250,071**
Net trade receivables from customers	365,297	365,964
Inventories	161,215	149,831
Suppliers	(320,942)	(309,757)
Trade net working capital (B)	**205,570**	**206,038**
Other current assets	58,404	59,320
Other current liabilities	(24,159)	(21,888)
Total current assets/liabilities (C)	**34,245**	**37,432**
Net working capital (D) = (B+C)	**239,815**	**243,470**
Other non current liabilities (E)	(1,194)	(1,116)
Staff Severance Provision (F)	(7,016)	(7,157)
Provisions for risks and charges (G)	(6,254)	(6,494)
Net invested capital (H) = (A+D+E+F+G)	**530,875**	**478,774**
Shareholders' equity	(331,338)	(318,097)
Shareholders' equity (I)	**(331,338)**	**(318,097)**
(Net short-term financial debt)/Cash	11,156	57,680
(Net medium/long-term financial debt)	(166,859)	(218,357)
Net financial debt - before IFRS16 (L)	(155,703)	(160,677)
Current lease liabilities (IFRS16)	(7,599)	0
Non-current lease liabilities (IFRS16)	(36,235)	0
IFRS16 effect on Net financial debt (M)	(43,834)	0
Net financial debt (N) = (L+M)	**(199,537)**	**(160,677)**
Net equity and net financial debt (O) = (I+N)	**(530,875)**	**(478,774)**

Net financial position of the Parent Company MARR S.p.A.

	(€thousand)	Note	*31.12.19*	*31.12.18*
A.	Cash		10,581	9,217
	Bank accounts		168,532	160,248
	Postal accounts		90	261
B.	Cash equivalent		168,622	160,509
C.	Liquidity (A) + (B)	15	179,203	169,726
	Current financial receivable due to Subsidiaries		4,944	5,252
	Current financial receivable due to Parent Company		1,843	1,956
	Others financial receivable		1,798	918
D.	Current financial receivable	11/12	8,585	8,126
E.	Current Bank debt		(33,837)	(39,220)
F.	Current portion of non current debt		(130,076)	(77,196)
	Financial debt due to Parent Company		0	0
	Financial debt due to Subsidiaries		(2,716)	(2,406)
	Financial debt due to Related Companies		0	0
	Other financial debt		(10,003)	(1,350)
G.	Other current financial debt		(12,719)	(3,756)
H.	Current lease liabilities (IFRS16)	26	(7,599)	0
I.	Current financial debt (E) + (F) + (G) + (H)	25/26/27	(184,231)	(120,172)
J.	Net current financial indebtedness (C) + (D) + (I)		3,557	57,680
K.	Non current bank loans		(137,491)	(180,707)
L.	Other non current loans		(29,368)	(37,650)
M.	Non-current lease liabilities (IFRS16)	19	(36,235)	0
N.	Non current financial indebtedness (K) + (L) + (M)	18/19/20	(203,094)	(218,357)
O.	Net financial indebtedness (J) + (N)		(199,537)	(160,677)

The Net Financial Position used as a financial indicator of debts is represented by the total of the following positive and negative components of the Statement of financial position:
- Positive short term components: cash and equivalents; items of net working capital collectables; financial assets;
- Negative short and long-term components: payables to banks; payables to other financiers, payables to leasing companies and factoring companies; payables to shareholders for loans.
The "Notes" column indicates the reference to the item in the statement of financial position of the Company for the purpose of an accurate its reconciliation.

Re-classified Cash Flows Statement of the Parent Company MARR S.p.A.

MARR S.p.A. (€thousand)	*31.12.19*	*31.12.18*
Net profit before minority interests	64,349	64,649
Amortization and depreciation	14,832	6,805
Change in Staff Severance Provision	(141)	(881)
Operating cash-flow	79,040	70,573
(Increase) decrease in receivables from customers	667	(5,042)
(Increase) decrease in inventories	(11,384)	(9,933)
Increase (decrease) in payables to suppliers	11,185	(4,251)
(Increase) decrease in other items of the working capital	(4,258)	51,386
Change in working capital	(3,790)	32,160
Net (investments) in intangible assets	(691)	(43,563)
Net (investments) in tangible assets	(9,117)	(4,906)
Flows relating to acquisitions of subsidiaries and going concerns	(2,315)	(10,534)
Investments in other fixed assets and other change in non current items	(12,123)	(59,003)
Free - cash flow before dividends	63,127	43,730
Distribution of dividends	(51,890)	(49,229)
Capital increase	0	4,953
Other changes, including those of minority interests	788	236
Cash-flow from (for) change in shareholders' equity	(51,102)	(44,040)
FREE - CASH FLOW	12,025	(310)
Opening net financial debt	(160,677)	(160,367)
Effect for change in liability for IFRS16	(50,885)	0
Cash-flow for the period	12,025	(310)
Closing net financial debt	(199,537)	(160,677)

Below is the reconciliation between the "cash flows for the period" stated above and the variation in cash flow stated in the financial report contained in the following statements (constructed using the indirect method):

MARR S.p.A. (€thousand)	*31.12.19*	*31.12.18*
Free - cash flow	12,025	(310)
(Increase)/Decrease in current financial receivables	(459)	(1,740)
Increase/(Decrease) in net financial debt	(2,089)	24,990
Increase (decrease) in cash-flow	9,477	22,940

Nature of proxies conferred on Directors

With reference to the Code of Self-Governance of the Company and Consob Recommendation dated 20 February 1997, the proxies conferred on individual Directors are detailed below:

- the Chairman has powers of legal representation as per art. 20 of the By-Laws,
- the Executive Officer, in addition to the powers of legal representation as per art. 20 of the By Laws, have been conferred the necessary powers for the completion of the deeds concerning business activities, to be exercised in the framework of the proxies attributed by resolution of the Board of Directors on 28 April 2017.

In the current structure of the Corporate Bodies there is no Executive Committee.

During the course of the business year, the Director who filled the role of Executive Officer used the powers attributed to him solely for the everyday management of business activities, while the significant transactions in terms of type, quality and value were submitted for examination by the Board of Directors.

Transactions with related parties

Related parties include subsidiary, associated, holding and affiliated companies and the members of the top management team.

As regards the relations with subsidiary, associated, parent and affiliated companies, for which refer to the analyses contained in the note to the financial statements, as required by art. 2497-bis of the Civil Code, the following is a list of the types of ongoing relations:

Companies	Nature of Transactions
Subsidiaries	Trade and services
Parent Companies - Cremonini S.p.A.	Trade and general services
Associated companies	Trade and services
Associated companies - Cremonini Group's companies	Trade and services

It must be pointed out that the value of the purchase and sales of goods of MARR S.p.A. by transactions with Cremonini S.p.A. and affiliated companies (as in the following table) represented 7.3% of the total purchases and 4.4% of the total sales made by MARR itself.
All commercial transactions and provisions of services occurred at market value.

The economic and financial data for the 2019 business year is showed in the following table, classified by related party.

COMPANY	FINANCIAL RELATIONS						ECONOMIC RELATIONS								
	RECEIVABLES			PAYABLES			REVENUES				COSTS				
	Trade	Other*	Financial	Trade	Other*	Financial	Sale of goods	Performance of services	Other revenues	Financial Income	Purchase of goods	Services	Leases and rental	Other operating charges	Financial charges
From Parent Companies:															
Cremonini Spa (*)	679	11	1,843	2	2,213		11			1		1,246			
Total	679	11	1,843	2	2,213	0	11	0	0	1	0	1,246	0	0	0
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Jolanda De Colò											0				
Si' Frutta S.r.l.	12	4		215			0	23		92	1,941				
Total	12	4	0	215	0	0	0	23	0	92	1,941	0	0	0	0
From Affiliated Companies(**)															
Cremonini Group															
Chef Express S.p.A.	1,494	9		7			9,423					43			
Fiorani & C. S.p.a.		229		998			60		261		10,516				
Global Service S.r.l.		56		309							2	1,040			
Guardamiglio S.r.l.	3						21								
Inalca Food and Beverage S.r.l.	890	1		35	48		9,368	184	(2)		65			4	
Inalca S.p.a.	90	43		7,535			416		330		75,645	22			
Inter Inalca Angola Ltda	7														
Interjet S.r.l.				17								38			
Italia Alimentari S.p.a.		69		461			5		113		4,749				
Caio S.r.l.	38						171								
Casa Maioli S.r.l.	57						191								
Roadhouse S.p.A.	6,991			1	34		40,121	32				2			
Roadhouse Grill Roma S.r.l.	656						4,262								
Tecno-Star Due S.r.l.				1								1			
From not Affiliated Companies															
Farmservice S.r.l.	3				0		37								
Le Cupole S.r.l.						1,159									15
Time Vending S.r.l.		24							24						
Total	10,229	431	0	9,364	82	1,159	64,075	216	726	0	90,977	1,146	0	4	15

(*) The items in the Other Receivables columns relate to the residual IRES receivables for requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011, transferred to the Parent Company within the scope of of the National Consolidated tax base; the amount in the the other payables is related to the IRES balance of the year 2019. Trade receivables and payables include the net amount of VAT transferred to Cremonini within the scope of the Group VAT liquidation.
(**) The total amount of trade receivables and payables are reclassified under "Receivables from customer" and "Suppliers" respectively.

From Affiliated Companies															
Asca S.p.a.	1,623		4,944	663			3,285	288	5	76	971	2			
Marr Foodservice Iberica S.a.U.				117		281									4
New Catering S.r.l.	276			18		2,435	694	236	6		39	4			34
Total	1,899	0	4,944	798	0	2,716	3,979	524	11	76	1,010	6	0	0	38

From Oter Related Parties															
Members of top management team					597		3					804			
Total	0	0	0	0	597	0	3	0	0	0	0	804	0	0	0

Proposal for the allocation of the 2019 profits and distribution of dividends

Dear Shareholders,

before concluding and deciding on this matter, we would like to confirm that the draft financial statements closed on 31 December 2019 submitted for your examination and approval in this meeting, have been drafted in respect of the legislation in force.

In submitting the 2019 financial statements for approval, we propose to:

a) distribute the profits amounting to 64,349,247 Euros as follows:

- to dividend of 0.80 Euros for each ordinary share with rights,
- allocation of the remaining amount to the extraordinary reserve.

b) to pay the dividend on 27 May 2020 with "ex coupon" (No. 16) on 25 May 2020 (record date on 26 May 2020), in accordance with the Italian Stock Exchange regulations.

The Board of Directors would like to express its sincere thanks to all employees and collaborators who contributed in 2019 to the achievement of the Company's objectives through their commitment.

Rimini, 13 March 2020

For the Board of Directors
The Chairman
Paolo Ferrari

MARR
Consolidated Non-Financial Statement
as at 31 December 2019
in accordance with Legislative Decree 254/2016

Methodological Note

MARR's Consolidated Non-Financial Statement has been drawn up pursuant to Legislative Decree no. 254 of 30 December 2016, taking as reference the "Sustainability Reporting Standards" published in October 2016 by the GRI (Global Reporting Initiative) and adopting the "GRI-Referenced" approach. The list of the selected indicators is given in the annex of this document, in the "Table of relationship with Legislative Decree 254/16". In accordance with the GRI standards, the Statement contains information relative to the aspects that are deemed material and which indicates the impacts that have significance for the Organisation from the economic, environmental and social viewpoints and which can substantially influence the stakeholders' assessments and decisions.

The data and information acquisition process, for the drafting of this Statement, was managed in collaboration with the various Company departments, in order to clearly and precisely communicate the information deemed significant for the stakeholders according to the principles of balance, comparability, accuracy, timeliness, clarity and reliability expressed by the GRI standards. The process involved the preparation of a Reporting Package containing the disclosure elements identified, together with the Key Users, within the Group. The information acquired has been checked and consolidated by the Head Office, specifically by the department responsible.

Unless otherwise stated, the figures and information in this Declaration refer to the MARR Group, this being considered as all of the operating companies entirely consolidated within the scope of the Annual Financial Report as at 31 December 2019. Marr Foodservice Iberica, a non-operational company, Si'Frutta S.r.l. and Jolanda de Colò S.p.A., non-consolidated associated companies, are excluded from the scope of consolidation.

Lastly, it should be noted that, as all of the companies operate in the distribution of food products to operators in out of home catering, the risks and opportunities with regard to the activities of MARR S.p.A. are the same as those for the entire Group.

For the assessment of the trend of the Group's activities and for purposes of comparison, the data relative to the 2019 financial period also show the data relative to the previous two financial periods.

Lastly, any estimates used for the quantitative information represented in this document have been opportunely pointed out in the various chapters.

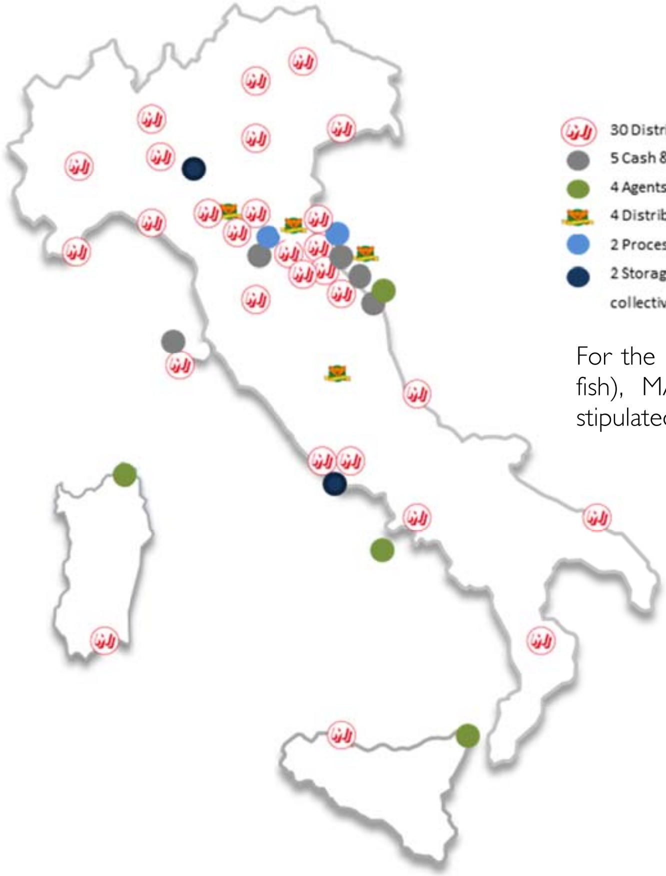
The Company Identity

MARR operates in a reference market of which features opportunities induced both by the development of restaurant and catering services (foodservice) and by the growing request for a complete and organized distribution service.

Within the foodservice in Italy, MARR is an intermediary between foodstuffs producers and processors and the commercial catering and canteens operators .

Founded in 1972 and listed in the STAR segment of the Italian Stock Exchange since June 2005, with an organization comprising a sales staff of over 850 people, considering both sales technicians personnel and sales managers, MARR serves over 45,000 customers composed of "Street Market" operators (restaurants and hotels not belonging to groups or chains), "National Account" operators (structured commercial catering operators - groups and chains - and canteens) and "Wholesale" operators. The range of product offered includes over 15,000 food products, including fish, meat, varied foodstuffs and fruit and vegetables, at the different conservation temperatures, and 8,000 instrumental articles (including equipment, kitchenware and table linen).

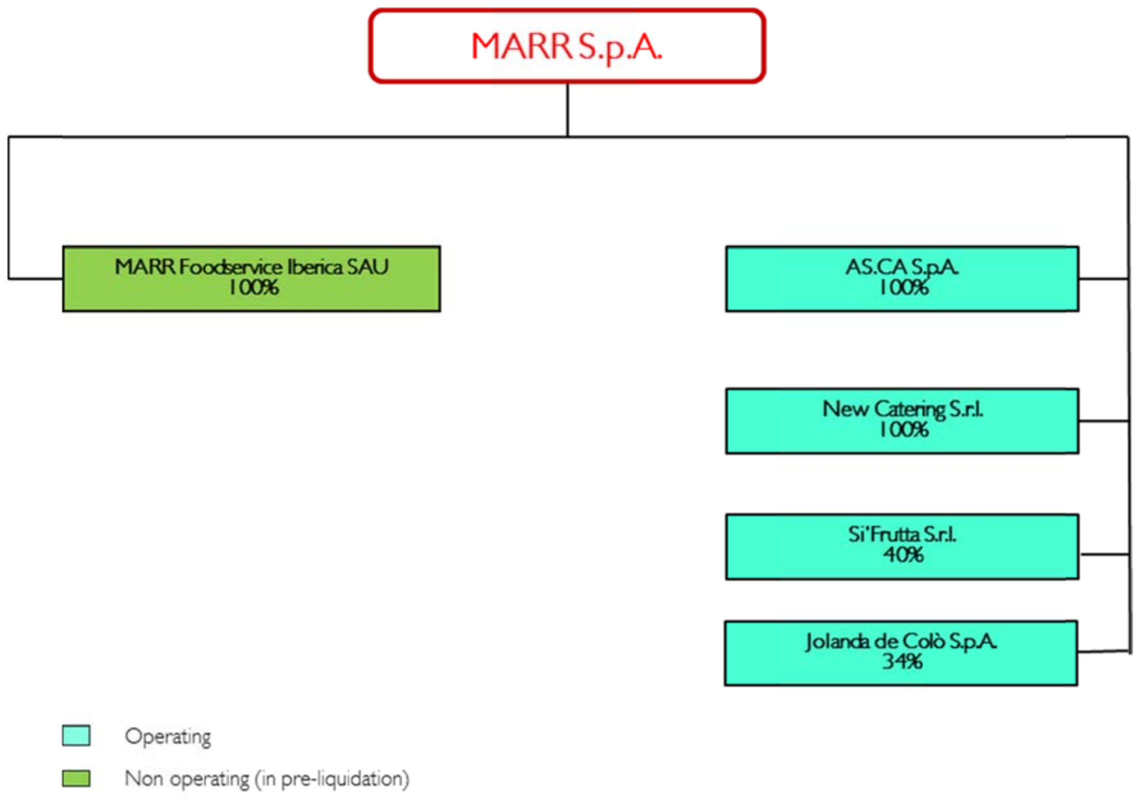
With over 45 years of experience, MARR is a point of reference for foodservice operators who can consider it a sole supplier at national level of a wide range of products: the Group procures its products from selected suppliers (over 2,200) throughout the world, and it operates throughout the country by means of a logistics-distribution network comprising over 30 distribution centers, 5 cash & carry stores, 4 agents with warehousing and 750 delivery vehicles of third-party carriers.



For the supply of fresh products (fruit and vegetables *in primis* and fish), MARR Group also takes avail of distribution agreements stipulated with more than 25 such counterparties in Italy.

The main features that represent the bases for MARR's competitive advantage are: a wide assortment, the competence of the sales structure, the efficiency of the logistics system and it marketing innovation capacity.

The structure of the MARR Group (hereinafter "the Group") as at 31 December 2019 can be defined as follows:



To this regard, we point out that:

- AS.CA S.p.A. sells and distributes fresh, non-perishable and frozen foodstuffs to the foodservice mainly in the Bologna area and, effective as of 1 February 2020, has leased its business to the Parent Company, which has integrated the activities with those of the MARR Bologna and MARR Romagna distribution centres;
- New Catering S.p.A. sells and distributes products to bars and fast food restaurants;
- Si'Frutta S.r.l., supplies fresh fruit and vegetables to customers in the channel of hotels, restaurants, organised catering and industrial processing.

In addition, on 13 November, MARR S.p.A. acquired 34% of the shares of Jolanda de Colò S.p.A from Intrapresa S.r.l.. Jolanda de Colò is one of the main national operators in the premium (high range) segment, with more than 21 million Euros in sales in 2018 and about 5,000 customers served with more than 2,000 products of culinary excellence. Founded in 1976 by the Pessot – de Colò family, it operates through a distribution and production centre with a surface area of more than 6,000 square metres located in Palmanova (Udine). It began operating in the production of meat, but over the years, the company has expanded its activities to include the distribution of food specialties. In particular, the sale of unprocessed products has increased progressively and now represents more than 70% of sales, about 90% of which are concentrated in the Ho.re.ca channel and 93% in Italy.
It must be noted, as pointed out in the above methodological note, that the associates Si'Frutta and Jolanda de Colò are not consolidated and are not included in the sphere of reporting.

The Group's stakeholders are represented by the following subjects:

- Customers: with over 30 structures including both operational units and storage facilities, spread over the entire country, the Group assures its customers immediate and precise service to answer the various, changing needs that are typical of the segment of customers served, with personalised, fast service and constant attention paid to respecting the qualitative standards requested by consumers. In addition, thanks to its experience gained over the many years of collaboration with both small and large customers, the Company has in-depth knowledge of the needs of the diverse types of customers. In particular, thanks to its specialists whose main duty is to assist the customers that are national chains and other important public and private customers, the Company can identify ad-hoc marketing solutions to satisfy special needs, in order to offer an extremely efficient all-round service.

- Employees and collaborators: the Group has over 800 employees and a sales staff of over 800; special training courses are organized every year in new sales techniques, health and safety at work and food safety, as well as specific training meetings for branch managers, sales managers, sales technicians, operating managers, sector specialists and local credit managers. The Company's employees are also aware of its main values thanks to the fact that the Code of Ethics is distributed to each one. MARR has also created the *MARR Academy*, a Company "workshop" conceived to foster the development of knowledge - knowledge of what to do and of how to get it done - addressed to everyone that collaborates with the Company, to invest in talent and skills and to increase the value of the organization. Lastly, a *house organ* is periodically circulated to all collaborators to inform them of the Company's trend, its results, national and local initiatives and the life of the Company in general.
- Suppliers of products and services: the Company promotes the creation of stable, long-term relationships with its suppliers in order to always ensure that the entire supply chain respects the Company's principles. The suppliers are selected, assessed and qualified according to methods and criteria defined by specific Company procedures and they are directly involved in quality control and the sustainability of their products. This involvement is also achieved by the use of tools such as the online catalogue and by encouraging them to obtain specific certifications, as described in more detail in the successive paragraphs.
- Control institutions and bodies: the Group is subject to many controls on the part of the official control institutions and bodies. Said controls involve the official analysis of samples of the products distributed and inspections carried out by the veterinary authorities and the food hygiene and nutrition control services of the competent local National Health departments. Controls and inspections are also carried out by other bodies, such as the Anti-Adulteration and Health Protection Police Corps, the Forestry Police Corps and the Coast Guards, as well as bodies appointed to control the measures adopted for the protection of workers and their health. MARR strictly respects the legislation applicable to its sector and collaborates with the authorities appointed to perform the controls when inspections are carried out. As a listed company, MARR is also subject to the control of the supervisory body (the Italian Securities and Exchange Commission - CONSOB) and it must respect the reporting obligations imposed by the segment of reference.
- Category associations: the Company fosters open dialogue with the category associations, paying attention to the requests put forward. Said associations are also a tool used by MARR for keeping updated and for complying with the law, considering the activity that they perform by advising their member companies in real time of new provisions that discipline the activities of the sector.
- Shareholders and the financial community: MARR, listed in the STAR segment (*"Segmento Titoli ad Alti Requisiti"*) of the Italian stock exchange since June 2005, has a capitalization of about Euro 1,351 thousand (annual average of 2019) and about 4 thousand shareholders (who cashed in the 15th dividend coupon on 27 May 2019). Over 40% of its capital is held by institutional investment funds, 90% of which are based abroad. The Company entrusts to its Investor Relations department the management of prompt and transparent reporting to the financial community, in line with the provisions of the legislation in force.
- Local community: the local community plays an important role inasmuch as linked to the activities of other stakeholders, such as the customers, the suppliers, the employees and the collaborators. Proximity to the community is not only indispensable but also strategic for the Company and is expressed, on one hand, by the dialogue with the local bodies and, on the other, by participation in social and cultural events held on the territory.

MARR's non-financial reporting focuses on the importance or material nature of the various aspects relative to its activities. For this purpose, the Company has implemented a materiality analysis, carried out according to the sustainability reporting guidelines issued by the GRI (Global Reporting Initiative), aimed at identifying the topics that could have a considerable influence on the Company's capacity to create value in the short, medium and long term, and which have more relevance for the Company and for its stakeholders. Reference is made to such subjects in this document since, in view of their relevance, they can influence the stakeholders' decisions and reflect the economic, environmental and social impact of the Company.

The materiality analysis process is structured as follows:

Identification of relevant topics

- Research and analysis of internal sources (policies, procedures, etc.) and of external sources (analysis of the publications of standard-setters and the benchmarks of the main competitors);
- The development of a long list of potentially relevant topics ;
- Review and approval of the long list and the selection of the most important to produce a short list .

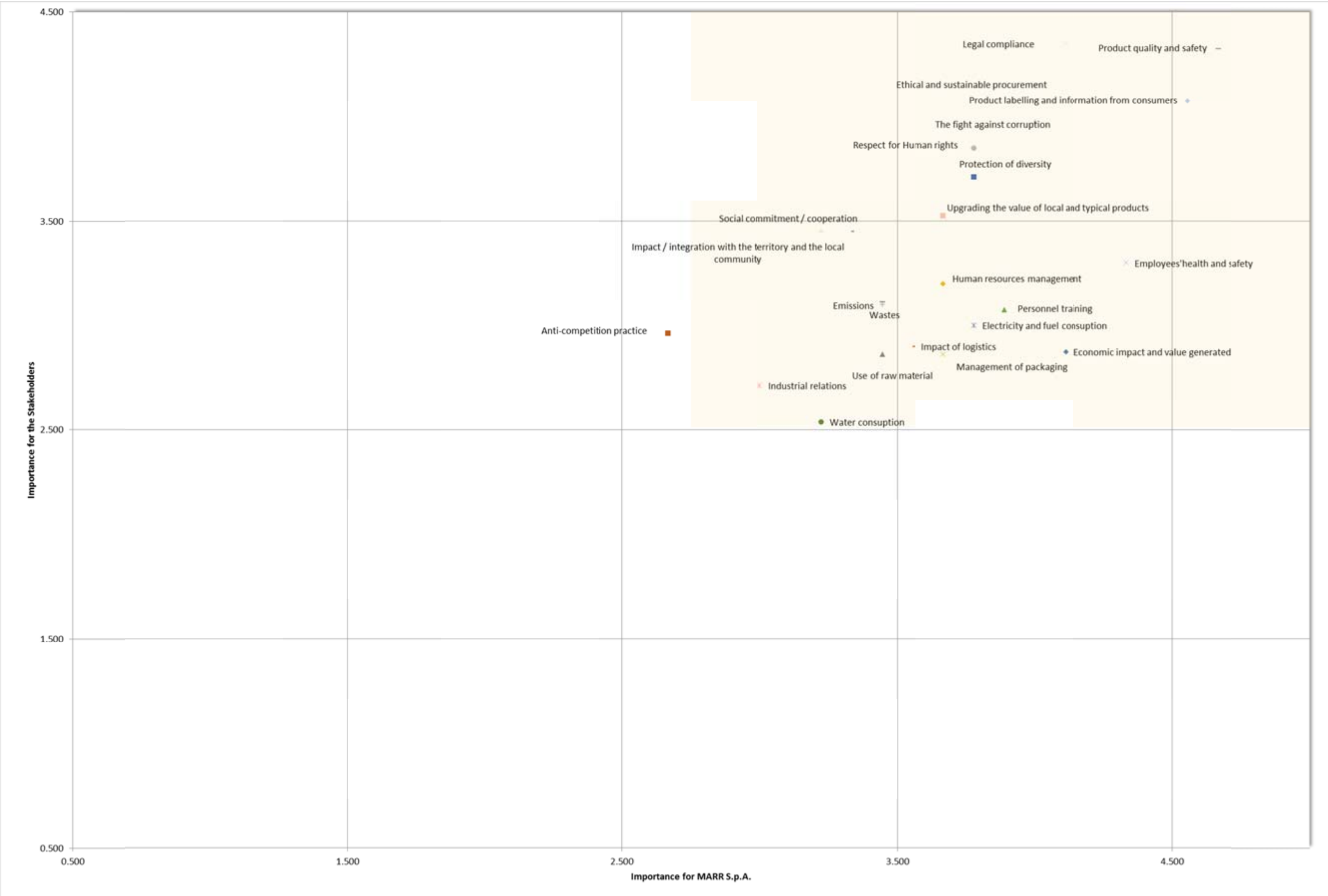
Assessment of the relevant topics

- The organization of meetings with the front-line people to assess the importance of every topic on the short list, from the Company's and the stakeholders' viewpoints;
- Consolidation of the results of the assessment and development of the relative materiality matrix .

Approval and review

- Approval of the short list of topics identified and assessed in the previous steps ;
- Review and verification of the Materiality Matrix deriving from the assessment of the various topics ;
- Overall approval of the materiality analysis .

The results of the materiality analysis are illustrated in the materiality matrix presented below. The materiality matrix consists of a graphic representation of the importance attributed to each of the topics from the viewpoint of the Management (the X axis) and of the stakeholders (the Y axis); the higher and the more to the right the topic is situated on the graph, the greater its relevance for both parties. The material topics that result during the analysis conducted are considered key elements to guide the Company in terms of its constantly increasing commitment towards non-financial matters. In fact, this non-financial statement focuses on the topics that are relevant for the Company and its stakeholders.


Legal compliance
Product quality and safety
Ethical and sustainable procurement
Product labelling and information from consumers
The fight against corruption
Respect for Human rights
Protection of diversity
Upgrading the value of local and typical products
Social commitment / cooperation
Impact / integration with the territory and the local community
Employees'health and safety
Human resources management
Emissions
Wastes
Personnel training
Electricity and fuel consuption
Anti-competition practice
Impact of logistics
Economic impact and value generated
Management of packaging
Use of raw material
Industrial relations
Water consuption
Importance for the Stakeholders
Importance for MARR S.p.A.
4.500
3.500
2.500
1.500
0.500
0.500
1.500
2.500
3.500
4.500

MARR's governance structure is described in the Rules of self-discipline and its activities are represented in the Corporate Governance Report. More specifically, the Rules of self-discipline explains that the Company's Board of Directors defines the nature and level of risk that is compatible with the Company's strategic aims, including in its assessments all the risks that can have relevance as regards the sustainability of the activity performed in the medium-long term. No single subject has yet been placed in charge of sustainability governance, since this responsibility has been divided according to the responsibilities of the following managements and their respective responsibilities: Quality Assurance and Control, the Product Divisions, the Human Resources Management, Legal and Corporate Affairs, Investor Relations and Internal Auditing-Management Control; all subjects involved in the process are coordinated by the Chief Executive Officer.

The Company, to assure the correctness and transparency of Company transactions, has deemed it opportune to adopt an Organizational, Management and Control Model, in accordance with Legislative Decree 231/01. The purpose of said Model is to create a structured and organic system of procedures and control activities, aimed at preventing the various types of offence contemplated by said Legislative Decree from being committed. The Board of Directors periodically updates and integrates said Model in order to adapt the content to the provisions of law introduced after the adoption of the Model.

The Board of Directors of MARR S.p.A., on 14 November 2014, appointed a Collegial Supervisory Board, replacing the previous body composed of a single member.

The Supervisory Board is composed of the lawyer Mr Marcello Elia, Chairman and external member, Mrs. Paola Simonelli, external member and representative of the Board of Statutory Auditors, and the lawyer Mr Cristiano Cambria, internal member also acting as Secretary.

During 2019, the Board of Directors of MARR S.p.A., on proposal by the Supervisory Board, approved the updating of the Organizational Model, with the inclusion of new criminal circumstances: traffic of illegal influences – fraud in sporting competition and illegal exercise of gaming and betting – protection of the cybernetic security perimeter – tax-related crimes.

Fight against corruption

Risks and opportunities

The Company in the context of the anti-corruption policy, adopted its own Code of Ethics from 2005, last revised on 14 May 2018, available to all the (internal and external) stakeholders interested at MARR's website and also circulated to all Company departments. The document defines professional practices and the behaviour to which all employees and collaborators must adhere. Furthermore, the cases of risk to which the Company is exposed (the so-called predicate offences) are identified in the 231/01 Organizational Model. Their assessment and the identification of the relative preventive protocols are described in the Organizational Model's Special Part. As well as in the internal document "mapping of risks areas ".

With regard to the corruption risks deriving from the supply chain, MARR has adopted a series of preventive procedures for the approval and qualification of suppliers and management of product non-compliances.

Considering the corporate framework, the main sphere in which the risk of corruption could exist MARR's participation in public tender procedures, disciplined by a specific procedure of the Quality Management System entitled "Contract Review" and entrusted to a special office at the Company's registered office (the Public Bodies and Contracts Office).

Within this sphere, it must be noted that should the offence of corruption be committed by a director and/or Company representative, the Company, under Art. 80 of Legislative Decree no. 50/2016 (the so-called Public Contracts Code), could be excluded from participating in tender procedures.

The risk of corruption is considered as recurrent inasmuch as linked to the Company's ordinary activity; the relative impact could regard the Company's reputation and/or it could be of an economic nature (ban on participating in tender procedures of the sector with loss of the earnings related to said sale channel).

Policies implemented by MARR

The Code of Ethics aims to assure that the Company's governance system attains increasingly higher levels of transparency and efficiency. In fact, it includes the rules of conduct and the principles of legality, transparency and correctness to be applied in relations both within and outside the Company. MARR itself circulates the Code of Ethics to the stakeholders and, in the case of recruitment, to new employees. The observance and adequacy of said document are verified annually by the Risk Control Committee to which the Supervisory Board reports. MARR has also adopted a reporting mechanism both through specific e-mail box and through a specific telephone number (which management is reserved to the Secretary of the Supervisory Board) by which employees can contribute to the application of the Code of Ethics and the 231/01 Organizational Model. Only the Supervisory Board can consult said e-mail box.

In 2019, the Company adopted an Anti-Corruption Policy aimed at outlining the general principles and rules of conduct to be followed in performing working activities, forbidden conduct, the systems for protecting from the risk of corruption and the relevant sanctions.

MARR's Anti-Corruption Policy is based on the principles recalled in the national and international laws for preventing corruption, the Code of Ethics and the Legislative Decree 231/01 Organizational Model adopted and is aimed at continuously increasing the awareness of everyone working in MARR in recognising corruption and any other type of fraud, and also their reactivity in becoming an active part of preventing, suppressing and reporting possible breaches of the anti-corruption laws.

The beneficiaries of the Anti-Corruption Policy are the corporate bodies, employees, collaborators, customers and suppliers and in general all those who directly or indirectly, permanently or temporarily, work with or for the Company, each in the sphere of their own duties and responsibilities.

In terms of uniformity of intent and objectives, the Anti-Corruption Policy is applied to all companies in the MARR Group and is available to the public and all those interested on the Company website.

The beneficiaries of the Anti-Corruption Policy must report any eventual breach, presumed or proven, of the Policy or any regulation whatever concerning corruption, by the Company, a colleague, a collaborator or a third party, including requests or offers of undue payments received from them (so-called Whistleblowing). Failure to report a known or presumed illegality of which they become aware shall in itself imply that the individual in question will incur possible and consequent sanctions. The whistle-blowers are guaranteed protection against any form of revenge, discrimination or penalisation, the obligations of the law and protection of the rights of the Company or individuals in the event of whistleblowing being used instrumentally or in bad faith holding firm.

Reports may also be received through the e-mail inbox anticorruzione@marr.it set up for this purpose.

In addition to the Anti-Corruption Policy, the Company has adopted a series of precautionary measures for greater control over activities that may be subjected to the risk of corruption. The following procedures have been formalised:

- the "Credit Procedure" which disciplines the aspects relative to the collection of the sums from customers for supplies;
- the "Public Tender Procedure" which disciplines the correct management and participation of tender contract procedures to assure compliance with the obligations to be assumed in the case of the award of the contract.

Non-financial performance

The Company has not registered any cases of corruption during the year and no cases arose which made legal action necessary due to anti-competitive conduct, anti-trust and monopoly.

All employees have been notified of the adoption of the Policy through notifications on noticeboards in the workplace; also, all newly hired staff are informed that they can obtain copies of the Policy and are asked to sign a declaration undertaking to respect the principles contained therein.

No reports were received during the year from the beneficiaries of the Anti-Corruption Policy.

Environment

Risks and opportunities

For MARR, protection of the environment is a topic of considerable relevance. In fact, the manner in which the Company operates on the territory pursues a balance between its activities and the surrounding environment, without harming the same and minimising the use of the resources but favouring the use of sustainable products. To this latter regard, see also the contents of the next paragraph, *"Supply Chain – Ethical and sustainable procurement and the promotion of local products"*.

In the practice of its business, the Group takes avail of about 170 carriers which, using over 750 vehicles, renders necessary the adoption of suitable procedures for the optimization of the logistics processes, aimed at reducing emissions into the atmosphere, through the actions and initiatives described in the following paragraph "Policies implemented by MARR".

It also sells a wide range of products subject to various types of conservation (frozen, fresh, non-perishable) with impact not only in terms of the use of energy resources and waste production but also, especially for fish products, in terms of sustainable fishing.

The potential risks linked to the Group's activities are: excessive consumption of water and/or energy with consequences on carbon dioxide emissions, the emission of noxious substances caused by the carriers of which the Group takes avail for the distribution of the products, the emission of polluting substances deriving from the water or gas discharged from the refrigerating systems, as well as risks linked to the impoverishment of marine resources subsequent to unregulated provisioning.

MARR assesses such recurrent risks inasmuch as inherent to the Group's core business and, to promote environmental (as well as social) sustainability, seeks to direct the internal stakeholders towards programmes for water and energy saving and for the reduction of emissions into the atmosphere, as well as constructing stable relationships with suppliers that guarantee adherence to MARR's principles.

Policies implemented by MARR

With reference to environmental aspects, MARR adopts the Quality System procedure entitled "Control and Management of Environmental Aspects", which describes the methods for the management of operations and activities linked to environmental aspects deemed important, including the activities for the supervision and management of environment emergencies. MARR also promotes the prevention of pollution and a minimum use of the available resources, adopting preventive measures. In particular, with reference to the specific question of waste, it makes all efforts in order:

- to reduce the quantities of packaging, using recycled materials when possible;
- to promote the use of packaging and materials of certified cellulose from sources managed in a responsible manner ("FSC");
- to improve the differentiated collection of waste and the management of special wastes and of the by-products of animal origin such as, for example, the waste produced by the processing of meats and fish products.

MARR also pays attention to other aspects linked to consumption and the consequent emission of substances that are noxious for the environment. More specifically, it spares no efforts in order:

- to reduce the number of vehicles on the road that have a strong environmental impact. In this regard, the process of renewing the fleet of vehicles is continuing; currently, nearly all of the vehicles used by MARR are in classes Euro 5 and Euro 6, and the last remaining vehicles in other classes will be decommissioned in 2020. For the fleet of vehicles for transporting foodstuffs, as part of a project started in past years, 5 liquid methane powered (LNG) vehicles were also made roadworthy – these vehicles emit 20% less CO_2 into the atmosphere than Euro 6 vehicles – for *primary distribution* from the distribution platforms to the branches and also for *last mile – national account* distribution from the Marzano platform. Furthermore, the insertion of 100% electrical vehicles is planned for next year for deliveries in the city of Florence (in addition to that already in operation for deliveries in the centre of Rome). Lastly, it is important to highlight that an exclusive TMS (*Transport Management System*) has been implemented, composed of a tracking module for real time monitoring of the distribution service, and a planning module which enables us to plan delivery routes while pursuing the objective of service quality with more efficient vehicles. In 2019, the average deliveries per journey in last mile – street market distribution increased by approximately 2%, and the average saturation of vehicles increased by over 5%.

- to reduce the environmental impact of production processes, promoting the prevention of environmental pollution also by monitoring the quality of the waste waters by means of laboratory analyses to check that they conform to the provisions of Legislative Decree 152/06;
- to reduce the consumption of electricity (especially by correct management of the cold chain), potable water and gas;
- to limit the destruction of food products when this represents a waste of food and of Company resources and, indirectly, environmental resources;
- to rationalise the consumption of detergents and disinfectants which have a direct impact on the waste water discharged, scrupulously respecting the methods and concentrations indicated in the sanitisation procedures;
- to optimise the procedures for the management of deliveries to customers and the logistics for the transfer of the products between the Group's various platforms, maximising loads as far as compatible with the limits imposed by the Highway Code;
- to promote conduct that respects the environment and the correct use of the natural resources, involving the suppliers of fish products and requesting them to adhere to the standards of ethical, social and environmental responsibility defined in the contractual agreements;
- to accurately manage the products, the rotations and the stocks in order to decrease waste and the destruction of stocks, avoiding the waste of food products and of Company resources.

The environmental aspects include the controls carried out on the process of supplying the fish production line, having obtained the "Certificate of the Control Service of the Sustainable MARR Fish Production Line", issued by an internationally recognised control authority. In terms of sustainable fishing and fish farming, MARR has also obtained MSC and ASC certification for the line of custody.

Non-financial performance

The Group's energy consumptions are illustrated below. The indices in bold type are deemed explanatory of the result of the policies mentioned in the preceding paragraph and, taking into account the Group's growth over the years analysed, they show the constant commitment on the part of the Management to efficient energy consumption, mainly in the goods conservation, storage and handling processes which are the Group's core business.

The results confirm an improving trend notwithstanding the increase in the volumes handled.

Direct energy consumption

Energy consumption	UM	2019	2018	2017
Methane gas for heating	m3	274,204.25	316,527.00	279,397.58
Diesel oil for heating offices and for processing	l	118,807.00	124,399.00	120,000.00
Petrol for generators	l	-	30.00	30.00
Diesel oil for generators and sundry services	l	6,566.00	7,225.00	6,228.00
Electricity from the mains supply	KWh	59,889,309.00	58,916,697.00	58,011,181.00
In-house produced electricity	KWh	368,898.00	373,869.00	389,014.00

Energy consumptions expressed in GJ	UM	2019	2018	2017
Total consumptions	GJ	231,111.29	229,280.26	224,545.30
of which:				
Methane gas for heating	GJ	9,666.52	11,120.86	9,784.42
Diesel oil for heating offices and for processing	GJ	4,279.03	4,453.77	4,296.28
Petrol for generators	GJ	-	0.92	0.92
Diesel oil for generators and sundry services	GJ	236.49	258.67	222.98
Electricity from the mains supply	GJ	215,601.51	212,100.11	208,840.25
In-house produced electricity	GJ	1,328.03	1,345.93	1,400.45

There has been a slight reduction in the consumption of methane gas and diesel oil for heating and for generators; contrarily, consumptions of electricity show an increase, mainly due to the realisation of new plants or the enhancement of existing plants (for example those at the MARR Puglia distribution centre and the facility in Santarcangelo di Romagna).

Electricity consumption	UM	2019	2018	2017
Total electricity consumption	KWh	60,258,207.00	59,290,566.00	58,400,195.00
of which:				
from renewable sources	KWh	368,898.00	373,869.00	389,014.00
from non-renewable sources	KWh	59,889,309.00	58,916,697.00	58,011,181.00

We point out that the energy consumption from renewable sources indicated in the table regards only the photovoltaic systems of the MARR distribution centres in Sicily and Bologna, since the figure representing the quantity of energy provided by the supplier which is from non-renewable sources is unknown.

Considering all the above energy consumption data, it is worth noting the relative unit indices deemed most significant, which are indicated below.

- Electricity consumption: the total consumption of electricity acquired from the mains supply is given as a ratio to the tons of fresh and frozen product handled[1] (and therefore conserved) by MARR and its subsidiaries inasmuch as mainly used for the cooling and freezing systems.

	UM	2019	2018	2017
Electricity consumption (from the mains supply)	GJ	215,601.51	212,100.11	208,840.25
Tons of fresh and frozen product handled	t	287,915.26	281,677.62	246,728.69
Unit index of energy consumption	GJ/t	0.75	0.75	0.85

Despite the consumption of electricity increasing in 2019 in terms of absolute value compared to previous years, the unit consumption index shown in the table appears to be unchanged compared to last year.

- Consumption of diesel oil for heating offices and for processing: total consumption of diesel oil is shown in relation to the tons of fresh and frozen product handled [1-2] (and therefore conserved) at the branches which use said energy resources (MARR Turin, MARR Venice, MARR Dolomites and Carnemilia) considering that a prevalent part of the diesel oil used is linked to the production of the hot water necessary for meat processing .

	UM	2019	2018	2017
Diesel oil consumption	GJ	4,279.03	4,453.77	4,296.28
Tons of fresh and frozen product handled	t	30,552.80	29,922.76	29,958.79
Unit index of diesel oil consumption	GJ/t	0.14	0.15	0.14

Use of water resources [3]

Water withdrawal per source	UM	2019	2018	2017
Total volume, of which:	m3	212,092.00	226,334.00	209,163.80
- from aqueducts (for civil and industrial use)	m3	156,185.00	146,727.00	132,285.96
- from wells (industrial use)	m3	55,907.00	79,607.00	76,877.84

The reduction recorded in 2019 as regards water drawn from wells should be noted, and is due to the optimisation works carried out by the owners of the purification plant for the well at the Marzano distribution centre.

[1] To identify the kg of product handled, reference is made to the kg of product that leaves the Group's storage structures (sold and transferred from the platforms to the branches and by these to the customers, except in the case of goods delivered to our customers directly by the suppliers).
[2] The use of diesel oil is limited to the branches of Turin, Venice, the Dolomites and the Carnemilia platform, where it is used for both heating the offices and product processing (mainly for the production of hot water required for the meat processing activities).
[3] As regards 2017, the volume of water discharged was estimated as being equal to the volume of water withdrawn, as there are no devices that measure water discharged; however, a part of the water is discharged by "evaporation" from the refrigeration systems fitted with evaporation towers, therefore it is deemed that the values indicated for the water discharged are, in fact, higher than the amount actually discharged. For 2018, a measurement system was installed in 2017 on the evaporation tower of the MARR Milan branch, and thus the difference highlighted in 2018 and 2019 between the volumes of water withdrawn and the volumes of water discharged is given by the portion of water discharged by "evaporation" at this branch. In consideration of the above, the Company and the Group are taking steps to be able to monitor said dispersion in the forthcoming years.

Water discharged	UM	2019	2018	2017
Total volume, of which:	m3	209,538.00	222,886.00	209,163.80
- discharged into sewer systems	m3	168,847.00	162,749.00	151,512.60
- discharged into surface waters	m3	40,691.00	60,137.00	57,651.20

Considering the use of the water resources, which are used both for processing and handling and for the maintenance and management of the premises being in line with the necessary standards of hygiene, we maintain that the ratio of water consumption to the total tons of product handled per year is reasonable.

	UM	2019	2018	2017
Total volume of water withdrawal	m3	212,092.00	226,334.00	209,163.80
Tons of product handled	t	498,842.10	492,853.84	448,499.97
Index of the use of water resources	m3/t	0.43	0.46	0.47

The figures show a reduction in the consumption of water, despite the opposite trend for the subsidiary New Catering, mainly as a result of the increased number of warehouses in the Rimini area.

Emissions of GHG and of polluting substances into the atmosphere

- Direct Emissions coming from sources owned and controlled by the Company: [4]

Direct emissions – Scope 1	UM	2019	2018	2017
Total emissions	t CO2e	872.93	968.42	878.92
of which:				
Methane gas	t CO2e	540.69	621.62	546.33
Diesel oil for heating	t CO2e	314.84	327.70	316.11
Petrol	t CO2e	-	0.07	0.07
Diesel oil for generators and sundry services	t CO2e	17.40	19.03	16.41

- Indirect emissions not materially produced by the Company and not directly under its control[4]:

Emissions – Scope 2	UM	2019	2018	2017
Total emissions	t CO2e	21,500.26	21,151.09	20,826.01
Electricity from the mains supply	t CO2e	21,500.26	21,151.09	20,826.01

- Indirect emissions consequent to the Group's activity, from sources that are not controlled sources or owned by the Company[5]

Emissions – Scope 3	UM	2019	2018	2017
Total emissions	t CO2e	22,365.39	23,401.44	21,779.07
Road transport by logistics suppliers	t CO2e	22,365.39	23,401.44	21,779.07

The indirect emissions of Scope 3 taken into consideration are the emissions generated by the carriers, the service companies of which MARR takes avail for the distribution of its products and do not include the AS.CA and New Catering data. We specify that the impact indicated above is relative to the km covered by the carriers both for the transport from the centralized storage structures to the large customers and the MARR distribution centres and from the latter to their own customers.[6]

[4] The source of the coefficients used for the conversion into tCO2e is the ISPRA 2018 figure (for 2019), ISPRA 2017 (for 2018) and the ISPRA 2016 figure (for 2017).
[5] The emissions were estimated taking as benchmark a standard journey with average mileage and average weight transported for the year in question, multiplied by the total number of journeys made, assuming that all of the vehicles are powered by diesel fuel. The source of the coefficients used for conversion into tCO2e is the GHG Protocol (2015).
[6] Stretches by sea for the branches on the islands, the kilometres covered by the carriers of our agents with warehouses and transfers between branches have not been taken into account.

Ozone damaging substances:[7]

Ozone damaging substances	UM	2019	2018	2017
HFC - HFC/HFO	Kg.	6,401.40	4,956.50	7,673.40

The emissions of ozone damaging substances derive from anomalies in the functioning of plant and the relative repairs to maintain the cold chain for the conservation of the foodstuffs.

Despite the reduction in quantity of ozone damaging substances in the refrigeration plants of the Group, also thanks to the continuation of the policy of multi-annual investment for the conversion of refrigeration gas consistently with that required by EU environmental law, the increase in emissions in 2019 was due to technical faults linked to the everyday use of the plants, generating leakages of refrigeration gas at the MARR distribution centres in Turin, Milan and Bologna. These faults were speedily identified and resolved.

For a best understanding please see the following index [8] which reflects the above trends:

Intensity of the greenhouse gas emissions	UM	2019	2018	2017
Emissions of ozone damaging substances (HFC-HFC/CFO)	t CO2e	23,726.27	18,351.68	30,101.12
Tons of fresh and frozen product handled	t	233,305.15	227,370.26	201,412.25
Unit index of greenhouse gas emissions	t CO2e/t	0.10	0.08	0.15

- Waste produced (hazardous - non-hazardous) destined for recovery and for disposal

Wastes produced (Kg)	2019	2018	2017
Total wastes produced	3,267,830.00	3,298,981.10	2,307,050.00
- of which, hazardous	62,500.00	78,128.60	24,934.00
- of which, non-hazardous	3,205,330.00	3,220,852.50	2,282,116.00

Wastes destined for recovery (Kg)	2019	2018	2017
Total wastes produced	2,493,669.00	2,480,273.60	2,013,931.00
- of which, hazardous	59,249.00	75,488.60	21,703.00
- of which, non-hazardous	2,434,420.00	2,404,785.00	1,992,228.00

Wastes destined for disposal (Kg)	2019	2018	2017
Total wastes produced	774,161.00	818,707.50	293,119.00
- of which, hazardous	3,251.00	2,640.00	3,231.00
- of which, non-hazardous	770,910.00	816,067.50	289,888.00

As already described in the previous year, it is maintained that the increase trend of waste produced is directly linked to the increased turnover and the quantities of product handled by the Group, as shown in the following index comparison:

	UM	2019	2018	2017
Total wastes produced	t	3,267.83	3,298.98	2,307.05
Tons of product handled	t	498,842.10	492,853.84	448,499.97
Waste per ton of product handled	t/t	0.007	0.007	0.005

[7] Annual data communicated within the month of May by ISPRA (National Institute for Environmental Protection and Research).
[8] As an indicator for calculating the carbon intensity, we have deemed it reasonable to consider the tons of fresh and frozen product handled[2] (and therefore conserved) by the MARR branches and by the subsidiary New Catering, excluding the systems of the subsidiary AS.CA and of the three MARR branches inasmuch as they use ammoniac systems that do not produce CO2e.

The unit index of waste per tonne of product handled is constant compared to last year, when new contracts were finalised and implemented for the disposal of packaging.

Materials used by weight and volumes	UM	2019	2018	2017
Total packaging, of which:	t	2,575.63	2,405.54	2,281.91
Paper and cardboard	t	1,995.92	1,855.00	1,812.21
Plastic and polystyrene	t	518.95	497.38	469.70
Labels	t	60.77	53.16	n.a.

The packaging used mainly comprises wrappings and is recyclable.

For the calculation of Labels[9] tons (value not available for 2017) please note that we considered a conventional weight as 1 gram for each label.

Furthermore, the increase, as mentioned above in reference to waste, is strictly linked to the increased turnover and quantities of product handled by the Group in the three years. For greater details, see the unit[10] consumption index given below:

	UM	2019	2018	2017
Total packaging consumed	t	2,575.63	2,405.54	2,281.91
Tons of product handled	t	498,842.10	492,853.84	448,500.00
Packaging per ton of product handled	t/t	0.005	0.005	0.005

We lastly represent below the information relative to the chemical[11] substances used by the Company for the functioning and management of the refrigeration systems. We point out that the data of the subsidiaries are not available; however, it is maintained that their impact on the total is not significant.

Chemical substances	UM	2019	2018	2017
Ammonia for refrigeration	Kg	-	300	740
"Antifreeze" chemical products for the refrigeration circuits	Kg	66	660	942
Chemical products for water treatment	Kg	25,285	21,661	22,428

It should be noted that the data for ammonia in 2019 is zero, confirming the proper functioning of the plants which do not need to be refilled.

The Group has no operating sites within or near protected areas or areas of high value for biodiversity.

During the year there were no reports of cases of non-compliance with environmental standards that triggered off proceedings for harm caused to the environment.

A short key of the units of measurement used in this chapter is given below.

Unit of Measurement	Symbol
Cubic metre	m3
Litre	l
Kilowatt per hour	KWh
Gigajoule	Gj
Carbon dioxide equivalent	CO2e
Kilogram	Kg
Ton	t

[9] It should be noted that the figures only included MARR S.pa. as AS.CA. and New Catering data were not available.
[10] The unit consumption index is calculated also including the tons of labels, which was not available for 2017; in this regard, given the non-significance of this type of product compared to other packaging, the impact on the unit consumption index is not significant.
[11] Please note that for the years 2018 and 2019 the figures also included AS.CA and New Catering, not available for the year 2017.

Food health and safety

Risks and opportunities

The many food emergencies and the growing attention to people's health and well-being have placed in the limelight the safety and quality of the products sold by MARR, as fundamental aspects. MARR's activity is not limited to the distribution of foodstuffs, nor can it be considered solely in terms of economy, profit and earnings, inasmuch as the Company is also inspired by ethics and duty in the practice of its business and therefore adopts precise policies for safety and quality. Food safety must not be understood only as respect for a pre-requisite of the product which testifies to its suitability for consumption, but it must be considered from a wider and more modern viewpoint which involves many additional factors such as origin, traceability, the exclusion of organisms and substances considered suspect, and correct information given to the consumer on the label and by other communication means.

The risk factors with a potential effect on the community and the consumer mainly regard the hygiene and safety of the products. These vary according to the category of merchandise considered, but they are substantially represented by contaminants that can accidentally end up in the foodstuffs subsequent to the production processes or subsequent to environmental contamination. Contaminants can be divided into two types: those from natural sources and those resulting from the action of man.

The occurrence of any one of the above-indicted risks can harm the Company's reputation and lead to a loss of confidence on the part of consumers, with a negative impact on MARR's economic results.

Policies implemented by MARR

To guarantee food safety in the production and distribution processes, MARR has introduced the analysis of the dangers and risks linked to the various categories of merchandise, as well as the production processes that are carried out at its own operating units. The danger analyses and risk assessments are carried out on the basis of the experience of the organisation's HACCP Team, a multi-disciplinary group with specific knowledge and skills vested with the authority necessary to intervene in the Company's processes. The risk assessment is carried out according to the HACCP (Hazard Analysis and Critical Control Points) criteria, with specific procedures defined to control critical points.

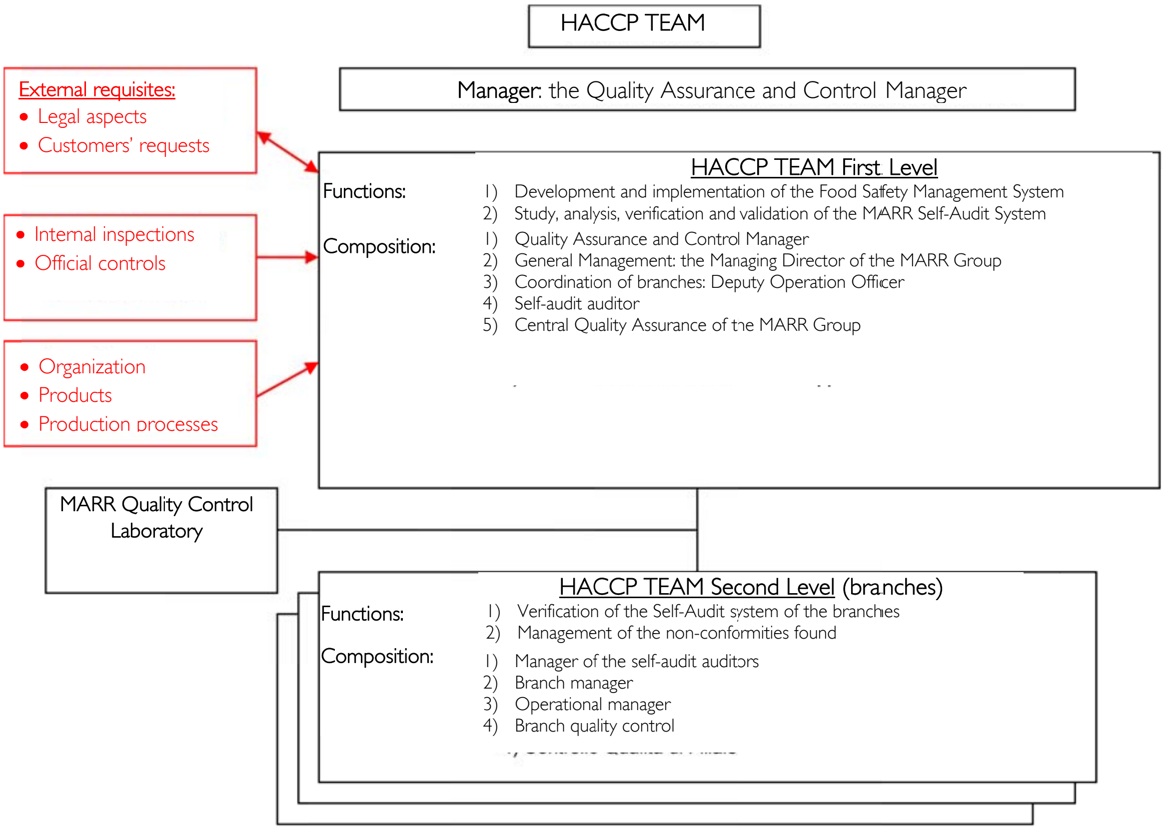
The analysis of the risk factors is carried out according to the information obtained on the products distributed and processed, especially taking into consideration the features of the products, their origin and the national and Community reference standards. The Company also analyses past data on the control and verification activity carried out by MARR's Quality Assurance and Control Management, as well as information circulated by the category associations and by the EFSA (European Food Safety Authority).

The Self-Audit System is structured according to the HACCP method, in accordance with the Codex Alimentarius and the imperative laws and regulations. The HACCP system, with UNI 10854 and ISO 22000 certification, is carried out as an integral and complementary part of the Quality System, with ISO 9001 certification, and it has been drawn up and validated by the Group's own multi-disciplinary team (the first level HACCP Team), with specific knowledge and skills of the processes and the hazards associated with the activity. The implementation and verification of the trend of the HACCP plan at every single MARR structure involves the branches' managements and the Self-Audit and Quality System auditors (the second level HACCP Team), who are members of the Central Quality Assurance and Control staff and who all have degrees in Alimentary Sciences and Technologies and/or Biological Sciences. To control the risks linked to food quality and safety, process management procedures have been developed and control programmes have been started up which include both analytical tests on samples of the products distributed and inspections of the Group's premises and platforms. The analyses carried out on products are performed by the main accredited external laboratories of reference and by the MARR Quality Control Laboratory, whereas the inspections are carried out by qualified internal auditors or external personnel of companies specialised in controlling operators of the food sector. MARR has also set up a Food Safety Committee, an internal team appointed to manage crises, which intervenes in the case of an accidental event or any situation which could imply non-observance of product safety or serious non-compliance with the provisions of law and/or the internal provisions on quality. The main duties performed by the Committee are the following:

- to immediately put into practice the procedures for the withdrawal and/or recall of a product when necessary;
- to inform the competent health authorities;

- to inform consumers of the reason for the withdrawal, when contemplated and necessary;
- to transmit to the competent authorities all information useful for tracing the product;
- to collaborate with the authorities and with other operators of the food supply chain to prevent, mitigate and/or eliminate the risks.

The Company's Management System for guaranteeing product traceability, certified according to the requisites of the ISO 22005 standard, contributes to reinforcing and guaranteeing food safety throughout the entire supply chain.



Within the sphere of the Food Safety Management System, the management promotes:

- process control, from the procurement, logistics and service provision processes to the sale processes, monitoring specific indicators (non-compliance, returned goods, complaints and destruction of goods) and intervening in the case of discrepancies in pursuit of continuous improvement;
- the layout of the structures and periodic action to maintain the structural features necessary to ensure respect for the safety requisites;
- the procurement, through the product divisions, of genuine, good quality products that can guarantee high safety standards;
- continuous training at all levels, promoting the initiatives aimed and increasing a pro-food safety mentality;
- the application of self-audit procedures at the Group's operating units, in respect of the applicable requisites.

The main system and product certifications obtained by MARR are reported below.

With regard to the social impact of the articles sold, the information on the features of the products is given to the operators by means of the labelling, the packaging, the technical information sheets and the communications drawn up by the Marketing department. The labelling of the products sold under suppliers' trademarks is subjected to sample controls, during the goods reception phase, according to a specific Quality System procedure.[12] For products imported from third countries and MARR trademark products[13] the information on the labels and any claims (regarding health and nutrition) must be approved by the Quality Control department. The technical information sheets, which contain the main information on the products, are checked before publication and can be consulted at the "MARR Multimedia Catalogue" at the organisation's website. The advertising and promotional communications prepared by the Marketing Management, which contain information on the features of the products, must be checked and approved by Quality Control before being published.

The "Quality, Safety and Environment Policy", among other things, defines specific objectives of the period regarding:

- the maintenance of the certifications obtained by the Organisation, the extension to new sites and the attainment of possible new schemes of interest;

---

[12] The Quality System procedure is drawn up according to the provisions of EU Reg. 1169/2011 and they comply with the Community provisions that discipline the indication of the origin and the traceability of specific categories of goods (such as, for example, bovine meats, pork meats, fish products, dairy products, etc.).

[13] For which the Company is responsible under the aforementioned EU Reg. 1169/2011.

- the application of Self-Regulation according to the HACCP system at the operating sites and platforms, on the basis of specific performance indicators, for the purpose of assessing the conformity of the structures and equipment, the management of the goods and the behaviour of the personnel;
- the analysis, management and containment of returns from customers, as an important activity to protect the quality perceived;
- the management of the products, the rotations and the stocks in order to decrease waste and the destruction of stocks, avoiding the waste of food products and of Company resources;
- the functioning and effectiveness of the Company's traceability system[14], to guarantee the traceability of the products at every step of the process;
- the level of skill and training of the personnel, promoting training courses to guarantee the correct application of the Quality, Safety and Environment Management System procedures and to increase each person's awareness of his/her role to guarantee effective answers to customers and the institutions.

Non-financial performance[15]

Controls and analyses	2019	2018	2017
Total analyses	7,894	7,873	7,126
of which:			
Internal laboratory analyses	1,693	1,528	1,468
External analyses	6,201	6,345	5,658

Self-Regulation Inspections	2019	2018	2017
Total self-regulation inspections	113	112	111

Comparing the data for the three-year period shows for 2019 a number of verifications basically in line with the previous reporting period, with a net prevalence of those carried out under outsourcing agreements by external laboratories compared to those carried out at the MARR laboratory.

Health and Safety at Work

Risks and opportunities

The workers' safety

The Company considers the mental and physical health of its employees a primary objective and therefore it undertakes to guarantee work environments that respect the applicable standards in force and which are as healthy and safe as possible, simultaneously fostering a responsible approach to safety on the part of its collaborators.

The potential risks to which the Company's and Group's workers are exposed in the performance of their activities are the following: i) video-terminal risks; ii) work-connected stress; iii) noise, vibrations, chemicals, explosive atmospheres and micro-climates; iv) manual handling of loads and repetitive movements.

These potential risks are identified by periodic inspections of the Prevention and Protection Service Manager of every unit, and they are formalised in the Risk Assessment Document of each operating unit, in accordance with Legislative Decree 81/08 as subsequently amended. Each of the specific above-mentioned risks is assessed by specialised technicians who collaborate with Servizi Industriali S.r.l. of the Confindustria chapter of the Romagna Region which MARR has mandated to provide advisory services in the field of safety at work.

[14] In accordance with EC Reg. 178/2002.

[15] The data of total analyses refers to the number of matrices selected and including several analyses.

MARR considers such risks to be recurrent; the existence of one of the above-identified risk factors can involve complications of a legal nature and in relations with the appointed supervisory authorities, with impact not only of an economic nature but also on its reputation.

Policies implemented by MARR

The workers' safety

In addition to specific, targeted assessments of the risks referred to in the preceding paragraph, the Company, for all the operating units and the companies of the Group, also provides for the drafting of a "Workers' Health and Safety Risk Assessment Document" ("DVR") and for its updating on the part of the Prevention and Protection Service Manager.

To guarantee constant monitoring and immediate action in all the Company's structures, the authority to take action has been vested on the managers of the MARR branches and the managers of certain specific areas, aimed at fostering involvement and the assumption of responsibility for matters of safety.

Obligatory medical check-ups are carried out periodically to verify that workers appointed to perform duties involving particular risks (e.g. elevator truck drivers and heavy lorry drivers) are not addicted to alcohol or drugs, and alcohol tests are carried out on workers who perform transport activities with company cars and light lorries; these are in addition to the periodic checks on all workers, carried out according to the protocols indicated by the Company's physician.

Considerable investments are also constantly made in the training of personnel with specific duties, in matters of: i) the safety of elevator truck drivers; ii) fire prevention/fighting; iii) first aid; iv) training in the use of raised vertical platforms; v) suitability and registration of the maintenance staff and operators of refrigeration and cooling systems. The above are in addition to the general training for all workers and managers (pursuant to Art. 37, paragraph 2, of Legislative Decree 81/08) carried out according to the criteria of the State-Regions Agreement of 21 December 2011.

With reference to the services outsourced to third companies, with which potential interference with the Group's activities may be generated (e.g. logistics and handling services, and processes carried out within the units), specific agreements are drawn up (and updated) to define the parties' duties, obligations and responsibilities relative to the outsourced activities, as well as the "Interference Risk Assessment Document" ("DUVRI"). However, in the case of the performance of "on-call" services or, in any case, access on the part of third parties to branch/unit premises, specific ad-hoc procedures are drawn up.

Legal non-compliances regarding workers' health and safety

With regard to non-compliance with the law within the Company, MARR carries out a series of specific checks on the safety of the workplaces, analysing the following areas:

- work contracts for goods handling in the storage facilities of the MARR units, with the drafting and verification of a DUVRI;
- routine and non-routine maintenance of the buildings owned or rented;
- procedures relative to damages caused at branches by service companies;
- the updating of standards;
- relations with the Prevention and Protection Service Manager and with the Company's physician.

The appointment of the Prevention and Protection Service Manager is entrusted to an external consultant, who also has the task of pointing out possible improvements in the management of health and safety at work. The following departments liaise with the Prevention and Protection Service Manager: Human Resources (training, relations with the Company's physician, disputes accidents at work), Legal Affairs (assistance regarding laws and documents) and the Technical Services (structural aspects). The position of Company Physician is entrusted to doctors coordinated by the San Gaudenzo hospital.

Management of the 2020 "Covid-19" health emergency

Since the initial instructions given by the Government and health authorities, MARR has respected them, defining a procedure relating to the health and safety dispositions for preventing COVID 19, which has been continuously updated on the basis of the instructions that have followed since then. Through the distribution of this procedure, all of the workers have been given the information necessary (with regard to the methods of transmission, prevention measures, the use of Individual Protection Devices, the conduct to be implemented in the event of symptoms arising or if has come into close contact with a person who is suspected of being or has been infected) and the measures taken by the Company, including:

- ban on mass gatherings and obligation to keep at a minimum distance of more than one metre (more than 1.5 metres in the province of Rimini);
- incentives to use leave and permits;
- organising working activities in such a manner as to further favour rarefaction, creating working groups/shifts and providing for the possibility of alternate presence, thereby avoiding passage from one group/shift to another;
- limiting the movements of workers within the company facilities to the bare minimum;
- ban on access to outsider;
- meetings held by conference call;
- annulment of business travel and in-hall training, even if already organised;
- specific IPD for workers working in spaces open to the public (*cash & carry*);
- ban on drivers of transport vehicles entering the facilities of the MARR Group and in any event keeping at a distance of more than one metre and ban on using sanitary services for the employees of the MARR Group (if possible, a dedicated sanitary facility should be allocated);
- use in all departments of a disinfectant such as VF6 or in any event chlorine-based approved by Quality Control, ensuring cleaning and sanitisation after each shift;
- daily cleaning of all surfaces in other rooms/environments/offices, or in the event of shifts at the end of each shift, using chlorine or alcohol-based disinfectants; cleaning must also include door handles, handrails, points of contact and workstations, including keyboards, mouse, etc.;
- adoption of extraordinary sanitisation procedures according to that established by the Ministry of Health if a positive case of COVID-19 is found in a worker who has accessed any workplaces in the previous 15 days.

The service companies working under contract in our Units and our transporters have also been asked to respect this procedure.

Non-financial performance

Accidents	2019			2018			2017		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total accidents	2	7	9	3	6	9	5	8	13
of which:									
accidents while travelling	1	2	3	0	2	2	4	2	6
serious accidents	0	0	0	0	0	0	0	0	0

It must be noted, with regard to the 2017 data (shown in compliance with that indicated in the Consolidated non-financial declaration as at 31 December 2017), that in 2018, INAIL recognised, on request by INPS, and injury that was initially considered to be illness in 2017, and the total number of injuries in 2017 is therefore 14.

The following indices are shown:[16]

Accident indices	2019			2018			2017		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Frequency index	2.336	4.600	3.960	7.191	3.671	4.646	2.520	5.358	4.616
Severity index	0.019	0.066	0.053	0.350	0.528	0.478	0.015	0.110	0.085

After the increase in the Severity Index in 2018 due to absences relating to injuries in 2017 continuing into that year, the index reduced in 2019, also compared to 2017.

No fatal accidents occurred in the three-year period.

In addition to full respect for the provisions established by the National Collective Labour Agreement of reference relative to health and safety, information on the Company's attention to safety at work is also communicated to the local Trade Unions with which the Company liaises as well as the complementary agreement in force for

[16] Said indices are calculated as follows:
Severity index = (number of accident days x 1,000) / (number of hours worked in the year)
Frequency index = (number of accidents x 1,000,000) / (number of hours worked in the year)
For the calculation of the indices, accidents while travelling are not considered; however, the total number of accident days of periods off work due to accident that start in one year and end in another are entirely included in the year in which the actual accident occurred.
Lastly, the calculation of the severity index takes into account calendar days, not working days.

employees of the Cesenatico branch under which the Parties, among other things, agree on the need to continue to guarantee the present level of safety and to maintain high attention on this subject. The periodical meeting on safety is held on an annual basis, and, in addition to the Company, is also attended by the Company physician, the Prevention and Protection Service Manager and the workers' safety representatives.

Hours of training on Health and Safety at Work, at 31 December	2019			2018			2017		
Breakdown by gender and category	Women	Men	**Total**	Women	Men	**Total**	Women	Men	**Total**
Managers	0	0	0	0	0	0	16	0	16
Middle managers	10	86	96	23	82	105	16	86	102
White collars	318	1068	1386	955	1660	2615	446	1213	1659
Blue collars	38	809	847	89	1543	1632	24	966	990
Total	366	1963	2329	1067	3285	4352	502	2265	2767

The hours of training on health and safety in the workplace in 2019 were less than those in 2018, as there had been a consistent programme for repeat training in 2018, concerning both the general training of workers and fire-prevention training.

Human resources

Risks and opportunities

MARR is strongly convinced of the importance of human resources for the Company's development: collaborators adequately trained, strongly motivated and involved in the Company's "spirit" are a necessary condition for reaching the Company's objectives and, at the same time, to increase the value of the Organisation and of the People who belong to the same represents one of the Company's main aims.

The management of human resources focuses on professional growth, guided only by the criterion of merit, aimed at developing both the professional attitude and ambition of each collaborator. In fact, the Company promotes wise management of its personnel aimed at preventing any discrimination whatsoever on the basis of the gender, race, religion, civil status, sexual orientation, age, disability or political convictions of its collaborators. Decisions on the assignment of duties, roles or promotion are taken solely on the basis of the professional profile and the effective skills of each single employee and his/her capacity to contribute to attaining the Company's objectives

Therefore, the Company, adhering to criteria of equity and impartiality, wishes to guarantee adequate professional training for its employees, and for this reason MARR has established its own Academy (the "MARR Academy") which is a virtual and physical environment for learning, for training and for attaining both technical and transversal skills, with distance training alternated with formal "classroom" training, involving the sharing of knowledge, skills and values, to increase the worth and worthiness of the Organisation.

Lastly, the Company also plans to launch initiatives in order to enter into contact with a high number of potential candidates and to favour the search for candidates now and in the future (thanks to a more widespread knowledge of the Company), facilitating recruitment activities and reducing the time required, as soon as coherent needs arise, by participation in events which allow for candidates and the Company to meet (e.g. Career Days held in February 2018 and again in February 2020).

All the above-mentioned activities will also reduce the potential risk of personnel redundancies and favour the Group's capacity to attract suitable candidates to cover the various roles, as well as having adequately trained and motivated personnel.

Policies implemented by MARR

Within its Code of Ethics, MARR confirms its awareness of the fundamental importance of its human resources and, in addition to guaranteeing compliance with the laws in force on labour, it also pursues a policy for the development and appreciation of its employees based on the following rules:

Recruitment and selection

In the "*Lavora con noi*" section of the www.marr.it website, MARR reaches out to skilled, dynamic, motivated individuals oriented towards teamwork, who want to contribute with commitment and passion to the future of the Company, and receives numerous candidatures daily in response.
Participation in events such as Career Day (an annual event held at the University of Bologna and created with the aim of enabling undergraduates and new graduates to meet with companies) enables MARR to come into contact with a high number of young candidates for employment opportunities and to carry out employer branding activities.
The Group also organises internships with the universities, involving undergraduates and new graduates, also thanks to an active collaboration with the University of Bologna in particular, which notifies possible candidates for any internships within the Company. These internships are an opportunity for professional training which provides the students and new graduates with an initial point of contact with working world and gives MARR the chance to increase its know-how with youngsters with a view to subsequently offering them employment opportunities.
MARR ensures that everyone has the same opportunities from the selection phase, which is based solely on the profiles of the candidates in terms of skills, experience, expectations, aspirations, potential, personal characteristics consistent with the principles of rectitude, loyalty and correctness, in relation to the company's requirements in terms of vacant positions and the profiles required to fill such positions, with the utmost transparency and in respect of the principle of equal opportunity, avoiding any form of favouritism and any form of discrimination.
From the recruitment and selection process onwards, and also throughout the working relations with its collaborators, MARR implements a management system based on equal opportunities and does not make choices based on gender, ethnicity, language, religion, political opinion or personal and social conditions, as it is convinced that differences represent a source of richness, as they facilitate the creation of new ideas an innovation.
MARR believes these presuppositions are vital also to guarantee gender equality, and the Board of Directors of MARR S.p.A. is composed of 9 members, 3 of them female and 6 of them male; also, in 2015, the Marisa Bellisario Foundation conferred upon MARR S.p.A. the "Mela Rosa" award for valorising female talent in the top management team.
The Code of Ethics and Procedure for the management of insider and confidential information are distributed to all newly hired staff, who undertake to respect the principles and codes of conduct provided therein.

Training

Training, which for MARR means a continuous and constant pathway, is one of our fundamental values.
Always abiding by criteria if equality and impartiality, MARR guarantees adequate professional training for its collaborators which takes into account both their professional attitude and human characteristics, consistently with the strategy and on the basis of the company's objectives.
This is one of the reasons why MARR has formed its own Academy (the "MARR Academy") as a virtual and physical "environment" for learning, training and developing technical skills, and also transversal skills through distance training alternating with traditional "classroom" training, in which knowledge, skills, experiences and values are shared in order to favour the growth of individuals and of the Organization.
Furthermore, because MARR considers the protection of the mental and physical health of its employees as a primary objective, it is not only committed towards guaranteeing working environments in respect of the laws in force and healthy and safe, but also promoted a responsible approach to safety by its collaborators.
To make this possible, MARR makes continuous and significant investments in training, not only with regard to general training for all of its workers and managers (according to Legislative Decree 81/08) but also with regard to safety, such as, for example, safety courses for employees who use elevator lifts, courses for fire-prevention personnel and for first aid personnel, training for those who work on vertical aerial platforms, and courses for operators involved in the maintenance and management of the refrigeration and cooling plants.

Professional growth

MARR is deeply convinced of the importance of the professional growth of its human resources as a vital presupposition for company growth ("Grow to generate growth" – MARR spa).

Through the "Let's take care of our future" programme, aimed at enhancing motivation and a sense of belonging, identifying, through increasing personal knowledge and skills and evaluations, the resources with a consistent potential and background (educational and professional) required to assume increasing responsibilities, also through the support of specific development programmes, MARR has implemented opportunities for the valorisation and growth of its Human Resources.

Although being aware that hiring new human resources with previous professional experience in other companies is necessary in order to further enrich the organization and contribute ideas and innovation, MARR believes that it is very important to offer to the resources already working in the Company the possibility of expressing their own potential and orienting their professional development towards increasing personal satisfaction and motivation on one hand and the contribution that they make to the Company on the other.

Performance evaluation

MARR evaluates the performance of its human resources by assigning them objectives and verifying the results achieved ("management by objectives"), involving in this process the resources with managerial responsibilities and those who, although not having managerial responsibilities, fill roles and positions deemed to be in direct and specific support for the achievement of the main company objectives.
This form of management starts with the assignment of objectives (mainly on an annual basis, clear, well defined, absolutely quantitative in nature and therefore easily measurable and verifiable, challenging but achievable, and shared during the initial part of the reference period) and ends with a summarising of the results achieved, with periodical verification and comparison.
In addition to a system of incentivisation, performance evaluation is also linked to an objective of professional growth through the improvement of personal performance levels through an initial moment of clarification of the expectations and the objectives and one or more subsequent moments of feedback on that achieved, in order to identify any corrective action that may be necessary and therefore the possibility of improving performance levels.

Remuneration system

The main basis of Personnel management in terms of professional development and growth are impartiality, the absence of any sort of discrimination and merit, which thus become a guarantee of the fact that management responds to the requirements of equity.

MARR guarantees that neither gender nor political opinion, religious faith, race or language have any relevant whatever in determining the remuneration of its collaborators, being deeply convinced of the right to equal remuneration for equal duties and results.

To this end, the remuneration policy is based on the responsibilities attributed, professional skills and capabilities and performance evaluation, so as to recognise the responsibilities, the results achieved and development potential.

In addition to an annual evaluation of interventions increasing the fixed component of remuneration in order to advance careers with the undertaking of increasingly responsible roles, MARR has also adopted a system of variable incentives linked to MBO (Management By Objectives) for the resources with managerial responsibilities or who fill roles directly and specifically supporting the achievement of the main company objectives. Much attention is given to this system, with the assigning of annual objectives, both individual and corporate, prevalently of a quantitative nature, periodical verifications and final reporting, with payment of the incentive in the measure exactly corresponding to the extent to which the objectives have been achieved.

Internal communication

The involvement of people as regards the company objectives and all that concerning the Company is pursued through internal communication as well, with the objective of stimulating participation, developing an increasing sense of belonging and improving motivation and sharing.

In addition to "internal communications" on specific topics that are sent to all the department and branch managers (and are also displayed on the noticeboards for company communications in all MARR Facilities, depending on the topic in question), and are then share by them with their own collaborators, MARR periodically prepares and distributes a *house organ* (InforMARR), which is available to all workers as an opportunity to share the company objectives, initiatives, activities, projects and results.

Periodical meetings are also held, such as the following for example:

- trade convention (with the involvement of all of the members of the trade branch and the managers of the main departments),
- operating and trade meeting (with the involvement of the Branch managers, sales management and the managers of the main departments),
- meetings known as "Fucina delle Stelle" (involving the Branch managers),
- specific thematic meetings involving the resources involved from time to time on the basis of the main theme of the meeting.

Trade Union relations

MARR guarantees that all of its workers have the right to elect their own representatives in the methods provided by the laws in force and the National Collective Labour Agreement (CCNL), ensuring that these representatives are not subject to any form of discrimination and can freely communicate with the workers in the workplace.
MARR has meetings with the Trade Unions several times every year, and a specific meeting is scheduled at after the first four months of each year to share relevant information concerning any eventual reorganizations, externalisation, restructuring, etc.
MARR is also involved with the Trade Unions in the province of Rimini in the event of outsourcing departments or services, informing the workers involved and their representatives with 30 days' notice.
The Trade Unions are also given the possibility of displaying their communications in the spaces allocated for the purpose.
For its activities with Trade Unions, MARR also makes available meeting rooms and gives permission for the workers and their representatives to attend, who are free to carry out their duties according to the methods provided in the CCNL.

The policies adopted which tend to respect and give value to human resources also include the following.

Measures to assure respect for human rights: since 2009 the Company has had an e-mail box for reporting any behaviour contrary to the Code of Ethics adopted by MARR. Only the Supervisory Board can consult said e-mail box.

National Collective Labour Agreement: MARR applies the National Collective Labour Agreement for the Third Sector, the Distribution and Services field (Commerce). In some units (Capena and Cesenatico), for "historic" reasons, a local collective agreement is also applied. Under the National Collective Labour Agreement, the companies and the trade unions meet, normally within the first four months of each year, for the communication of information on relevant processes of reorganization, outsourcing, restructuring, etc. With the trade unions of the province of Rimini, where the Company has its registered office, an agreement has been in force since 2017 according to which, in the case of operational changes that involve the outsourcing of activities, MARR must inform the workers with 30 day's advance notice.

Trainees and apprentices: MARR remunerates trainees and apprentices according to the limits established by the collective labour agreements. To a limited extent the Group organizes traineeships in collaboration with the universities, involving undergraduates and new graduates, and it also collaborates with Bologna University which indicates possible candidates for traineeships available in the Company.

A training project was also started during participation in the Beer Attraction event held in Rimini in February 2019, and also during participation in the Beer & Food Attraction 2020 event, with the involvement of about twenty students of the "Sigismondo Malatesta" Institute for Food and Wine Services and Hotel Hospitality and Catering in Rimini, which saw them operate in the catering sector of the MARR stand, with the possibility of serving tables and interacting with a major professional operator.

Welfare: the Company has put into practice the measures contemplated by the collective labour agreement regarding welfare within the Company. In addition, in the case of requests for changing the work timetable submitted by employees in the "post maternity" period, the Company carefully seeks organisational solutions to grant such requests as far as possible.

It must be noted that in the period 2016-2019, the Group received requests for part-time work on the part of twenty-one female employees (three in 2016, six and 2017 , four in 2018 and eight in 2019), in some cases for family reasons and in others linked to the "post maternity" period. With a view to favouring equal opportunities, the Company has managed to create the organizational conditions required to give a positive response to nineteen of these requests.

The Company has not defined objectives or targets to be reached with reference to the human resources aspects.

Non-financial performance

The following tables gives numeric information on the composition of the Group's human resources.

The figures highlighted show a slight decrease in units in 2019 compared to 2018, as a result mainly of the closure of the Valdagno unit and the completion of the outsourcing of the operating activities in the MARR Venice Branch. This reduction is partly compensated by the hiring of new staff to enhance some of the Company departments, especially in the procurement section. This is confirmed by the increase in the number of white-collar staff employed and the decrease in the number of blue-collar staff employed. The maintenance of a workforce with more than 50% of employees under the age of 50 has been confirmed again.

Consistency of personnel at 31 December		2019			2018			2017	
Breakdown by gender and age	Women	Men	Total	Women	Men	Total	Women	Men	Total
<= 29 years of age	15	49	64	21	42	63	13	37	50
30 - 50 years of age	140	280	420	140	283	423	131	289	420
>= 51 years of age	92	247	339	91	251	342	89	257	346
Total	247	576	823	252	576	828	233	583	816

Consistenza del personale al 31.12		2019			2018			2017	
Breakdown by gender, age and category	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers									
<= 29 years of age	0	0	0	0	0	0	0	0	0
30 - 50 years of age	0	2	2	0	2	2	0	3	3
>= 51 years of age	1	5	6	1	5	6	1	4	5
Total managers	1	7	8	1	7	8	1	7	8
Middle managers									
<= 29 years of age	0	0	0	0	0	0	0	0	0
30 - 50 years of age	1	11	12	2	10	12	1	9	10
>= 51 years of age	4	21	25	3	19	22	3	19	22
Total middle managers	5	32	37	5	29	34	4	28	32
White collars									
<= 29 years of age	14	30	44	20	22	42	13	21	34
30 - 50 years of age	134	194	328	132	194	326	126	179	305
>= 51 years of age	80	112	192	78	107	185	77	102	179
Total white collars	228	336	564	230	323	553	216	302	518
Blue collars									
<= 29 years of age	1	19	20	1	20	21	0	16	16
30 - 50 years of age	5	73	78	6	77	83	4	98	102
>= 51 years of age	7	109	116	9	120	129	8	132	140
Total blue collars	13	201	214	16	217	233	12	246	258
Total	247	576	823	252	576	828	233	583	816

Recruitments		2019			2018			2017	
Breakdown by gender and age	Women	Men	Total	Women	Men	Total	Women	Men	Total
<= 29 years of age	16	53	69	19	34	53	8	28	36
30 - 50 years of age	52	73	125	37	58	95	39	51	90
>= 51 years of age	12	11	23	13	8	21	12	28	40
Total	80	137	217	69	100	169	59	107	166

Outgoing personnel		2019			2018			2017	
Breakdown by gender and age	Women	Men	Total	Women	Men	Total	Women	Men	Total
<= 29 years of age	15	37	52	10	21	31	6	19	25
30 - 50 years of age	58	70	128	26	57	83	37	47	84
>= 51 years of age	23	36	59	17	32	49	18	65	83
Total	96	143	239	53	110	163	61	131	192
Reason for leaving the Company:									
Voluntary resignation (excluding retirement)	15	37	52	12	38	50	16	45	61
Retirement	0	0	0	0	0	0	0	3	3
Dismissal	15	22	37	2	13	15	7	33	40
Other	66	84	150	39	59	98	38	50	88

The movements exposed in the previous table generated the following turnover:[17]

Turnover		2019			2018			2017	
%	Women	Men	Total	Women	Men	Total	Women	Men	Total
Turnover rate	26.7%	16.3%	19.4%	16.3%	14.9%	15.3%	26.2%	22.5%	23.5%

[17] It should be noted that to calculate the index, the terminations does not include employees with fixed-term contracts who were re-employed under continuing contracts. These employees are included among the figures in the respective tables "Recruitments" and "Outgoing personnel".

As in previous years, the turnover rate is strongly influenced by recruitments and employment terminations during the year to deal with peaks in activity (during highly seasonal periods) and recruitment for limited periods aimed at replacing absent workers. In 2019, it was also affected by the closure of the unit in Valdagno and the completion of the outsourcing of the operating activities in the MARR Venice branch.

Maternity/parental leave	2019			2018			2017		
Return to work rate	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of employees who have taken avail of the leave	3	0	3	2	0	2	2	2	4
Number of employees who have returned to work after taking avail of the leave	0	0	0	1	0	1	2	1	3
Number of employees in service in MARR 12 months after having taken avail of the leave	0	0	0	0	0	0	2	1	3
Return rate after maternity/parental leave	n.a.	n.a.	0%	50%	n.a.	50%	100%	50%	75%
Rate of maintenance of work position after maternity/parental leave	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	100%	100%	100%

The table shows the leave trend, including both the early and obligatory maternity leave and parental leave. The data relative to employees that return after the leave and the number of employees in service after 12 months are indicated in the year in which the period of leave began. It should therefore be noted that 1 female employee returned to work in 2019 whose period of leave started in 2018 (the figures for previous years were thus updated); similarly, the figures for previous years were updated to take into account the number of employees still in service twelve months after returning from a period of leave.

It must be noted that the employees that have not returned from the leave are those for whom the period of leave has not yet terminated, whereas, for several of those who have returned, twelve months have not yet passed since the date of their return to work; therefore the return to work rate after the leave cannot be accurately determined although we point out that all employees that have returned are currently working within the Group.

Seniority of service	2019			2018			2017		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	33.91	16.40	18.59	32.91	15.64	17.80	31.91	20.75	22.14
Middle managers	17.67	14.48	14.91	16.67	14.90	15.16	15.47	15.16	15.20
White collars	12.11	11.20	11.57	11.80	11.45	11.60	12.45	11.72	12.03
Blue collars	7.49	13.30	12.95	7.83	13.03	12.67	9.26	12.89	12.72

Breakdown by term of contract	2019			2018			2017		
Breakdown by gender	Women	Men	Total	Women	Men	Total	Women	Men	Total
Permanent contract	226	536	762	210	505	715	210	525	735
Temporary contract	21	40	61	42	71	113	23	58	81

Breakdown by part-time/full-time work	2019			2018			2017		
Breakdown by gender	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of full time employees	200	567	767	199	570	769	184	579	763
Number of part-time employees	47	9	56	53	6	59	49	4	53

Breakdown by academic qualification	2019			2018			2017		
Breakdown by gender	Women	Men	Total	Women	Men	Total	Women	Men	Total
University degree	41	76	117	38	71	109	27	61	88
High school diploma	161	250	411	169	247	416	155	243	398
Junior high school diploma	22	203	225	23	213	236	22	220	242
Other	23	47	70	22	45	67	29	59	88

Breakdown of governance bodies	2019			2018			2017		
Breakdown by gender and age	Women	Men	Total	Women	Men	Total	Women	Men	Total
<= 29 years of age	0	0	0	0	0	0	0	0	0
30 - 50 years of age	0	1	1	0	1	1	0	1	1
>= 51 years of age	3	5	8	3	5	8	3	5	8
Total members of the governance bodies	3	6	9	3	6	9	3	6	9

The number of members of the governance bodies includes only the members of the Board of Directors of the parent company MARR S.p.A. The position of sole director of As.ca. S.p.A. and of New Catering S.r.l. is covered by the Chief Executive Officer of MARR.

Breakdown of personnel at 31 December	2019			2018			2017		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	1	7	8	1	7	8	1	7	8
Middle managers	5	32	37	5	29	34	4	28	32
White collars	228	336	564	230	323	553	216	302	518
Blue collars	13	201	214	16	217	233	12	246	258
Total	247	576	823	252	576	828	233	583	816

The ratio between the basic salaries (according to the National Collective Labour Agreement) and the total remuneration of women / men is given below. For managers, the salaries of Chief Executive Officers have not been taken into account (for this calculation):

Ratio between women's / men's basic salaries	2019	2018	2017
Breakdown by category			
Managers	100.0%	100.0%	100.0%
Middle managers	100.0%	100.0%	100.0%
White collars	92.9%	92.5%	92.7%
Blue collars	95.4%	95.0%	93.0%

Ratio between women's / men's remuneration	2019	2018	2017
Breakdown by category			
Managers	71.5%	81.0%	79.7%
Middle managers	83.0%	84.1%	84.2%
White collars	83.0%	82.3%	83.1%
Blue collars	94.6%	95.3%	90.9%

As contemplated by the National Collective Labour Agreement of reference, the Company meets the Trade Unions of reference normally within the first four months of the year, to communicate relevant information on possible reorganisations, outsourcing, restructuring, etc. A company transfer involving more than fifteen workers must be communicated to the trade union representatives in writing at least twenty-five days in advance.

In addition to National Collective Labour Agreement for the distribution and services sector applied to all MARR employees (100%), for the facility in Cesenatico, a complementary agreement is in force for some employees, as indicated in the following table:

Employees covered by local complementary agreements	2019	2018	2017
% of employees covered by complementary agreements	2.07%	4.47%	4.78%

The details relative to the total hours of training (professional training and training on health and safety at work) provided in the three-year term are given below.

Training (hours) at 31 December	2019			2018			2017		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	8	109	117	3	194	197	32	4	36
Middle managers	39	260	299	122	734	856	23	173	196
White collars	513	1,879	2,392	1,262	2,843	4,105	925	2648	3573
Blue collars	45	918	963	111	2,054	2,165	68	2316	2384
Total	605	3,166	3,771	1,498	5,825	7,323	1048	5141	6189

Average hours of training at 31 December	2019			2018			2017		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	8.0	15.6	14.6	3.0	27.7	24.6	32.0	0.6	4.5
Middle managers	7.8	8.1	8.1	24.4	25.3	25.2	5.8	6.2	6.1
White collars	2.3	5.6	4.2	5.5	8.8	7.4	4.3	8.8	6.9
Blue collars	3.5	4.6	4.5	6.9	9.5	9.3	5.7	9.4	9.2
Total	2.4	5.5	4.6	5.9	10.1	8.8	4.5	8.8	7.6

In 2019, the hours of training reduced compared to last year, mainly as a result of the fact that in 2018, there had been a significant amount of repeat periodical training as regards both the general training of workers and fire-prevention training. The training opportunities implemented in the trade and management segments increased.

Professional training (hours) at 31 December	2019			2018			2017		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	8	109	117	3	194	197	16	4	20
Middle managers	29	174	203	99	652	751	7	287	294
White collars	195	811	1,006	307	1,183	1,490	479	1,435	1,914
Blue collars	7	109	116	22	511	533	44	1,350	1,394
Total	239	1,203	1,442	431	2,540	2,971	546	3,076	3,622

It should also be noted that the above figures concern training carried out in the "traditional" manner in hall and that, in addition to this, another twenty-one training courses have been started using e-learning methods, mainly on product topics, each of them made available for about one thousand people and aimed at further increasing product awareness and specialisation in the commercial organization and on the laws concerning privacy.

The Group's absenteeism[18] data are given below:

Absenteeism indices	2019			2018			2017		
Breakdown by gender	Women	Men	Total	Women	Men	Total	Women	Men	Total
Absences	4.09	2.76	3.15	4.53	3.20	3.58	4.90	2.98	3.51
Illness	2.22	2.06	2.11	2.16	1.84	1.93	2.43	1.98	2.10

It should be noted that during 2019 the total number of absences days[19] amounted to 6,176 (1,789 for women and 4,395 for men), of which, 203 days due to accidents at work or professional illness.

The Company does not contemplate specific benefits for the workers in general apart from what is provided by the contractual welfare defined by the applicable National Collective Labour Agreement. In this sphere, subscription to the complementary health assistance (Fondo Est) is reserved to employees with a permanent contract.

Within the Company and the Group, there have been no incidents based on discrimination.

Supply chain

Risks and opportunities

The Group purchases products from over 2,200 suppliers throughout the world, in order to guarantee its customers a complete assortment of food products and equipment.

The Company has decided to undertake action aimed at an increasingly more accurate and aware control of respect for its own principles, in addition to the law, also on the part of the entire supply chain.

For this reason, suppliers are subjected to accurate vetting, to guarantee respect for the safety and quality features required of the products, both those of MARR's own trademarks and those of third parties' trademarks.

MARR is a leading company in the sale of fresh and frozen fish products, with procurement channels involving suppliers operating in various countries of the world. The fish segment is subject to risks linked to illegal fishing practices (illegal, undeclared and unregulated fishing) and, in some countries, the risk of the violation of human

[18] These indices are calculated as follows:
total hours of absence / maximum hours that could have been worked
total hours of absence for illness / maximum hours that could have been worked
The total number of absences is calculated taking into account all the hours of absence excluding holidays and leave.
[19] The absence from work of a worker is intended as being due to incapacity of any nature and not only related to illness or injury in the workplace. Authorised permits and leave due to maternity/paternity and for family reasons are excluded.

rights and failure to respect dignified labour conditions for the workers. In this context MARR has developed its own management regulations to control the "Sustainable Fish Supply Chain". The control system adopted on a voluntary basis aims to mitigate the direct and indirect risks linked to procurement from suppliers operating in this sector. Intervening at the supply chain level, in terms of the selection and monitoring of the suppliers, the Management System for controlling the "Sustainable Fish Supply Chain" pursues the promotion of the sustainable development of the fish sector, respect for the human rights of the people involved in the countries of origin and the procurement of fish products that can satisfy the quality, safety and labelling requisites according to the applicable laws and regulations. As indicated in the paragraph on "Environment", the control system adopted by MARR obtained certification by a third-party organisation recognised at international level.

The implementation of the Quality, Safety and Environment Management System adopted by MARR requires continuous and accurate planning of the activities and the involvement of all the personnel that operate within the organization. In terms of impact, with reference to the end consumer, the communication of information on the foodstuffs is also managed according to specific internal rules and involves various Managements of the Company, in the same way as food safety.

With specific reference to the fish sector, the Company has procurement channels that involve suppliers operating in third countries that can be disadvantaged for the social-economic conditions and that can present a higher risk level as regards respect for human rights. In this context MARR expressly requests its suppliers to respect the laws of each country and to conform to the international guidelines intended to guarantee respect for human rights and labour (the "Universal Declaration of Human Rights" and the "International Labour Organization Convention"). Said suppliers are required to sign specific supply agreements that include respect for said requisites. To check on suppliers' observance of the requisites of the supply agreements, MARR carries out programmed inspections at the production establishments located in third countries. Said inspections are carried out by MARR's internal auditors and by external inspectors of private certification bodies, and they are defined in specific control plans.

Policies implemented by MARR

The product suppliers of the MARR procurement chain and the service providers are selected, assessed and qualified according to methods and criteria defined in specific procedures of the Quality System, in accordance with the ISO 9001 standard. The Company has decided to take action aimed at increasingly more efficient control of respect for its own principles, as well as the law, also on the part of the entire supply chain.

The "Suppliers Assessment and Qualification" procedure of MARR's Quality System includes verification of system and product certifications held by suppliers, including the SA 8000 certificate regarding the Social Responsibility sphere. The SA 8000 standard integrates the aspects of the protection of workers' rights with those regarding safety at work and respect for rights, and it extends to the entire supply chain. Within the supply agreements, suppliers are also required to sign a specific "Declaration of Commitment to Social Responsibility" under which the supplier guarantees respect for all the principles of the SA 8000 standard, and in particular:

- not to use or sustain the use of child labour;
- not to use or sustain the use of forced labour;
- to guarantee a safe and healthy workplace, to adopt adequate measures to prevent accidents and damage to health by minimising the causes of danger ascribable to the work environment, and to respect everything contemplated by the laws in force on Health and Safety at Work;
- to respect laws and regulations on freedom of association and on the right to collective contracting;
- not to adopt or sustain discrimination in recruitment, remuneration, access to training, promotion, dismissal and retirement, based on race, class, national origin, religion, invalidity, gender, sexual orientation, trade union membership or political affiliation;
- not to use or sustain or tolerate the use of physical punishment, mental or physical coercion or verbal abuse;
- to conform to the work timetable contemplated by the laws in force and by the collective contracting of the category;
- to respect the National Collective Labour Agreement of reference also as regards the salaries paid.

The suppliers' performances are periodically assessed, in order to verify that the requested quality and service standards are maintained. Many elements are considered for said assessment, including: direct checks on the products purchased, data regarding the correct and regular delivery of the goods, and reports of customers' complaints and returns ascribable to the suppliers. During the supply period, the products purchased are checked on arrival and during processing/storage at the MARR establishments and platforms. The controls on arrival are carried out by skilled personnel trained in the test procedures and the specific control plans for the execution of the verifications. The main controls involve:

1) visual inspection to verify the state of conservation, the packaging of the product and the hygienic state of the vehicle;
2) labelling checks carried out on samples of packaged products to verify the presence of the information required for the consumer;
3) temperature controls on perishable and frozen products; the temperatures of reference and the tolerance limits are indicated in specific self-regulatory instructions;
4) check on conformity to the order and on the correctness of the accompanying documents;
5) analytical, microbiological and chemical checks on the basis of specific samples for each type of product.

The complete assessment of the suppliers also includes the analysis of reports of any complaints and/or returns from customers, in order to understand the causes of the non-conformities found and to identify the responsibilities.

The data of the "Suppliers' Assessment Questionnaires", the non-conformities of supplies and the reports of customers are used to draft the "List of Qualified MARR Suppliers". Said list is periodically updated. Any suppliers that obtain a less than completely positive assessment are requested by MARR to adopt provisions and corrective action to remedy the shortcomings found. If seriously critical situations occur relative to supplies, the appointed departments take immediate action towards the supplier (letters of warning, audits at the production establishments, sampling and analytic testing of the products, up to the suspension of the purchases), in order to eliminate the problems that have been discovered and to ensure the conformity of the products purchased.

Ethical and sustainable procurement, recognising the value of local products

Within the sphere of its activity of the distribution of foodstuffs and non-food to restaurants and catering establishments, MARR has put into practice several methods to guarantee its customers an extremely wide range of products conforming to minimum environmental criteria, as contemplated by Annex 1 of the Italian Ministerial Decree of 25 July 2011 (NAP GPP - "Minimum environmental criteria for the service of collective catering and the supply of food commodities"). MARR has a products portfolio of over 15,000 food articles including organic products, PGI and DPO products, traditional agro-food products, certified biologically grown products and fair trade products.

To promote environmental and social sustainability, MARR, with adequate programming, can also supply products with special production features, such as, for example: short chain products (Km 0) and fruit and vegetable products of green care farming.

These products allow the collective catering operators (refectories, schools, hospitals) to adopt a Green Public Procurement policy consistent with the National Action Plan on GPP (NAP GPP) and they allow the professionals of commercial catering (restaurants, hotels, tourist resorts) to promote ecological catering measures and sustainable tourism.

Green Product Categories	
GPP conforming products	Products which allow for implementing a Green Public Procurement policy, consistent with the National Action Plan on GPP (NAP GPP) and which satisfy one or more environmental sustainability requisites contemplated by Annex I of the Ministerial Decree of 25 July 2011.
DPO products	The Denomination of Protected Origin (DPO) mark indicates the legal protection attributed by the European Union to agricultural products and foodstuffs whose production process is carried out in a limited geographic area and which conforms to certain production rules. The entire production, the transformation and the processing of such products must take place within the limited area. The features of DPO products are essentially or exclusively due to the geographic environment, including natural and human factors.
PGI products	The Protected Geographic Indication (PGI) mark indicates the legal protection attributed by the European Union to agricultural products and foodstuffs that are native to a region or country whose qualities, reputation and features depend on the geographic origin, and of which at least one step of the production, transformation and processing takes place within the limited area.

Green Product Categories	
Organic products	Organic agriculture is a type of agriculture which considers the entire agricultural ecosystem, exploits the natural fertility of the soil favouring this with limited action, promotes the biodiversity of the environment in which it is practised and excludes the use of synthetic products (except those specifically allowed by Community regulations) and genetically modified organisms. The European organic agriculture mark gives consumers the assurance of the origin and quality of what they eat and drink. The presence of the mark on the products guarantees conformity to the EU regulation on ecological farming. The European ecological mark is placed on packaged and labelled food products of which at least 95% of the ingredients come from organic farming.
Fair Trade products	Fair Trade products are a concrete and sustainable alternative to international trade and represent a tangible economy carried out by people for people, in which work offers dignity and a future for millions of workers, especially in the southern countries of the world. Fair Trade is a primary objective for re-balancing relations with the economically less developed countries, improving their access to the market through fair earnings and dignified work conditions. In this way, the producers receive a fair and stable remuneration and an additional margin to invest in the growth of the community.
Ecological aqua-culture products	Ecological aqua-culture promotes fresh and salt water fish farming, including shrimps and other molluscs, clams, oysters and also algae, by means of certified ecological techniques. The fundamental aspects of ecological aqua-culture are: to guarantee that the organism completes its entire life cycle in the breeding plant, to maintain breeding stress equal to or near zero also thanks to the reduced impact of man on the animal's life, and to refrain from administering hormonal additives to the fish or fish feed based on fish oils or flours or GMOs.

Sustainable fishing products	Sustainable fishing products answer certain environment sustainability criteria; the fishing areas are, in fact, managed in a manner that guarantees respect for the existing fish resources, considering their reproductive capacity and the biodiversity. The products that are awarded this certification (such as, for example, the MSC – Marine Stewardship Council - certification) come from fishing areas governed by advanced management programmes. The MSC mark is the most common and internationally well-known system that guarantees sustainable fishing.
Non-food (detergents, ecological paper, table napkins, table cloths, etc.)	
Ecolabel product	The EU Ecolabel (EC Regulation no. 66/2010) is the European Union mark of ecological quality awarded to the best products from an environmental viewpoint, which can thus be distinguished from those of the competitors on the market, and which, in any case, maintain high performance standards. In fact, the label testifies to the fact that the product has reduced environmental impact throughout its entire life cycle.
Sustainable forest management FSC and PEFC Products	The purpose of the FSC (Forest Stewardship Council) and PEFC (Pan-European Forest Certification Project) certifications, two of the internationally most common certification schemes, is to identify the management of ecosystems based on sustainability principles. Wood-based products (paper, packaging, etc.) bearing these marks are certified independently and come from forests managed in a manner that respects the social, economic and environmental needs of today's generations and those of the future. In this way the management and traceability of products derived from wood processing are certified, with the aim of protecting the biodiversity of the forests and woods, respecting their normal rhythm of growth.

We lastly point out that, consistently with its business methodology, animal welfare is also an area of interest for MARR, in line with the growing sensitivity of consumers towards this subject. Attention in this sense is directed towards the goal of making available, in the MARR assortment, of products of animal origin which come from production chains that respect the dignity and well-being of the animals. In this context, MARR has prepared its own policy which describes the medium-term objectives and commitments (http://www.marr.it/sostenibilità/benessere-animale).

Non-financial performance

The total number of suppliers with which the Company has operated in the years of reference is given below, with indication of those selected according to social and/or environmental criteria, i.e. suppliers that deal in certified products as indicated in the table attached to the preceding paragraph or suppliers with ISO14001 and/or SA8000 certification:

Selected suppliers that satisfy social/environmental criteria	2019	2018	2017
Total Suppliers	2,212	2,211	2,498
- of which, selected according to social/environmental criteria	536	357	267
% of the total	24%	16%	11%

Of the above-indicated suppliers, with characteristics that answer social/environmental criteria, with which MARR has worked in 2019, 17 new suppliers were included during the year (5 in the 2018). It should be noted that this year, the suppliers selected using social/environmental criteria includes 107 suppliers in the Sustainable Fishing Chain, which involves Environmental and Social criteria.

We point out that the data indicated in the table regard only MARR S.p.A. inasmuch as the subsidiaries, did not have a reporting system which monitored this aspect; in the future, the Group will organise itself in order to create a consolidated reporting system.

In support of the national socio-economic framework and support of the local communities where the Group carried out its main activities (approximately 94% of the Group returns are realised within Italian territory), the 2019 figures confirm the trend in the triennium, highlighted by a value of purchases[20] made by the MARR Group from local suppliers (Italy) amounting to 60% of the total supplies.

Local suppliers (€ thousand)	2019	2018	2017
Total expenditure for procurement	1,341,699	1,325,825	1,211,291
- of which, from national suppliers	811,339	795,258	725,713
% of the total	60%	60%	60%

[20] The figure for total procurement expenditure represents the cost for the purchase of merchandise without taking into account connected charges or other purchase adjustments, therefore it does not actually coincide with the cost for the purchase of merchandise indicated in the Explanatory Notes to the MARR Consolidated Financial Statements for the period.

Table of relationship with Legislative Decree 254/16

Legislative Decree 254/2016 Topic	Material topic	Risks identified	Policies adopted and methods of risks management		Topic specific standard/disclosure		Reference chapter/paragraph	Scope of reporting	Notes
Environmental	Consumption of electricity and fuel	Environment	The Group refers to the "Quality, safety and environment policy". In addition, it also complies with the Policies implemented, for which see that stated in the Code of Ethics and the ISO 14001 management model, as also explained on the MARR website in the section "Sustainability – Environmental protection" (http://www.marr.it/sostenibilita-ambientale/tutela-ambiente). See the paragraph on "Environment – Policies implemented by MARR" regarding the risks management methods.	102-15 Risks, impacts and opportunities 2016 103 Management approach 2016	302-1 2016	Energy consumption within the Group	Environment	The MARR Group, all consolidated companies as defined in the Methodological Note	
					302-3 2016	Energy intensity		The MARR Group, all consolidated companies as defined in the Methodological Note	
	Consumption of water	Environment			303-1 2016	Water withdrawn by source	Environment	The MARR Group, all consolidated companies as defined in the Methodological Note except, for 2016 only, New Catering (the impact of which is not significant on the Group total). However, the Group is committed to covering the entire perimeter in 2019.	The company is not able to accurately calculate the volume of water discharged; as there are no measurement devices for the discharges, the volume of water withdrawn has been considered, assuming that the reported volume of water discharged is more than the actual volume discharged. An exception to this is the MARR Milan distribution centre, where a measurement device was activated in 2018; in this case, it was possible to accurately determine the volume of water discharged by "evaporation". The Group will assess whether it is possible to adopt technical solutions to make these measurements or a reasonable estimate of overall consumption in coming years.
					306-1 2016	Water discharges			
	Use of raw materials Management of packaging	Environment			301-1 2016	Materials used by weight and volume	Environment	The MARR Group, all consolidated companies as defined in the Methodological Note . However, the Group is committed to covering the entire perimeter in 2019.	
	Regulatory compliance	Environment			307-1 2016	Non compliance with environmental laws and regulations	Environment	The MARR Group, all consolidated companies as defined in the Methodological Note	
	Waste	Environment			306-2 2016	Waste by type and method of disposal	Environment	The MARR Group, all consolidated companies as defined in the Methodological Note	In respect of the laws and regulations on waste and the local regulations applicable to the areas of the individual units/branches, the Group confers part of waste through the service offered by the companies assigned by the individual local councils, in respect of the law and for payment of the relevant Waste Tariff (TA.RI.). This method does not enable proof to be given as regards the quantities conferred to the company assigned by the local council and the figure provided thus represents the amount of waste disposed of by the Group through private waste disposal companies in respect of Legislative Decree 152/06.
	Ethical and sustainable procurement	Environment	The Group refers to the "Quality, safety and environment policy". In addition, the policies implemented on the basis of this refer to that stated in the Code of Ethics and in the Supply Agreements. See the paragraph on "Environment – Policies implemented by MARR" regarding the risk management methods.		308-1 2016	New suppliers selected using environmental criteria	Environment	The MARR Group, all consolidated companies as defined in the Methodological Note, except ASCA and New Catering.	
	Emissions	Environment	The Group refers to the "Quality, safety and environment policy". In addition, it also complies with the Policies implemented, for which see that stated in the Code of Ethics and the ISO 14001 management model, as also explained on the MARR website in the section "Sustainability – Environmental protection" (http://www.marr.it/sostenibilita-ambientale/tutela-ambiente). See the paragraph on "Environment – Policies implemented by MARR" regarding the risks management methods.		305-4 2016	Intensity of greenhouse gas emissions	Environment	The MARR Group, all consolidated companies as defined in the Methodological Note	
		Environment			304-1 2016	Operating sites owned, leased or managed within or close to proected areas or highly biodiverse areas	Environment	The MARR Group, all consolidated companies as defined in the Methodological Note	
		Environment			305-1 2016	Direct GHG emissions (Scope 1)	Environment	The MARR Group, all consolidated companies as defined in the Methodological Note	
		Environment			305-2 2016	Indirect GHG emissions from energy sources (Scope 2)	Environment	The MARR Group, all consolidated companies as defined in the Methodological Note	
	Emissions Impacys of logistics	Environment			305-3 2016	Indirect GHG emissions from other sources (Scope 3)	Environment	The MARR Group, all consolidated companies as defined in the Methodological Note, except ASCA and New Catering.	The Group only includes emissions due to fuel used for road transport by third parties in Scope 3, excluding the Agents with warehouses and transfers between distribution centres. The Group is bound to assess the implementation of a reporting system such as to ensure the completeness and accuracy of the information concerning transport of goods in coming years.

Table of relationship with Legislative Decree 254/16

Legislative Decree 254/2016 Topic	Material topic	Risks identified	Policies adopted and methods of risks management		Topic specific standard/disclosure		Reference chapter/paragraph	Scope of reporting	Notes
Social	Valorisation of local and typical products	Supply Chain	The Group refers to the “Quality, safety and environment policy” and the “Animal welfare policy”. In addition, the Policies implemented on this basis refer to that stated in the following documents: - Code of Ethics; - Supply agreements. Also see that stated on the Company website in the sections on “Quality” (http://www.marr.it/gruppo/ qualità), “Sustainability – green products” ("http://www.marr.it/prodotti-verdi") and “Sustainability – sustainable fishing” ("http://www.marr.it/sostenibilita/ pesca-sostenibile"). See the paragraph on “Supply Chain – Policies implemented by MARR” regarding the risk management methods.	102-15 Risks, impacts and opportunities 2016 103 Management approach 2016	204-1 2016	Percentage of expenditure concentrated on local suppliers	Supply Chain	The MARR Group, all consolidated companies as defined in the Methodological Note, except ASCA and New Catering. However, the Group is committed to covering the entire perimeter in 2019.	
	Social commitment/cooperation	Supply Chain			414-2 2016	Negative impact on the supply chain and action taken	Supply Chain	The MARR Group, all consolidated companies as defined in the Methodological Note, except ASCA and New Catering.	Despite the Group not reporting specific indicators concerning this topic, the topic has been considered material and the Group has the objective in coming years of implementing a monitoring system capable of formalising the current practice and making this information available.
	Product quality and safety	Food health and safety			416-1 2016	Assessment of categories of products and services impacting health and safety	Food health and safety	The MARR Group, all consolidated companies as defined in the Methodological Note	The Group considers this topic material; given that the information is sensitive, it has opted for qualitative rather than quantitative disclosure.
	Product labelling and consumer information				417-1 2016	Type of information necessary for labelling products and services		The MARR Group, all consolidated companies as defined in the Methodological Note	Given that the product labels are compiled by our supplier (producer), the Group does not report these numbers, as it only carries out compliance verifications and quality checks on the products, reporting any anomalies to the supplier. See the chapter entitled “Food health and safety”.
	Impacts/integration with regard to the local territory and community	Supply Chain			414-1 2016	New suppliers selected using social and environmental criteria	Human Resources	The MARR Group, all consolidated companies as defined in the Methodological Note, except ASCA and New Catering. However, the Group is committed to covering the entire perimeter in 2019.	

Table of relationship with Legislative Decree 254/16

Legislative Decree 254/2016 Topic	Material topic	Risks identified	Policies adopted and methods of risks management		Topic specific standard/disclosure		Reference chapter/paragraph	Scope of reporting	Notes
Personnel related	Human resource management	Human Resources	The Group refers to the "Human Resource Management Policy". In addition, it also refers to that stated in the Human Resource Department procedures and in the Code of Ethics. See the paragraph on "Human Resources – Policies implemented by MARR" regarding the risk management methods.	102-15 Risks, impacts and opportunities 2016 103 Management approach 2016	401-1 2016	Total turnover numbers and rate by age group, gender and region	Human Resources	The MARR Group, all consolidated companies as defined in the Methodological Note	
					401-2 2016	Benefits for continuing workers not provided for fixed-term or part-time workers			
					401-3 2016	Parental Leave			
					102-8 2016	Personnel information			
	Industrial relations				402-1 2016	Minimum notice period in the event of organizational changes	The CCNL provides that, by law within the first four months of the year, companies and Trade Unions must meet to share information on the relevant reorganization, outsourcing, restructuring procedures, etc. In the event of business transfers (pursuant to article 2112 of the Civil Code) involving more than fifteen workers, notification is given to the Trade Union representations in writing at least twenty-five days beforehand.		
					102-41 2016	Presence of collective contracts	Human Resources		
	Protecting diversity				405-1 2016	Diversity within the governance bodies and workforce			Considering the composition of the governance bodies, the Group has opted to report the number of members rather than their percentage incidence as required by the GRI.
					405-2 2016	Ratio between male and female basic salary and remuneration by category and operating qualification			
	Personnel training				404-1 2016	Average training hours per employee per year			
					412-2 2016	Personnel training on human rights policies and procedures			
	Employee health and safety	Food health and safety			403-2 2016	Injuries and injury prevention, professional illness, days lost, absenteeism and number of fatal work-related accidents	Health and Safety in the workplace		The indices are calculated using the number of hours worked as the denominator rather than the number of hours workable as required by the GRI, so that the figures are consistent with those in other reports.
Respect of human rights	Respect of human rights	Human Resources	The Group refers to the "Quality, safety and environment policy". In addition, the policies implemented on the basis of this refer to that stated in the Code of Ethics and in the Supply Agreements. See the paragraph on "Human Resources – Policies implemented by MARR" regarding the risk management methods.	102-15 Risks, impacts and opportunities 2016 103 Management approach 2016	406-1 2016	Discriminatory incidents and action taken	Human Resources	The MARR Group, all consolidated companies as defined in the Methodological Note	
					412-1 2016	Total number of activities subject to human rights review or impact assessment	The company has not subjected any activities to human rights review or impact assessment during the year.		
Fight against corruption	Fight against corruption	Fight against corruption	The Group refers to the "Anti-Corruption Policy". In addition, it also refers to that stated in the Organizational Model, in the Code of Self-Governance and in the Code of Ethics. See the paragraph on "Fight against corruption – Policies implemented by MARR" regarding the risk management methods.	102-15 Risks, impacts and opportunities 2016 103 Management approach 2016	205-1 2016	Activities exposed to corruption risks	Fight against corruption	The MARR Group, all consolidated companies as defined in the Methodological Note	On the basis of the risk assessment carried out, the Group identifies the activities most at risk, but is not able to provide specific figures. The Group objective is to implement a monitoring system in 2020 that is capable of formalising the current practice and making available information on the number of activities subject to corruption related risks.
					205-2 2016	Communication and training on anti-corruption policies and procedures			
					205-3 2016	Confirmed corruption incidents and measures taken			
	Regulatory compliance				419-1 2016	Non-compliances with the economic and social laws and regulations	No cases of non-compliance with the laws and regulations were recorded during the year		
	Anto-competitive practices				206-1 2016	Legal action taken for anti-competitive and anti-trust conduct and monopoly practices	Fight against corruption		

MARR SPA

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND ARTICLE 5 OF CONSOB REGULATION 20267 OF JANUARY 2018

YEAR ENDED 31 DECEMBER 2019

Independent auditor's report on the consolidated non-financial statement
pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation 20267 of January 2018

To the Board of Directors of Marr SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of Marr SpA and its subsidiaries (hereafter the "Group" or "Marr Group") for the year ended 31 December 2019, in accordance with article 4 of the Decree, presented in the specific section of the Management Report and approved by the Board of Directors on 13 March 2020 ("NFS").

Responsibility of the Directors and of the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "Global Reporting Initiative - Sustainability Reporting Standards", defined in 2016 by the GRI - Global Reporting Initiative (the "GRI Standards"), described in paragraph "Methodological Note" of the NFS, identified by them as the reporting standards, with reference to a selection of GRI Standards therein included.

The Directors are responsible, in the terms prescribed by law, for such internal control they deem to be necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

The Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and features of the Marr Group and, to the extent necessary to ensure an understanding of the Marr Group activities, performance, results and its related impacts.

The Directors are responsible for defining the business and organisational model of the Marr Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Marr Group and for the identification and management of risks generated and/or faced.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

www.pwc.com/it

Auditor’s Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor’s responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereafter “ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (“IAASB”) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures aimed at obtaining evidence as appropriate.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and features of the Marr Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and the with the reporting standards adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. understanding of the following matters:

    - business and organisational model of the Marr Group, with reference to the management of the matters specified by article 3 of the Decree;
    - policies adopted by the Marr Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
    - main risks, generated or faced, with reference to the matters specified in article 3 of the Decree.

    With reference to those matters, we compared the information obtained with the information presented in the NFS and we performed the procedures described under point 4 a) below.

4. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In particular, we held meetings and interviews with management of Marr SpA, and we performed limited documentary validation procedures, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and features of the Group:

- at a group level,

    a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
    b) with reference to quantitative information, we performed analytical procedures and limited testing, in order to assess, on a sample basis, the accuracy of the consolidation process;

- with reference to Marr SpA, which was selected on the basis of its activities and its contribution to the performance indicators at a consolidated level, we carried out site visits and we discussed with management and gathered supporting documentation regarding the appropriate application of the procedures and of calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Marr Group as of 31 December 2019 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards, with reference to a selection of GRI Standards therein contained.

Parma, 30 March 2020

PricewaterhouseCoopers SpA

Signed by	*Signed by*
Christian Sartori (Partner)	Paolo Bersani (Authorised signatory)

This report has been translated from the original, which was issued in Italian, solely for the convenience of international readers. We have not performed any verification procedures on the English translation of the NFS of Marr Group as of 31 December 2019.

MARR GROUP

Consolidated Financial Statements

as at December 31, 2019

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(€thousand)	*Notes*	*31.12.19*		*31.12.18*	
ASSETS					
Non-current assets					
Tangible assets	1	70,960		68,168	
Right of use	2	45,437		0	
Goodwill	3	149,921		149,921	
Other intangible assets	4	2,386		2,176	
Investments at equity value	5	2,452		516	
Investments in other companies		304		304	
Non-current financial receivables	6	490		723	
Non-current derivative/financial instruments	7	3,419		2,513	
Deferred tax assets		0		0	
Other non-current assets	8	38,455		30,880	
Total non-current Assets		313,824		255,201	
Current assets					
Inventories	9	170,395		158,878	
Financial receivables	10	2,403		2,878	
relating to related parties		*1,843*	*76.7%*	*1,957*	*68.0%*
Current derivative/financial instruments	11	1,247		1	
Trade receivables	12	367,111		369,889	
relating to related parties		*10,988*	*3.0%*	*16,101*	*4.4%*
Tax assets	13	2,103		3,312	
relating to related parties		*12*	*0.6%*	*109*	*3.3%*
Cash and cash equivalents	14	192,493		178,410	
Other current assets	15	58,587		58,156	
relating to related parties		*434*	*0.7%*	*457*	*0.8%*
Total current Assets		794,339		771,524	
TOTAL ASSETS		*1,108,163*		*1,026,725*	
LIABILITIES					
Shareholders' Equity	16	339,798		324,272	
Share capital		*33,263*		*33,263*	
Reserves		*221,434*		*207,868*	
Profit for the period		*85,101*		*83,141*	
Total Shareholders' Equity		339,798		324,272	
Non-current liabilities					
Non-current financial payables	17	166,793		218,357	
Non-current lease liabilities (IFRS16)	18	38,514		0	
relating to related parties		*499*	*1.3%*	*0*	
Non current derivative/financial instruments	19	66		0	
Employee benefits	20	8,298		8,418	
Provisions for risks and charges	21	6,185		5,981	
Deferred tax liabilities	22	1,622		2,088	
Other non-current liabilities	23	1,194		1,116	
Total non-current Liabilities		222,672		235,960	
Current liabilities					
Current financial payables	24	178,802		119,578	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Current lease liabilities (IFRS16)	25	7,911		0	
relating to related parties		*660*	*8.3%*	*0*	*0.0%*
Current derivative/financial instruments	26	72		10	
Current tax liabilities	27	3,742		1,953	
relating to related parties		*1,755*	*46.9%*	*0*	*0.0%*
Current trade liabilities	28	332,999		323,227	
relating to related parties		*9,867*	*3.0%*	*8,829*	*2.7%*
Other current liabilities	29	22,167		21,725	
relating to related parties		*679*	*3.1%*	*489*	*2.3%*
Total current Liabilities		545,693		466,493	
TOTAL LIABILITIES		*1,108,163*		*1,026,725*	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€thousand)	*Notes*	*31.12.2019*		*31.12.2018*	
Revenues	30	1,651,387		1,627,882	
relating related parties		*64,329*	*3.9%*	*63,557*	*3.9%*
Other revenues	31	44,422		39,641	
relating to related parties		*729*	*1.6%*	*688*	*1.7%*
Changes in inventories	9	11,517		11,326	
Purchase of goods for resale and consumables	32	(1,345,052)		(1,324,931)	
relating to related parties		*(94,974)*	*7.1%*	*(90,570)*	*6.8%*
Personnel costs	33	(38,604)		(37,890)	
Amortizations, depreciations and provisions	34	(16,068)		(7,576)	
Losses due to impairment of financial assets	35	(13,294)		(12,484)	
Other operating costs	36	(195,748)		(196,851)	
of which profits and losses deriving from the accounting elimination of financial assets valued at amortized cost		*(306)*		*(140)*	
relating to related parties		*(3,206)*	*1.6%*	*(3,854)*	*2.0%*
Financial income and charges	37	(5,355)		(3,364)	
of which profits and losses deriving from the accounting elimination of financial assets valued at amortized cost		*(1,111)*		*(1,643)*	
relating to related parties		*(13)*	*0.2%*	*1*	*0.0%*
Income (charge) from associated companies	38	(18)	*100.0%*	0	
Profit before taxes		***93,187***		***95,753***	
Taxes	39	(26,578)		(27,248)	
Profit for the period		***66,609***		***68,505***	
Attributable to:					
Shareholders of the parent company		66,609		68,505	
Minority interests		0		0	
		66,609		***68,505***	
EPS base (euros)	40	1.00		1.03	
EPS diluted (euros)	40	1.00		1.03	

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(€thousand)	*Notes*	*31.12.2019*	*31.12.2018*
Profits for the period (A)		*66,609*	*68,505*
Items to be reclassified to profit or loss in subsequent periods:			
Efficacious part of profits/(losses) on cash flow hedge instruments, net of taxation effect		990	162
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect		(178)	114
Total Other Profits/Losses, net of taxes (B)	41	*812*	*276*
Comprehensive Income (A + B)		*67,421*	*68,781*
Atributable to:			
Shareholders of the parent company		67,421	68,781
Minority interests		0	0
		67,421	*68,781*

CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY
(Note no. 16)

Description	Share Capital	Other Reserves											Profits carried over from consolidated	Total Group net equity
		Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital account	Extraordinary reserve	Reserve for exercised stock options	Reserve for transition to the Ias/Ifrs	Cash -flow hedge reserve	Reserve ex art. 55 (DPR 597-917)	Reserve IAS 19	Total reserves		
Balance at 1st January 2018	33,263	63,348	6,652	13	36,496	79,354	1,475	7,290	(1,740)	1,468	(758)	193,600	77,863	304,726
Allocation of 2017 profit						13,998						13,998	(13,998)	
Distribution dividends MARR S.p.A.													(49,229)	(49,229)
Other minor variations										(6)		(6)		(6)
Consolidated comprehensive income 2018:														
- Profit for the period													68,505	68,505
- Other Profits/Losses, net of taxes									162		114	276		276
Balance at 31 December 2018	33,263	63,348	6,652	13	36,496	93,352	1,475	7,290	(1,578)	1,463	(644)	207,868	83,141	324,272
Allocation of 2018 profit						12,759						12,759	(12,759)	
Distribution dividends MARR S.p.A.													(51,890)	(51,890)
Other minor variations										(5)		(5)		(5)
Consolidated comprehensive income 2019:														
- Profit for the period													66,609	66,609
- Other Profits/Losses, net of taxes									990		(178)	812		812
Balance at 31 December 2019	33,263	63,348	6,652	13	36,496	106,111	1,475	7,290	(588)	1,458	(822)	221,434	85,101	339,798

CONSOLIDATED CASH FLOWS STATEMENT (INDIRECT METHOD)

Consolidated (€thousand)	Ref.	31.12.19		31.12.18	
Profit for the Period		66,609		68,505	
Adjustment:					
Amortization / Depreciation	34	7,250		7,197	
IFRS 16 depreciation	34	8,338		0	
Change in deffered tax	38	(717)		1,639	
Allocation of provison for bad debts	34	13,294		12,484	
Provision for supplementary clientele severance indemnity	34	486		385	
Write-downs of investments non consolidated on a line – by – line basis	37	110		0	
Capital profit/losses on disposal of assets	31/35	(82)		101	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Financial (income) charges net of foreign exchange gains and losses	36	5,383		3,366	
relating to related parties		*14*	*0.3%*	*(1)*	*0.0%*
Foreign exchange evaluated (gains)/losses	36	75		(101)	
Dividends Received	37	(92)		0	
relating to related parties		*(92)*	*100.0%*	*0*	
Total		34,045		25,071	
Net change in Staff Severance Provision	20	(121)		(845)	
(Increase) decrease in trade receivables	12	(10,516)		(12,359)	
relating to related parties		*5,113*	*(48.6%)*	*(2,081)*	*16.8%*
(Increase) decrease in inventories	9	(11,517)		(11,326)	
Increase (decrease) in trade payables	28	9,772		(5,713)	
relating to related parties		*1,038*	*10.6%*	*(182)*	*3.2%*
(Increase) decrease in other assets	8/15	(8,006)		(8,030)	
relating to related parties		*23*	*(0.3%)*	*(153)*	*1.9%*
Increase (decrease) in other liabilities	23/29	238		(1,216)	
relating to related parties		*190*	*79.8%*	*(106)*	*8.7%*
Net change in tax assets / liabilities	13/22/27	28,503		31,201	
relating to related parties		*22,454*	*78.8%*	*20,735*	*66.5%*
Interest paid	36	(6,514)		(5,526)	
relating to related parties		*(15)*	*0.2%*	*0*	*0.0%*
Interest received	36	1,131		2,160	
relating to related parties		*1*	*0.1%*	*1*	*0.0%*
Foreign exchange evaluated gains	36	(75)		101	
Income tax paid	13/27	(25,254)		(24,842)	
relating to related parties		*(20,602)*	*81.6%*	*(19,620)*	*79.0%*
Cash-flow from operating activities		78,295		57,181	
(Investments) in other intangible assets	4	(691)		(422)	
(Investments) in tangible assets	1	(9,768)		(5,769)	
Net disposal of tangible assets	1	289		838	
Net (investments) in equity investments (subsidiaries and associated)	5	0		(516)	
Net (investments) in equity investments in other companies		0		11	
Outgoing for acquisition of subsidiaries or going concerns during the year (net of cash acquired)	5	(2,407)		(10,661)	
Dividends Received	37	92		0	
relating to related parties		*92*	*100.0%*	*0*	*0.0%*
Cash-flow from investment activities		(12,485)		(16,519)	
Distribution of dividends		(51,890)		(49,229)	
Other changes, including those of third parties	16	807		266	
Net change in liabilities (IFRS 16)	18/25	(7,350)		0	
relating to related parties		*1,159*	*(15.8%)*	*0*	*0.0%*
Net change in financial receivebles/payables for derivates	7/11/19/26	(2,024)		(1,914)	
Net change in financial payables (excluding the new non-current loans received)	17/24	(1,662)		(20,615)	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
New non-current loans received	17/24	89,500		123,394	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Repayment of other long - term debt	17/24	(79,816)		(69,973)	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Net change in current financial receivables	10/11	(771)		(904)	
relating to related parties		*114*	*(14.8%)*	*(698)*	*77.2%*
Net change in non-current financial receivables	6/7	1,479		438	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Cash-flow from financing activities		(51,727)		(18,537)	
Increase (decrease) in cash-flow		14,083		22,125	
Opening cash and equivalents	14	178,410		156,285	
Closing cash and equivalents		192,493		178,410	

For the reconciliation between the opening figures and closing figures with the relevant movements of the financial liabilities deriving from financing activities (as required by paragraph 44A of IAS 7), see Appendix 10 to the following explanatory notes.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Corporate information

MARR Group operates entirely in the commercialisation and distribution of food products to the Foodservice sector.

In particular, the parent company MARR S.p.A., with headquarters in Via Spagna 20, Rimini, operates in the commercialisation and distribution of fresh, dried and frozen food products to the Foodservice.

The parent company is controlled by Cremonini S.p.A., the essential figures of which are in Appendix 7 below.

The consolidated financial statements for the business year closing as at 31 December 2019 were authorised for publication by the Board of Directors on 13 March 2020.

Structure and contents of the consolidated financial statements

The consolidated financial statements as at 31 December 2019 have been prepared in accordance with the accounting policies and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002 as acknowledged by Legislative Decree 38 dated 28 February 2005 and subsequent CONSOB amendments, communications and decisions.

Reference to the international accounting standards, adopted in the preparation of the consolidated financial statements as at 31 December 2019, is indicated in the "Accounting policies" section.
In this regard, as already explained in the Directors' Report, it is highlighted that the international standard IFRS 16 is effective from 1 January 2019.
The new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract.
For all long-term lease contracts identified as above explained the standard implies the accounting in the financial statements of a right of use classified in the fixed assets and the related financial liability, with allocation in the statement of profit and loss of the related depreciation and financial charges.
With reference to these contracts no lease and rental costs are recorded in the profit and loss statement of the Group.
It is highlighted that the Group adopted a modified retrospective approach, without the restatement of the comparative figures.

For the purposes of the application of IFRS 8 it is noted that the Group operates in the "Distribution of food products to the Foodservice" sector only; as regards performance levels in 2019, see that described in the Directors' Report on management performance.

The consolidated financial statements as at 31 December 2019 include, for comparative purposes, the figures for the year ended on 31 December 2018.

The following classifications have been used:

- "Statement of financial position" by current/non-current items
- "Statement of profit or loss" by nature
- "Cash flows statement" (indirect method)

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

Appendix 2 contains the Statement of financial position, the Statement of Profit or Loss, the Statement of Other Comprehensive Income, Cash Flows Statement and the Statement of changes in the shareholders' equity of MARR S.p.A..
This report omits the explanatory notes concerning the accounting situation of the Parent Company, as this does not contain significant additional information compared to that contained in the MARR Group Consolidated Financial Statements, as highlighted in the table below, illustrating the impact of the parent company MARR S.p.A. on the Group consolidated data.

(€thousand)	31.12.19 MARR Consolidated	31.12.19 MARR S.p.A.	Impact %
Revenues from sales and services	1,651,387	1,578,083	95.6%
Total Asset	1,108,163	1,078,228	97.3%
Net profit for the period	66,609	64,349	96.6%

The operating and accounting currency is Euro.

The statements and tables contained in these consolidated financial statements are shown in thousands of Euros.
These financial statements have been prepared using the principles and accounting policies illustrated below:

Consolidation method

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

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

Scope of consolidation

The consolidated financial statements as at 31 December 2019 include the financial statements of the Parent Company MARR S.p.A. and those of the companies it either directly or indirectly controls.
Control is achieved when the Group is exposed or has the right to variable performance levels, deriving from its own relations with the entity involved in the investment and, simultaneously, has the capacity to affect these performance levels by exercising its power over the entity. Specifically, the Group controls a subsidiary if, and only if, the Group has:

- the power over the entity involved in the investment (or has valid rights conferring upon it the current capacity to manage the significant activities of the entity being invested in);

- exposure or the right to variable performance levels deriving from relations with the entity being invested in;
- the capacity to exercise its own power over the entity being invested in terms of affecting the amount deriving from its performance.

There is a general assumption that the majority of voting rights implies control. In support of this assumption and when the Group possesses less than the majority of the voting (or similar) rights, the Group considers all the significant facts and circumstances to establish whether it controls the entity being invested in, including:

- contractual agreements with other owners of voting rights;
- rights deriving from contractual agreements;
- voting rights and potential voting rights of the Group.

The Group reconsiders whether it has control over a subsidiary or not if the facts and circumstances indicate that there have been changes in one or more of the significant elements defining control.
The complete list of subsidiaries included in the scope of consolidation as at 31 December 2018, with an indication of the method of consolidation, are attached in Appendix 1.
The consolidated financial statements have been prepared on the basis of the financial statements as at 31 December 2019 prepared by the subsidiaries included in the scope of consolidation and adjusted, if necessary, in order to align them to the accounting Group policies and classification criteria, in accordance with IFRS.

As at 31 December 2019 the scope of consolidation does not differ from that at 31 December 2018, apart from the following: in November 2019, MARR S.p.A. acquired 34% of the shares of Jolanda de Colò S.p.A., a company operating through a distribution and production centre covering a surface area of more than 6,000 square metres located in Palmanova (Udine), and which is one of the main national operators in the premium segment (high range), with more than 21 million Euros in sales in 2018 and approximately 5,000 clients served with over 2,000 products of culinary excellence. The price for the purchase amounted to 2.0 million Euros and was entirely paid-up on transfer. The holding in the company, which has been considered as an associate, is valued using the shareholders' equity method.

Accounting policies

The most significant accounting policies adopted for the preparation of the consolidated financial statements of the MARR Group as at 31 December 2019 are indicated below:

Tangible assets

Tangible assets are entered at their purchase cost or production cost, inclusive of directly allocated additional charges required to make the assets available for use. As permitted by IFRS 1, in the context of the first-time adoption of the International Accounting Standards, the Company has measured certain land and buildings owned at fair value, and has adopted such fair value as the new cost subject to depreciation.
No revaluations are permitted, even if pursuant to specific laws.
Tangible assets are systematically depreciated on a straight-line basis over their expected useful life, based on the estimate of the period over which the assets will be used by the Company. When the tangible asset is made up of a number of significant components, each with a different useful life, depreciation is made for each single component. The depreciation value is represented by the book value minus the presumable net transfer value at the end of its useful life, if material and reasonably determinable. Land is not depreciated, even if purchased together with a building, and neither are tangible assets held for sale, measured at the lower between the book value and fair value after transfer charges.
Costs for improvement, upgrading and transformation increasing tangible assets are entered in the statement of financial position, in compliance with the requirements of the IAS 16.
The recoverability of the book value of tangible assets is determined by adopting the criteria indicated in the section "Impairment of non-financial assets".
The rates (not changed compared with the period before) applied are the following:

-Buildings	2.65% - 4% - 3%
-Plant and machinery	7.50%-15%
-Industrial and business equipment	15%- 20%
Other assets:	
-Electronic office equipment	20%
-Office furniture and fittings	12%
-Motor vehicles and means of internal transport	20%
-Cars	25%
-Other minor assets	10%-30% / contract term

The remaining accounting value, useful lifetime and amortization criteria are reviewed on closure of each business year and the tables adjusted if required.
An asset is removed from the financial statements when it is sold or when there are no longer any future economic benefits expected from its use or disposal. Any losses or profits (calculated as the difference between the net income from its sale and its accounting value) are included in the profit and loss account when it is removed.

Goodwill and other intangible assets

Intangible assets are assets that lack physical substance, controlled by the Company and capable of generating future economic benefits, as well as goodwill, whenever purchased for a financial consideration.
Intangible assets are entered at cost, measured in accordance with the criteria established for tangible assets while those bought through business combinations are accounted by the fair value at the acquisition date. No revaluations are permitted, even if pursuant to specific laws.
Intangible assets with a definite useful life are systematically amortized over their useful life, based on the estimate of the period over which the assets will be used by the Company; the recoverability of their book value is determined by adopting the criteria indicated in the section "Impairment of non-financial assets".
Goodwill and other intangible assets, if any, with an indefinite useful life are not subject to amortization; the recoverability of their book value is determined at least each year and, in any case, whenever in the presence of events implying a loss of value. As far as goodwill is concerned, verification is made on the smallest aggregate upon which Management, either directly or indirectly, assesses the return on the investment, including the goodwill itself (cash generating unit). Write-downs are not subject to value restoration.
Other intangible assets have been amortized by adopting the following criteria:

- Patents and intellectual property rights	5 years
- Concessions, licenses, trademarks and similar rights	5 years / 20 years
- Other assets	5 years / contract term

The period of amortization and amortization criteria for intangible assets with a definite lifetime are reviewed at least on closure of each business year and adjusted if necessary.

Right of use

The Right of Use on the commencement date, the date on which the asset is made available for use, is initially valued at cost and derives from the sum of the following components:
- the initial amount of the "Lease liability";
- the payments due for the leasing made on the commencement date or beforehand, net of any incentives received for the lease;
- the initial direct costs incurred by the lessee;
- the estimate of eventual costs that the lessee expects to incur for the disposal and removal of the underlying asset and the restoration of the site on which it is located or restoration of the underlying asset under the conditions provided in the terms and conditions of the leasing contract.

After initial recording on the transition date, the right of use is then reduced due to the accumulated depreciation rates, impairment and the effects caused by any redetermination of the "Lease liability".
The depreciation rates are constant and follow the duration of the contract, taking into account the renewal/term options that are very likely to be exercised.
Only if the lease provides for the exercise of a reasonably certain purchase option is the Right of use depreciated systematically throughout the lifetime of the underlying asset.

As regards the financial liability deriving from the new standard, see the following paragraph "Financial Liabilities".
Also, the new standard removes for the lessee the classification of the lease as operating or financial, with limited exceptions of application of this treatment (attribution of lease fees in the income statement by competence for leases responding to the requirements of "short-term" or "low value"). A minimum threshold of $5k has been defined for the identification of low value assets. Leases with a duration of less than 12 months are excluded.
The main contractual circumstances for leased assets, related to specific categories of assets involving the majority of the companies in the Group, are mainly the following:

- contracts for the lease of properties;
- car hire contracts.

MARR has applied the new standard as of the date of compulsory effectiveness, using the modified retrospective approach. This method involves the accounting of the cumulative effects of the initial application of the new standard on the initial opening shareholders' equity, without restating the comparative figures.

Investments in related companies and other companies

A related company is a company over which the Group exercises significant influence. Significant influence is intended as the power to participate in the determination of financial and management policies of the related party without having control or joint control.
Investments in related companies are evaluated using the Net Equity method and the shareholdings in other companies are measured at fair value, as indicated in Appendix 1 and the following explanatory notes.
In the net equity method, the participation in a related company is initially recorded at cost. The accountable value of the holding is increased or decreased in order to record the quota of pertinence of the holder in the profits and losses of the related party achieved after the date of acquisition. The goodwill concerning the related party is included in the accountable value of the holding and is not subjected to amortization, or to an individual evaluation of loss of value (impairment).
The consolidated statement of profits or loss reflects the quota of pertinence of the Group of the business year result of the related company. All changes to the other components in the overall profits and loss account concerning these related parties are presented as part of the overall income statement of the Group. Also, in the case of a related company recording a change directly attributable to the net equity, the Group records the quota of pertinence, when applicable, in the statement of changes in the net equity. The unrealised profits and losses deriving from transactions between the Group and related companies or joint ventures are eliminated in proportion to the quota of the holding in the related companies or joint ventures.
The recoverable nature of their recorded value is verified adopting the criteria described in the point "Losses in value of non-financial assets" as regards the holdings in related parties and the point "Losses in value of financial assets" as regards the holdings in other companies.
Whenever significant influence over a related company or joint control over a joint venture ceases, the Group assesses and records the remaining holding at fair value. The difference between the recorded value of the holding on the date of the termination of significant influence or joint control and the fair value of the remaining holding and the incoming payments received is recorded in the income statement.

Inventories

These are entered at the lower of purchase or production cost, calculated by the FIFO method and the presumed realizable value in consideration of the market trend.

Receivables and other financial assets

The trade receivables and other financial receivables are generated during the everyday business activities of the Group and are held with the aim of claiming the contractual cash flows constituted by "payments of capital and interest only", according to that provided by IFRS 9. These receivables are therefore initially recorded at fair value and subsequently evaluated at their amortized cost, on the basis of the effective interest rate method, net of any depreciations. Trade receivables and other financial receivables are included in the current assets, except for those with a contractual duration of more than twelve months after the date of the financial statements, which are classified in the non-current assets and entered at current value. On the date of the financial statements, the trade receivables and other financial receivables are analysed to verify the existence of impairment indicators. In performing this analysis, in accordance with IFRS 9, the Group uses an impairment model of the financial receivables which requires the inclusion of allocations for impairment on the basis of the expected losses. In order to perform this analysis, the Group uses a simplified approach to estimate the expected losses on trade receivables throughout the duration of such receivables and takes the historical experience of the Group into consideration in terms of losses on receivables, grouped into similar classes and corrected on the basis of specific factors concerning the nature of the Group receivables and the economic context. Trade receivables are depreciated when there is no rational expectation of recovery. The indicators showing the absence of rational expectations of recovery include, among others, the impossibility of a creditor to commit to a recovery plan with the Group and the impossibility of making contractual payments for a significant period of time.

Derivatives

Subsequently to their initial recording, the derivatives are evaluated again at fair value and are accounted as financial assets should the fair value be positive. Eventual profits or losses deriving from changes in the fair value of the derivatives are recorded directly in the income statement, except for the effective part of the hedging of cash flows, which is recorded among the components of other comprehensive income and subsequently reclassified in the statement of profit or loss if the hedging instrument influences the profits or losses.

As regards the instruments classified as cash flow hedges and which are classified as such, the variations in fair value are recorded, solely as regards the effective part, in a specific equity reserve defined as "cash flow hedge reserve", included in the statement of comprehensive income. This reserve is subsequently overturned to the income statement as soon as the economic effects of the scope of the hedging operation manifest themselves. The variation in fair value referring to the ineffective portion is immediately recorded in the period income statement. Should the occurrence of the underlying operation no longer be considered highly probable, or the hedging relation no longer be demonstrable, the corresponding portion of the "cash flow hedge reserve" is immediately overturned to the income statement.

Losses in value of non-financial assets

For available-for-sale financial assets, the Group assesses whether there is objective evidence that an asset or group of assets is impaired at each reporting date.

In the case of equity investments classified as available for sale, the objective evidence would include a significant or prolonged reduction in the fair value of the investment below its cost. The "Significance" is evaluated with respect to the original cost of the instrument and "prolonged effect" with respect to the (duration of the) period in which the fair value has been below the original cost. Should there be evidence of impairment, the cumulative losses – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from the other comprehensive income and recognised in the income statement.
Any losses due to impairment of instruments representative of capital may not be reversed with the effects recorded in the profit and loss account; any increases in their fair value subsequent to an impairment loss are recorded directly in the other comprehensive income.

When events occur that would lead to assume a reduction in the value of asset, its recoverability is assessed by comparing the recorded value with the relevant recoverable value, represented by the greater of the fair value, net of the discharge costs, and its value in use.
In the absence of a binding sales agreement, the fair value is estimated on the basis of the values expressed by an active market, by recent transactions or on the basis of the best information available to reflect the amount that the business would receive by selling the asset.
The value in use is determined by actualising the expected cash flows deriving from the use of the asset and, if significant and reasonably determinable, from its sale at the end of its useful lifetime. The cash flows are determined on the basis of reasonable and documented assumptions representative of the best estimate of the future economic conditions that may occur during the remaining lifetime of the asset, giving more importance to indications from outside. Actualisation is carried out at a rate which takes into account the market assessments of the current value of cash and specific risks of the asset, in addition to the inherent risk to the sector of business in question.
Assessment is conducted on each individual asset or the smallest identifiable group of assets which generates autonomous incoming cash flows deriving from continuous use (so-called *cash generating unit*). When the reasons for the depreciations made are no

longer in place, the assets, except for goodwill, are revalued and the adjustment attributed to the profit and loss account as readjustment (restoration of value). Readjustment is carried out at the lesser of the recoverable value and recorded value gross of depreciations carried out previously and reduced by the amortization quotas that would have been allocated had impairment not been carried out.
Goodwill is tested for impairment at least once every year (on the date of the financial statements, 31 December) and more frequently should circumstances indicate that the carrying value may be impaired.

Impairment of goodwill is assessed by evaluating the recoverable amount of each cash generating unit (or the group of cash generating units) to which the goodwill relates. Should the recoverable amount of the cash generating unit be less than the carrying amount of the cash generating unit for which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future business years.

Employee benefits

The Employee Severance Fund is included in the context of what IAS 19 defines as definite benefits plans in the framework of benefits after employment. The accounting treatment provided for these forms of remuneration requires an actuarial calculation which enables the future projection of the Employee Severance Fund amount already accrued and to actualise it to take into account the time that will elapse before effective payment. The actuarial calculation takes certain variables into consideration, such as the average employment time of employees, inflation rates and expected interest rates. The assessment of this liability is performed by an independent actuary. Following the changes to IAS 19, effective for business years starting on 1 January 2013 and subsequent, the profits and losses deriving from the actuarial calculation for the definitive benefits plans are included in the statement of other comprehensive income for the period they refer to. These actuarial profits and losses are immediately classified under the profits carried over and are not reclassified in the profit and loss accounts for subsequent periods. The social security cost for past service (past service cost) is recorded on the most recent of the following dates:

- the date on which the plan is changed or reduced; and
- the date on which the Group records the related restructuring costs.

The Group records the changes in the net debentures for definitive benefits in the statement of profit or loss.

The assets or liabilities concerning definitive benefits include the current value of the definitive benefits debentures, minus the fair value of the assets involved in the plan.
Lastly, it should be noted that, following the 2007 reform of the pertinent national regulations, for companies with more than 50 employees, the Staff Severance Provision accrued from 1st January 2007 onwards is classified as a defined contributions plan, the payments relative to which are entered directly in the income statement, as expenses, when recorded The Staff Severance Provision accrued up to 31.12.2006 continues to be a defined benefits plan, but without the future contributions. Accordingly, it is now valued by the independent actuaries solely on the basis of the expected average residual working life of the employees, without further consideration of the remuneration received by them over a predetermined employment period. The Staff Severance Provision "accrued" before 1st January 2007 thus undergoes a change in calculation, due to the elimination of the previously foreseen actuarial hypotheses linked to pay increments. In particular, the liability relative to "accrued Staff Severance Provision" is actuarially valued as at 1st January 2007 without applying the pro-rata (years already worked/total years worked), as the employees' benefits relating to the entire period up to 31st December 2006 can be considered almost entirely accrued (with the sole exception of revaluation) in application of paragraph 67 (b) of IAS 19. Therefore, for the purposes of this calculation, the "current service costs" relating to the future services of employees are to be considered null insofar as represented by the contribution payments into the supplementary pension scheme fund or the INPS Treasury Fund.

Provisions for risks and charges

Provisions for risks and charges involve specific costs and charges, considered definite or probable, for which the amount or due date could not yet be determined at the end of the year. Provisions are recognized when: (i) the existence of a current, legal or implied obligation is probable, arising from a previous event; (ii) the discharge of the obligation may likely involve charges; (iii) the amount of the obligation may be reliably estimated. Provisions are entered at the value representing the best estimate of the amount the Company would reasonably pay to redeem the obligation or to transfer it to third parties at the end of the period. When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the provision is discounted back; the increase in the provision associated with the passage of time, is entered in the income statement under "Financial income (charges)". The supplementary clientele severance indemnity, as all other provisions for risks and charges, has been appropriated, based on a reasonable estimate of probable future liabilities, and taking the elements available into consideration.

Financial liabilities

The financial liabilities are initially valued at their fair value, which is the same as the payment received on the date on which they are received, to which the transaction costs directly attributable to them are to be added in the case of debts and loans. Subsequently, the non-derivative financial liabilities are measured by the criterion of amortized cost using the effective interest rate method.

The financial liabilities of the Group include trade payables and other payables, loans and derivative financial instruments.

The financial liabilities within the scope of application of IFRS 9 are classified as payables and loans, or as derivatives designated as hedging instruments, according to the case in question. The Group determines the classification of its financial liabilities at initial recognition.

The profits and losses are accounted in the income statement when the liability is extinguished, as well as through the amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the income statement.
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

In cases in which an existing financial liability is replaced by another from the same lender, on substantially different conditions, or the terms of an existing liability are substantially modified, this swap or modification is treated as the derecognition of the original liability and the recording of the new liability, with any differences between the respective carrying amounts recognised in the income statement.

Lease liabilities (IFRS16) are initially valued at the current value of the payments due for the lease and not yet made on the commencement date, which include:
- the fixed payments that will be made with reasonable certainty, net of the lease incentives to be received;
- the variable payments due which depend on an index or rate (the variable payments such as fees based on the use of the leased asset are not included in the "Lease liability", but are entered in the income statement as operating costs throughout the duration of the lease contract);
- any amounts that are expected to be paid as guarantee on the residual value granted to the lessor;
- the price of exercising the purchase option, if the lessee is reasonably certain to exercise this option;
- the payment of fines for the termination of the lease if the lessee is reasonably certain to exercise this option.

The current value of these payments is calculated using a discount rate equal to the incremental loan rate of the lessee.
The incremental loan rate of the lessee is defined taking into account the periodicity and duration of the payments provided by the lease contract, the currency in which they are made and the characteristics of the economic environment of the lessee ("IBR"). Specifically, the IBR is determined on the basis of the Bloomberg Risk Free Rate on the basis of the Euro swap, reflecting considerations or adjustments to the specific domestic context in which the Group operates, if relevant. The rate defined is consistent with the

average residual lifetime of the contracts.
After initial recording, the lease liability is valued at amortized cost (in other words increasing its book value to take into account the interest on the liability and reducing it to take into account the payments made) using the effective interest rate and is redetermined, as a counter item to the initial value of the related Right of Use, to take into account any modifications to the lease as a result of contractual renegotiations, changes in indices or rates, modifications to the exercise of the contractual options of renewal, advance withdrawal or purchase of the asset leased.

Derivatives

After their initial recording, derivatives are valued again at fair value and are accounted for as financial liabilities when the fair value is negative. Any profits or losses deriving from variations in fair value of the derivatives are recorded directly in the income statement, except for the effective part of the cash flow hedges, which are recorded among the components of the statement of comprehensive income and subsequently reclassified in the business year profits/(losses) when the hedging instrument has an effect on the profits or losses.

As regards the instruments classified as cash flow hedges and which are classified as such, the variations in fair value are recorded, solely as regards the effective part, in a specific equity reserve defined as "Reserve from cash flow hedges", included in the statement of comprehensive income. This reserve is subsequently overturned to the income statement as soon as the economic effects of the scope of the hedging operation manifest themselves. The variation in fair value referring to the ineffective portion is immediately recorded in the period income statement. Should the occurrence of the underlying operation no longer be considered highly probable, or the hedging relation no longer be demonstrable, the corresponding portion of the "cash flow hedge reserve" is immediately overturned to the income statement.

Income taxes

Current income taxes are calculated on the basis of the estimated taxable income. Tax assets and liabilities for current taxes are recognized at the value expected to be paid/recovered to/from the Tax Authorities, by applying the rates and tax regulations in force or basically approved as at the end of the period, and considering the involvement of some companies to the national consolidated tax base.
If there is any uncertainty as to the treatment of income taxes, the Group must state the effect of the uncertainty for each uncertain fiscal treatment, using one of the following methods: a) the method of the most probable amount; or b) the method of expected value, in other words the sum of the amounts of a range of possible results, weighted in the basis of the probability of their occurring.
Deferred tax liabilities and assets are calculated on the temporary differences between the values of the assets and liabilities recorded in the financial statements and the corresponding values recognised for fiscal purposes.
Deferred taxes are recorded on all the taxable temporary differences, with the following exceptions:

- the deferred tax liabilities deriving from the initial recording of the start-up of either an asset or a liability in a transaction which does not represent a corporate aggregation and, at the time of the transaction itself, does not influence either the result in the financial statements or the fiscal result;
- the repayment of the taxable temporary differences associated to holdings in subsidiaries, related companies and joint ventures can be controlled, and it is probable that this will not occur in the foreseeable future.

In addition, they are also recorded on the dividends that the subsidiaries have decided to distribute.

Deferred tax assets are recorded for all the deductible temporary differences, fiscal receivables and losses not used and brought forward, in the measure in which it is probable that sufficient future fiscal taxable will be available which may enable the use of the deductible temporary differences and fiscal receivables and losses brought forward, except in cases in which:

- the deferred tax related to the deductible temporary differences derives from the initial recording of an asset or liability in a transaction which does not represent a corporate aggregation and, at the time of the transaction itself, does not influence either the result in the financial statements or the fiscal result;

- in the case of deductible temporary differences associated to holdings in subsidiaries, related companies and joint ventures, the active deferred taxes are only recorded in the measure in which it is probable they will be brought forward in the foreseeable future and that there will be sufficient fiscal taxable to enable the recovery of these temporary differences.

Deferred tax assets are recorded when their recovery is probable. Deferred tax assets and liabilities for deferred taxes are classified under non-current assets and liabilities and are offset if referring to taxes which may themselves be offset. The offsetting balance, if an asset, is entered under "deferred tax assets"; if a liability, it is entered under "Liabilities for deferred taxes". When the results of the operations are directly recognized in the shareholders' equity, current taxes, assets for prepaid taxes and liabilities for deferred taxes are also recorded in the shareholders' equity.

Deferred tax assets and deferred taxes are calculated on the basis of the tax rates expected to be applied in the year said assets will realize or said liabilities will extinguish.

Criteria for conversion of items in foreign currency

Transactions in foreign currency are initially recorded in the functional currency, applying the currency spot rate the transaction first qualifies for recognition.

The monetary assets and liabilities denominated in foreign currency are retranslated at the functional currency spot rate at the reporting date.

Any differences are recorded in the income statement.

Business combinations

The business combinations occurred prior to 1 January 2010 are accounted through the application of the so-called *purchase method* (purchase methods defined by IFRS 3 as "Business combinations"). The purchase method requires that, after having identified the buyer involved in the business combination and having determined the purchase cost all the assets and liabilities purchased (including the so-called contingent liabilities) must be valued at fair value. For this purpose, the company is required to value any intangible assets purchased in specifically. Any goodwill is to be calculated in a residual manner, as the difference between the cost of the business combination (including additional charges and any contingent considerations) and the share pertaining to the company of the difference between the assets and liabilities purchased, valued at their fair value.

The business combinations occurred subsequently to 1 January 2010 are accounted for using the acquisition method (IFRS 3R). The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value acquisition date and the amount of any non-controlling interest in the acquired. For each business combination, the acquirer measures the no controlling interest in the acquired either at fair value or at the proportionate share of the acquired identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If business combinations are achieved in stages, the fair value of the shareholding previously held is remeasured to fair value at the acquisition date, recording any resulting profits or losses in the profit and loss account.

Each contingent consideration to be transferred to the acquirer will be recognised by the acquired at the fair value at the acquisition date. Changes to the fair value of the contingent consideration classified as a financial asset or liability will be recorded in accordance with IAS 39 either in the profit and loss or as a change to comprehensive income. If it does not fall within the scope of IAS 39, it will be recognised in accordance with IAS 37 or the most appropriate IFRS.

If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within the equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed by the Group. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recording, goodwill is measured at the cost less any accumulated impairment losses in value. For the purpose of the impairment testing, the goodwill acquired in a business combination must, from the acquisition date, be allocated to each Group's cash generating unit which is expected to benefit from the combination synergy, independently

of the fact that other assets or liabilities of the entity acquired are assigned to such units.
If goodwill has been allocated to a cash generating unit and the entity disuses part of the assets of this unit, the goodwill associated to the disused asset must be included in the accounting value of the asset should any profits or losses derive from its disuse. The goodwill associated to the disused asset must be measured on the basis of the relative values of the disused asset and the portion of the cash-generating unit retained.

Revenue and cost recognition

Revenues from sales of goods and services are recognized upon transfer of control of goods and services to customers. The control of goods was usually identified upon consignment or delivery of the goods, except in specific case providing for other terms of consignment or delivery.
The revenues from services are recognized in accordance with the contractual terms and when the obligation to do have been satisfied.

Revenues are presented net of discounts, rebates, return and year-end bonuses.
Financial incomes are recognized on an accrual basis.
Costs are recognized when related to goods and services acquired and/or received over the period to which they refer, net of discounts, rebates, return and year-end bonuses.

Accounting treatment of financial assets/instruments

The Group uses derivative financial instruments to hedge its exposure to foreign currency risks on purchases and loans in currency other than the functional one, and also its exposure to the risk of changing interest rates on some variable-rate loans.
These derivative financial instruments are initially recognised at their fair value on stipulation; subsequently, this fair value is remeasured periodically; they are carried as assets when the fair value is positive and liabilities when the fair value is negative.
Fair value is the price that would be received for the sale of an asset, or would be paid for the transfer of a liability, in a standard transaction between market operators on the date of valuation.
The fair value of the derivative financial instruments used is determined on the basis of market value when it is possible to identify the market to which they actively belong. However, if the market value of a financial instrument is not easily calculable, but its components or those of a similar instrument are calculable, the market value is determined through the evaluation of the individual components of the instrument or of the similar instrument. Furthermore, for those instruments for which an active market is not easily identifiable, the evaluation is carried out by using the value resulting from generally accepted evaluation models and techniques which ensure a reasonable approximation of the market value. All the assets and liabilities for which the fair value is valued or recorded in the financial statements are categorised on the basis of the fair value hierarchy, as described below:

- Level 1 – the quoted (not adjusted) prices on active markets for identical assets and liabilities which the entity may access on the date of valuation;
- Level 2 – Input other than the quoted prices included in Level 1, observable directly or indirectly for the asset or liability in question;
- Level 3 – valuation techniques for which the input data is not observable for the asset or liability in question.

Derivatives are classified as coverage instruments when the relation between the derivative and the object of the coverage is formally documented and the coverage, assessed periodically, is highly effective. If derivatives cover a risk concerning the cash flow variations of the instruments covered (cash flow hedge; for example coverage of cash flow variability of assets/liabilities by effect of oscillations in exchange rates), the variations in the fair value of derivatives are initially recorded at net equity and subsequently attributed to the income statement coherently with the economic effect produced by the operation covered. Should the derivatives cover the fair value risk, the change in fair value of the covering derivatives is recorded in the statement of profit or loss among the financial costs. The change in fair value of the element covered attributable to the risk covered is recorded as part of the load value of the element covered and is also recorded in the statement of profit or loss among the financial costs. The variations in fair value of the derivatives which do not satisfy the conditions required in order to be classified as coverage are recorded in the income statement for the business year.

Own shares

The own shares of the company are registered in the net equity. The original cost of own shares and the income deriving from subsequent sale are recorded as changes in net equity.

Main estimates adopted by management and discretional assessments

The preparation of the Group financial statements requires that the directors carry out discretional assessments, estimates and hypotheses that influence the value of revenues, costs, assets and liabilities, and the indication of potential liabilities at the time of the financial statements. However, uncertainty as to these hypotheses and estimates may lead to outcomes that will require future significant adjustments on the accounting value of these assets and/or liabilities.

Estimates and hypotheses used

Below is an outline of the key hypotheses concerning the future and other significant sources of uncertainty in estimates at the date of closure of the financial statements that could be the cause of significant adjustment to the value of assets and liabilities in coming business years. The results achieved could differ from these estimates. The estimates and assumptions made are periodically revised and the effects of all changes are immediately reflected in the income statement.

- Estimates adopted to evaluate the impairment of non-financial assets

In order to measure any impairment of goodwill entered in the financial statements, the Group has adopted the method previously illustrated in the section on "Losses in value of non-financial assets".
The impairment test is conducted by comparing the accounting vale with the recoverable value of each group of CGU. The recoverable value of a group of CGU is determined with regard of the greater of the fair value net of sales costs and the use value. In determining the use value, the future cash flows are actualised using a discount rate which reflects the current market assessment of the temporal value of cash and the specific risks of the group of CGU. The estimates and assumptions reflect the extent to which the Group is aware of business developments and take into account prudent forecasts of future developments of the market in which the Group operates.
Given the uncertainty of the forecast, the worsening of the economic context that has not yet been considered in the Group hypotheses could highlight performance level differing from expectations, with the consequent need to make future adjustments to the accounting value of certain non-current assets.

- Estimates adopted in the actuarial calculation in order to determine the benefit plans defined in the context of post-employment benefits:
  - The expected inflation rate is equal to 1.2%;
  - The discounting rate[IV] used is equal to 0.77%;
  - The annual rate of increase of the severance plan is expected to be equal to 2.4%;
  - A 6.5% turnover of employees is expected.

- Estimates adopted in the actuarial calculation in order to determine the provision for supplementary clientele severance indemnity:
  - The rate of voluntary turnover is expected to be 13% for MARR S.p.A., 7% for AS.CA S.p.A., 5% for New Catering S.r.l.;
  - The rate of corporate turnover is expected to be 2% for MARR. S.p.A., 10% for AS.CA S.p.A., 7% for New Catering S.r.l.;
  - The discounting rate used is 0.17%[V].

- Estimates used in calculating deferred taxes

  A significant discretional assessment is required by the directors in order to determine the total amount of deferred tax assets to be accounted. They must estimate the probable occurrence in time and the total value of future fiscally chargeable profits.

- Other

  Other elements in the financial statements that were the object of estimate and assumptions by Management are inventory write-down, the determination of amortizations and evaluation of receivables and other assets.

[IV] Average performance curve deriving from the IBOXX Eurozone Corporates AA (duration "7-10 years").

[V] Average performance curve deriving from the IBOXX Eurozone Corporates AA referred to the duration of the collective.

The bad debts are based on assumptions regarding the risk of default and the expected loss percentages. These assumptions and the input data used in calculating the provision for bad debts are based on historical experience, the market context and the expected evolution of the credit risk on each reporting date. See the explanatory notes for more details.
These estimates, although supported by well-defined corporate procedures, require hypotheses to be made mainly concerning the future realisable nature of the value of inventories, the probability of collecting in receivables and the solvency of creditors as well as the remaining useful lifetime of assets that may be influenced by both market performance and the information available to Management.

Accounting policies, amendments and interpretations applicable as of 1 January 2019

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

In particular, as reported in the introduction of these Explanatory notes, it should be highlighted the application of the new IFRS 16.
This new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts. From 1st January 2019 it involved the accounting in the fixed assets of a Right of use the net book value of which was equal to 45.4 million Euros as at 31 December 2019, mainly related to the long-term lease contracts of the buildings in which the distribution centers of the Parent Company and of the subsidiary New Catering were located.
On the other hand, the new principle implied the accounting of a financial liability that amounted to 46.4 million Euros at the end of the year.
From an economic viewpoint, the new principle implied the allocation of depreciations for 8.3 million Euros, financial charges for 1.6 million Euros and lower rental fees for total of 9.1 million Euros, with an overall impact represented by a lower profit of 0.6 million Euros.

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

- IFRIC 23 - Uncertainty over Income Tax Treatments. This interpretation provides indications on how to reflect in the accounting of income tax the uncertainties of the fiscal treatment of a specific phenomenon; with regard to this IFRIC, it must be noted that management, after hearing the opinion of its consultants, believes that there are no uncertainties in the treatment used for income taxes such as to require an allocation in the financial statements.

- Changes to IFRS 9 - Financial Instruments. The changes, published in October 2017, concern the "Prepayment Features with Negative Compensation" which enable the application of the amortized cost or fair value through other comprehensive income (OCI) for the financial assets with the option of advance extinction ("negative compensation").

- Changes to IAS 28 "Long-term Interests in Associates and Joint Ventures". On 12 October 2017, the IASB emanated these changes to clarify the application of IFRS 9 "Financial Instruments" as regards the long-term interest in subsidiary companies or joint ventures, for which the net equity method is not applicable.

- Changes to IAS 19, "Employee benefits'- Plan amendment, curtailment or settlement". This amendment, issued by the IASB on 7 February 2018, clarifies how pension costs are to be determined when changes are made to the defined benefits plan.

- Improvements to the International Financial Reporting Standards (2015-2017). The changes, published in December 2017, mainly concern the following IFRS: a) IAS 12 "Income Taxes". The proposed changes clarify that an entity should recognise all of the fiscal effects to the distribution of the dividends; b) IAS 23 "Borrowing Costs": the proposed changes clarify that, in the event that the specific finances required for the purchase and/or construction of an asset remain ongoing even after the asset in question is ready for use or sale, such loans shall cease to be considered as specific, and are therefore included in the general loans of the entity, in order for the rate of capitalisation of the loans to be determined; c) IAS 28 "Investments in Associates and joint ventures – Long-term interests in an associate or joint venture". The proposed changes clarify that standard IFRS 9 "Financial Instruments", including the impairment requirements, is also applicable to other financial instruments held in the long-term issued for an associate company or joint venture.

Accounting standards, amendments and interpretations applicable in future years

The accounting standards and interpretation which, as of the date of the preparation of the Consolidated financial statements, were already issued but not yet in force are illustrated below.
These standards will be applicable in future years and from a cursory examination, the Group believes that they will not have significant impacts on the consolidated financial and economic situation.

- Changes to IAS 1 and IAS 8. These changes, published by the IASB on 31 October 2018, provide for a different definition of "material", in other words: "*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity"*. These changes will be applicable for business years beginning on 1 January 2020 or later. Advance application is allowed.
- Changes to the Conceptual Framework for Financial Reporting, published by the IASB on 29 March 2018. The main changes compared to the 2010 version concern: i) a new chapter on assessment; ii) better definitions and guidance, especially as regards the definition of liabilities; iii) clarifications of important concepts, such as stewardship, prudence and uncertainties in assessments. The changes, in the case of effective updates, will be applicable from business years beginning on 1 January 2020 or later.
- Changes to IFRS9, IAS 39 and IFRS 7 (Interest Rate Benchmark Reform). These changes focus on the accounting of hedging transactions in order to clarify the potential effects deriving from the uncertainty caused by the "Interest Rate Benchmark Reform". Furthermore, these changes require companies to provide additional information to the investors as regards their hedging transactions that are directly affected by these uncertainties. These changes will be applicable for business years beginning on 1 January 2020 or later.

The following is a list of the main accounting standards, amendments and interpretations published by the IASB but not yet endorsed.

- IFRS 17 - "Insurance Contracts". This standard, issued on 18 May 2017, establishes the standards for the recognition, measurement, presentation and representation of insurance contracts included in the standard. The objective of IFRS 17 is to guarantee that an entity provides relevant information which truthfully represents such contracts in order to represent a basis for evaluation by the reader of the financial statements of the effects of such contracts on the equity and financial situation, on the economic results and on the cash flows of the entity. On 21 June 2018, the IASB decided to issue clarifications concerning IFRS 17 "Insurance Contracts", in order to ensure that the interpretation of the standard reflects the decisions taken by the Board, with specific reference to certain points in the contracts subject to variable fees and aspects correlated to IFRS 3 "Business combination". The dispositions of IFRS 17 will be effective as of business years beginning on 1 January 2021 or later.
- Changes to IFRS3 "Business Combination". These changes, issued by the IASB on 22 October 2018, are aimed at resolving the difficulties that arise when an entity determines whether it has purchased a business or group of assets. The changes are effective for business combinations for which the date of acquisition is in force on or subsequent to 1st January 2020. Advance application is allowed.
- The IASB has published changes to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" with the aim of clarifying how to classify the payables and other liabilities as short-term or long-term. The changes will come into force on 1 January 2022; advance application is allowed.

Capital management policy

As regards the management of capital, the Group's priority is to maintain an appropriate level of its equity in relation to debts accrued (Net debt/Equity or "gearing" ratio), so as to guarantee solidity in terms of equity and its adequacy to the management of cash flows.

Taking into account the fact that the financial requirements, because of the characteristics of the Group's core business, are calculated in terms of trade net working capital, the main indicator for cash flow management is summarily represented by the performance of the ratio between trade net working capital and revenues ("Trade NWC on total Revenues").

Still in relation to the seasonal nature characterising its business, the Group also monitors the performance of the single components of trade net working capital (trade receivables and payables and inventories) in terms of both absolute value and days of outstanding.
The management of capital is also measured in terms of the principal indicators of best financial practice such as: ROS, ROCE, ROE, Net debt / Equity and Net debt / EBITDA.

Financial Risks Management

The financial risks to which the Group is exposed in the performance of its business activities are as follows:
- market risk (including currency risk, interest rate risk and price risk);
- credit risk;
- liquidity risk.

The Group employs derivative financial instruments solely for the purpose of covering some non-functional currency exposures and part of the financial exposure with variable rate.

Market risk

(i) Currency risk: the currency risk arises when reported assets and liabilities are expressed in a currency other than the enterprise's functional currency (the Euro). The Group operates at an international level and is consequently exposed to currency risk above all with regard to trade transactions denominated in US dollars. The manner of handling this risk in the Group is to enter into forward contracts to purchase/sell the foreign currency, specifically designed to hedge the individual trade transactions, if the forward rate is favourable compared to the rate at the date of the operation. In addition to the trade relations, it should be noted that in 2013, the Parent Company finalized a bond private placement in US dollars. To cover this transaction, the Company stipulated cross currency swap contracts specifically destined to hedge the financial flows deriving from the payment of the coupons and reimbursement of capital on expiry.

As at 31 December 2019, a 5% appreciation in the exchange rate in relation to the US dollar and to other currencies, all else being equal, would have given rise to a decrease in pre-tax profit of 110 thousand Euros (-156 thousand Euros in 2018), due to exchange rate gains (losses) on trade payables and receivables denominated in foreign currency, mainly dollars (because of the change in the fair value of current assets and liabilities).
The other equity items would have shown an increase of about 1,273 thousand Euros (-219 thousand Euros as at 31 December 2018) ascribable to variations in the amount of the cash flow hedge fund (due to the variation in the fair value of the ongoing hedging contracts).
On the other hand, at the same date, a 5% drop in the exchange rate in relation to the US dollar and to the other currencies, all else being equal, would have been reflected by a pre-tax profit increase of 122 thousand Euros (+173 thousand Euros in 2018).
The other equity items would have shown a downward variation of 1,171 thousand Euros (+200 thousand Euros as at 31 December 2018) ascribable to variation in the amount of the cash flow hedge fund (due to the variation in the fair value of the ongoing hedging contracts).

(ii) Interest rate risks: risks concerning changes to interest rates affect loans. Almost of the long terms loans from banks are floating and variable rate financing exposes the Group to the risk of cash flow variations due to interest rates. To cover this risk, the Parent Company has historically stipulated Interest Rate Swap contracts specifically related to the partial or total hedging of certain loans. Fixed rate financing exposes the Group to the risk of changes to the fair value of the finances themselves.

In 2019, a hypothetical upward or downward fluctuation of 10% in the interest rate, all else being equal, would have produced a pre-tax cost increase or decrease (with corresponding net equity variation) of approximately 132 thousand Euros on a yearly basis (208 thousand Euros as at 31 December 2018).

As regards the use of the other short-term credit lines, management is focusing on safeguarding and consolidating relations with the credit institutes in order to stabilise the spread applied to Euribor as much as possible.

(iii) Price risks: the Group makes purchases and sales worldwide and is therefore exposed to the normal risk of price oscillations typical of the sector.

Credit Risk

The Group deals only with known and reliable customers. It is a matter of Group policy to subject customers who request deferred terms of payment to creditworthiness ascertainment procedures. In addition, credit balance monitoring is performed during the year to ensure that the amount of the overdue is not significant.

The credit quality of non-overdue financial assets that have not undergone impairments of value can be evaluated with reference to the internal credit management procedures.

The customer monitoring process consists essentially of a preliminary phase in which data and information is collected on new customers, and a post-activation phase featuring the granting of a credit line and supervision of the customer's credit position.
The preliminary phase consists of acquiring the essential administrative/fiscal data necessary to be able to carry out a complete and accurate assessment of the risks entailed by the new customer. Activation of the customer is dependent on the completeness of the aforementioned data and approval, possibly following more detailed investigations, by the Customers Office.
Every new customer is given a credit line: its granting depends on some additional items of information (years in business, terms of payment, reputation) that are indispensable so as to be able to assess the customer's solvency level. Once the overall picture has been put together, the documentation on the potential customer is submitted for approval to the various organizational levels.

Overdue management is differentiated on the basis of length of time overdue (overdue bands).
For overdue bands up to 60 days, reminder procedures are activated at branch level or directly by the Customers Office; for accounts that are over 15 days overdue or that have exceeded the amount of the credit line granted, an IT control blocks the supply to the non-performing customer. For credits in the "over 90 days" band, legal action is taken when necessary.
Receivables comprised in the "not yet due" band, which total 225,851 thousand Euros as at 31 December 2019, represent about 61.52% of the receivable accounts reported in the financial statements.

This procedure defines the operating rules and mechanisms that are guaranteed to generate a cash flow by assuring the Company of the customer's solvency and the profitability of the commercial relationship.

At the reference date of the financial statements, the maximum exposure to credit risk for each of the following categories of receivables was as shown below:

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Current trade receivables	367,111	369,889
Other non-current receivables	38,455	30,880
Other current receivables	58,587	58,156
Total	464,153	458,925

For the comments on the various categories, please refer to note 8 on "Other non-current receivables", note 12 on "Trade receivables" and note 15 on "Other current receivables".

The fair value of the above categories is not shown, as the book value constitutes a reasonable approximation of the former. The value of the trade receivables, the other non-current receivables and the other current receivables are classifiable as "Level 3" financial receivables, in other words those for which the input is not based on observable market data.

As at 31 December 2019, overdue trade receivables, net of bad debt provision, amounted to 141,260 thousand Euros (147,148 thousand Euros in 2018). The breakdown of these receivables by due date is as follows:

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Overdue:		
Less than 30 days	41,250	44,133
betweeen 31 and 60 days	23,415	25,240
betweeen 61 and 90 days	21,089	21,187
Over 90 days	55,506	56,588
Total overdue trade receivables	141,260	147,148

The amounts shown above refer to overdue debts calculated on the basis of the nominal terms agreed[VI] with the customer at the time of first assessment. This table also includes the "overdue" exposure of the particularly important customers most closely loyal to the Group, with whom special terms of payment are agreed. As at 31 December 2019, this particular category of customers accounted for 26,001 thousand Euros in the "Over 90 days" band (21,683 thousand Euros at 31 December 2018).

At 31 December 2019, the nominal amount of the disputed trade receivables (all classified in the category of expired "over 90 days"), which had been impaired and undergone a write-down, amounted to 34,883 thousand Euros (33,016 thousand Euros in 2018). Those receivables were mainly related to clients in economic difficulties. The quota of these receivables that is not recoverable is specifically covered by the bad debt provision, which amounts to a total of 38,744 thousand Euros (33,930 thousand Euros in 2018).

Liquidity risk

The Group manages liquidity risk with a view to maintaining a liquidity level sufficient for its operational management. Its management of this risk is based mainly on constant central treasury monitoring of the collection and payment flows of all the member companies. This makes it possible, in particular, to monitor the resource flows generated and absorbed by its normal business activity.
Given the dynamic nature of the sector concerned, to meet the requirements of the business's routine management and seasonal trends preference is given to funding requirements by availing adequate lines of credit.

For the management of resources absorbed by investment activities, preference is generally given to funding through specific long-term loans.

The following table shows the breakdown of financial liabilities and derivative financial liabilities on the basis of contractual expiry dates at the reference date of the financial statements. It is noted that the amounts shown do not reflect the book values in as much as they consider the future expected cash flows. Given the high volatility of the reference rates, the financial flows of variable rate loans have been estimated consistently with that already done in previous years, using a rate determined by the IRS at five years increased by the average spread applied to our medium and long-term loans.

[VI] Except for the expiry dates defined in paragraph 3 of art. 62 of Decree Law 1 dated 24/1/2012 which, as of 24 October 2012, has established that the payment of perishable food products be made within 30 days of the last day of the month of receipt of the invoice and that for non-perishable food products within 60 days of the last day of the month of receipt of the invoice.

(€thousand)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 december 2019				
Borrowings	175,878	76,082	95,674	0
Financial payables for leases (IFRS 16)	9,127	8,515	16,834	17,746
Derivative financial instruments	72	0	66	0
Trade and other payables	332,999	0	0	0
	518,076	84,597	112,574	17,746
At 31 december 2018				
Borrowings	122,163	175,377	45,884	0
Payables for the purchase of quotas or shares	361	0	0	0
Derivative financial instruments	10	0	0	0
Trade and other payables	323,227	0	0	0
	445,761	175,377	45,884	0

As regards the changes to the long-term quota, see that already described in the Director's Report and in the following paragraphs 17 "Non-current financial liabilities" and 18 "Lease liabilities (IFRS16)".

Classes of financial instruments

The following elements are recorded in the accounts in compliance with the accounting standards for financial instruments:

(€thousands)	31 December 2019			
Assets as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current derivative/financial instruments	0	3,419	0	3,419
Non-current financial receivables	490	0	0	490
Other non-current assets	38,455	0	0	38,455
Current financial receivables	2,403	0	0	2,403
Current derivative/financial instruments	0	1,247	0	1,247
Current trade receivables	367,111	0	0	367,111
Cash and cash equivalents	192,493	0	0	192,493
Other current receivables	58,587	0	0	58,587
Total	659,539	4,666	0	664,205
Liabilities as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current financial payables	166,793	0	0	166,793
Non-current lease liabilities (IFRS16)	38,514	0	0	38,514
Non-current derivative/financial instruments	0	66	0	66
Current financial payables	178,802	0	0	178,802
Current lease liabilities (IFRS16)	7,911	0	0	7,911
Current derivative financial instruments	0	72	0	72
Total	392,020	138	0	392,158

(€thousands)	31 December 2018			
Assets as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current derivative/financial instruments	0	2,513	0	2,513
Non-current financial receivables	723	0	0	723
Other non-current assets	30,880	0	0	30,880
Current financial receivables	2,878	0	0	2,878
Current derivative/financial instruments	0	1	0	1
Current trade receivables	369,889	0	0	369,889
Cash and cash equivalents	178,410	0	0	178,410
Other current receivables	58,156	0	0	58,156
Total	640,936	2,514	0	643,450
Liabilities as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current financial payables	218,357	0	0	218,357
Non-current derivative/financial instruments	0	0	0	0
Current financial payables	119,578	0	0	119,578
Current derivative financial instruments	0	10	0	10
Total	337,935	10	0	337,945

In compliance with that required by IFRS 13, we would point out that the derived financial instruments, constituted by contracts for the coverage of exchanges and interest rates, are classifiable as "Level 2" financial assets, in as much as the inputs which have a significant effect on the fair value registered are market figures observable directly (exchange and interest rate market).[VII] Similarly, as regards the non-current financial debts, the recording at fair value of which is indicated in paragraph 16 of these explanatory notes, are also classifiable as "Level 2" financial assets, in as much as the inputs influencing their fair value are market data which is directly observable.

As regards the other non-current and current assets, see that described in paragraphs 8 and 15 of these explanatory notes.

[VII] The Group identifies as "Level 1" financial assets and liabilities those for which the input which has a significant effect on the fair value registered are represented by prices listed on an active market for similar assets or liabilities and as "Level 3" financial assets and liabilities those for which the input is not based on observable market figures.

Comments on the main items of the consolidated statement of financial position

ASSETS

Non-current assets

1. Tangible assets

The movements in the item in the year 2019 and in the period before are the following:

(€thousand)	Balance at 31.12.18	Purchases / other movements	Griglia Doc Acquisition	Net decreases for divestments	Depreciation/ Write down	Balance at 31.12.17
Land and buildings	53,670	405	0	0	(2,505)	55,770
Plant and machinery	7,241	1,488	0	(219)	(2,431)	8,403
Industrial and business equipment	1,618	205	0	(8)	(342)	1,763
Other assets	3,218	1,523	0	(714)	(1,532)	3,941
Fixed assets under development and advances	2,421	2,149	0	0	0	272
Total tangible assets	68,168	5,770	0	(941)	(6,810)	70,149

(€thousand)	Balance at 31.12.19	Purchases / other movements	Net decreases for divestments	Depreciation/ Write down	Balance at 31.12.18
Land and buildings	51,558	359	(99)	(2,372)	53,670
Improvements on leased facilities	2,161	2,238	0	(77)	0
Plant and machinery	6,770	2,094	0	(2,565)	7,241
Industrial and business equipment	1,656	403	(7)	(358)	1,618
Other assets	2,945	1,306	(101)	(1,478)	3,218
Fixed assets under development and advances	5,870	3,449	0	0	2,421
Total tangible assets	70,960	9,849	(207)	(6,850)	68,168

The changes exposed in the column "Purchases/other movements" mainly represent the investments related to the plan for the expansion and modernisation of some branches of the Parent Company and the subsidiary New Catering started in previous years, which mainly involved investments in the items "Land and Buildings", "Improvements to leased buildings" and "Plant and machinery".
In particular, it should be noted that during the year, the expansions to the distribution centres MARR Venice (with total investments in the three categories of 332 thousand Euros) and MARR Adriatico (with total investments of 1,287 thousand Euros) became operational, as did the Rimini warehouse of New Catering (342 thousand Euros).
Further investments in plant and machinery were made at the various branches of the Parent Company.

As regards the increases in the item "Other assets", these refer mainly to the purchase of electronic office machines (for 834 thousand Euros) and industrial vehicles and cars (for a total of 306 thousand Euros).

The overall decreases, totalling 207 thousand Euros, refer mainly to the sale of vehicles and, as regards the item "land and buildings", to an indemnity received from the subsidiary company AS.CA with regard to the urban planning costs and charges.

Lastly, as regards the item "Fixed assets under development", it should be noted that the value is represented by the construction work on the new headquarters building of the Parent Company in Santarcangelo di Romagna; in this regard, it must be pointed out that the overall investment for the construction of the new headquarter amounts to about 13 million Euros.

As indicated subsequently, in the commentary on the item current and non-current financial payables, mortgage is due for a total of 10,000 thousand Euros in favour of Cassa di Risparmio di Pescia e Pistoia registered to hedge the mortgage granted on the property Bottegone (PT) – Via Francesco Toni 285 and 297 (the value of which in the item Land and Buildings totally amounts to 4.3 million Euros as at December 31, 2019).

For details of the changes in tangible assets please refer to the information provided in Appendix 5.
See Appendix 11 as regards the details of the Land and Buildings owned by the Group as at 31 December 2019.

2. Right of use

This item represents the actualised value of the future leasing fees concerning the operating lease contracts with a multiannual duration that were ongoing as at 31 December 2019, as provided by the new IFRS 16 in force since 1 January 2019.

(€thousand)	Balance at 31.12.19	Purchases	Net decreases for divestments	Depreciation	Initial change	Balance at 31.12.18
Land and buildings - Rights of use	45,359	573	(6,526)	(8,289)	59,601	0
Other assets - Rights of use	78	29	0	(49)	98	0
Total Rights of use	45,437	602	(6,526)	(8,338)	59,699	0

As regards the movements shown, it should be noted a reduction of the right of use of buildings relating to the review of the residual duration of a lease contract.

In order to give a better understanding of this item, we attached a few details about the composition and the changes in the year.

(€thousand)	NBV 31.12.19	Depreciation found at 31.12.19	Depreciation	Book value at 31.12.19	Net decreases for divestments	Purchases	Book value at 01.01.19
Land and buildings - MARR	42,830	7,958	(7,958)	50,788	(6,526)	561	56,753
Land and buildings - New Catering	2,529	331	(331)	2,860	0	12	2,848
Other assets - MARR	50	48	(48)	98	0	0	98
Other assets - New Catering	28	1	(1)	29	0	29	0
Total Rights of use	45,437	8,338	(8,338)	53,775	(6,526)	602	59,699

The value given above is represented by 36 lease contracts, 29 concerning the industrial buildings in which some distribution centres of the parent company and of the subsidiary New Catering S.r.l. are located and 7 contracts for other assets, mainly vehicles.

For more details on the movements of the right of use, see Appendix 6.

For a better understanding of the impacts, the following are the movements in the relative financial liability generated in overall terms by the application of the new accounting standard (see paragraphs 18 and 25 for more details in this regard).

Lease liabilities for right of use *(€thousand)*	Balance at 31.12.19	Payments	Other movements	Balance at 01.01.19
Land and buildings	46,346	(7,302)	(5,953)	59,601
Other assets	79	(48)	29	98
Total	46,425	(7,350)	(5,924)	59,699

3. Goodwill

The following are the details of the item "Goodwill":

(€thousand)	Balance at 31.12.19	Purchases	Reclassification / other movements	Balance at 31.12.18
MARR S.p.A.	136,205	0	0	136,205
AS.CA S.p.a.	8,634	0	0	8,634
New Catering S.r.l.	5,082	0	0	5,082
Total Goodwill	149,921	0	0	149,921

The item did not change compared to 31 December 2018.

Impairment test

At the end of each business year, the Group verifies the recoverability of the intangible assets with defined lifetimes. The recoverable value of the CGU to which the individual assets have been attributed is verified by determining their value in use.

It should also be noted that, as already highlighted in the explanatory notes to past financial statements, management believes it correct to consider the individual subsidiaries as the smallest cash generating units.

However, as at 31 December 2019, Management assesses the return of the investment and thus the recoverability of the goodwill at two levels: the business combination of MARR S.p.A. and AS.CA S.p.A., and New Catering S.r.l. separately.

The combination of AS.CA and MARR was defined on the basis of the fact that since 1 February 2020, the subsidiary AS.CA S.p.A. has leased its business to the parent company MARR and the activities are integrated in those of the MARR Bologna and MARR Romagna distribution centres.

The estimate of the value of use of the groups of CGU for the impairment test is based on the actualisation of the cash flows of the CGU groups, determined on the basis of the following hypotheses.

- The forecasts of the Business Plan, submitted by the Board of Directors of the Company on 12 December 2019, including the forecast cash flows of the groups of CGU, were determined considering all levels of growth of the returns and of the EBITDA based on both past economic and profitability performance and future expectations. The industrial plan also includes forecasts concerning the sales, investments and margins. The forecast used are linear with respect to those used last year.
- The expected future cash flows, represented by the expected result of everyday activities, plus the amortizations and less the expected investments, include a terminal value used to estimate the future results beyond the timeframe explicitly considered relevant to the period 2020-2023, of which the cash flows for the three-year period 2020-2022 are taken from the Business Plan and the cash flow for 2023 is estimated prudentially by applying an increase of 1% on the estimated returns for 2022. The terminal value is determined using a long-term growth rate ("g rate") of 1%. For the estimate of the sustainable medium to long-term EBITDA, an EBITDA margin value has been applied to the returns (identified through the g rate applied to the returns in the last year of the plan) equal to the margin estimated for the last year of the plan. The annual investments are estimated by identifying the amount that is deemed representative of both the normalised investments needed to maintain the current assets and the investments aimed at supporting the organic growth of the CGU.

- The expected future cash flows are actualised at a weighted average cost of capital ("WACC") of 4.12% (4.72% last year) which reflects the current market assessment of the temporal value of cash for the period in consideration and the specific risks of the country comprising the single CGU, a method consistent with that done last year. The following are the main assumptions on which the calculation of the WACC is based:
  - the risk-free rate used refers to the average performance in the last quarter of 10-year state securities concerning the country in which each CGU operates;
  - the beta coefficient is estimated on the basis of a panel of comparable listed companies operating in the same sector as the Company;
  - the tax rate used is that in force in the country comprising the single CGU;
  - lastly, a risk premium has been considered.

In addition, it must be noted that the new standard IFRS 16 has led to an increase in the book value of the net invested capital which includes the net accounting value of the rights of use on the reporting date and the impacts in the estimate of the 2020-2023 cash flows and the terminal value, mainly due to increased incoming operating cash flows as a result of the positive effect on the EBITDA and the increased outgoing cash flows for investments, including the cash flows from the renewal of the lease contracts.

Although the hypotheses on the macro-economic context, developments in the sector in which the Group operates and the estimated future cash flows are deemed adequate, changes in the hypotheses or circumstances may require changes to the analysis described above. Therefore, a sensitivity analysis has been carried out on the results, assessing the changes to the basic assumptions for each CGU, in order to determine the recoverable value, as shown in detail in the following table.

We would point out that on the basis of the impairment test carried out according to the principles and hypotheses described in this paragraph and in the section "Main estimates made by management and discretional assessments", the values of goodwill stated, amounting to 149,921 thousand Euros, are fully recoverable.
With regard to this assessment, management believes that, given even the prudence used in defining the key hypotheses used, there cannot within reason be a change in these such as to produce a recoverable value of the units of less than their accounting value.

Cash Generating Unit	Carrying amount 31.12.19	Change: Net Present Value Free Cash Flow[1] - Carrying Value (absolute value and % incidence on Carrying Value)					
		WACC 4.12%		Sensitivity with WACC 8.00%		Sensitivity with WACC 4.12% and decrease in revenues by 5% for the first 3 years and revenues flat starting from 4th year and terminal value	
MARR S.p.A. + AS.CA S.p.A.	529,402	1,650,136	311.7%	385,526	72.8%	1,060,967	200.4%
New Catering S.r.l.	6,411	60,522	944.0%	20,273	316.2%	42,245	658.9%
Total	535,813	1,710,658	319.3%	405,799	75.7%	1,103,212	205.9%

[1] The Net Present Value Free Cash Flow is right of use calculated actualizing the expeted cash flows deriving from the Cash Generating Unit.

Business combinations closed during the year

No business combinations were closed during the course of 2019.

Business combinations realised after the closing of the year

On 11 March 2020, the parent company acquired 60% of the shares of SìFrutta S.r.l. from the company Sì Frutta S.r.l. and Vitali e Bagnoli Multiservice S.r.l. for a total price of 0.7 million Euros, thereby acquiring total control over the associate.

4. Other intangible assets

Below are the movements of the item in 2019 and in the previous year:

(€thousand)	Balance at 31.12.18	Purchases / other	Griglia Doc acquisition	Net decreases	Depreciation	Balance at 31.12.17
Patents	1,245	554	362	0	(386)	715
Concessions, licenses, trademarks and similar rights	15	0	0	0	(1)	16
Intangible assets under development and advances	916	(127)	0	0	0	1,043
Other intangible assets	0	0	0	0	0	0
Total Other Intangible Assets	2,176	427	362	0	(387)	1,774

(€thousand)	Balance at 31.12.19	Purchases / other	Net decreases	Depreciation	Balance at 31.12.18
Patents	1,204	357	0	(398)	1,245
Concessions, licenses, trademarks and similar rights	14	0	0	(1)	15
Intangible assets under development and advances	1,168	252	0	0	916
Other intangible assets	0	0	0	0	0
Total Other Intangible Assets	2,386	609	0	(399)	2,176

The increases are linked mainly to new licences, software and applications, some of which became operational during the year and some of which were still being implemented as at 31 December 2019, and are thus included in the item "Assets under development and advances".
For details of the changes in intangible assets please refer to the information provided in Appendix 4.

5. Equity investments evaluated using the Net Equity Method

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Sì Frutta S.r.l.	406	516
Jolanda De Colò S.p.A.	2,046	0
Total investments at equity value	2,452	516

With regard to the movements during the year, it should be noted that the 40% holding in the associate SìFrutta S.r.l. was depreciated.

In addition, on 13 November 2019, the parent company acquired from the company Intrapresa S.r.l. 34% of the shares of Jolanda de Colò S.p.A., a company operating through a distribution and production centre covering a surface area of more than 6,000 square metres located in Palmanova (Udine), and which is one of the main national operators in the premium segment (high range), with more than 21 million Euros in sales in 2018 and approximately 5,000 clients served with over 2,000 products of excellence.

Founded in 1976 by the Pessot – de Colò family and began operating in the production of meat, but over the years, the company has expanded its activities to include the distribution of food specialties. In particular, the sale of unprocessed products has increased progressively and now represents more than 70% of sales, about 90% of which are concentrated in the Ho.re.ca channel and 93% in Italy.

The purchase price amounted to a total of 2,046 thousand Euros, entirely paid-up on signature of the deed.

The following table summarises some of the economic and financial values of the associated companies included in these consolidated financial statements.

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Sì Frutta S.r.l.		
Total Assets	3,617	3,431
Total Liabilities	3,617	3,431
Total Revenues	8,622	5,780
Profit of the period	(262)	241
Jolanda De Colò S.p.A.		
Total Assets	9,070	9,320
Total Liabilities	9,070	9,320
Total Revenues	23,180	22,117
Profit of the period	491	455

6. Non-current financial receivables

As at 31 December 2019, this item amounted to 490 thousand Euros (723 thousand Euros as at 31 December 2018) and includes 250 thousand Euros for the quota beyond the year of interest-bearing financial receivables of the Parent Company from trade partners and the quota beyond the year (totalling 238 thousand Euros) of receivables from transporters for the sale of the transport vehicles used to move MARR goods.

7. Financial instruments / derivatives

The amount as at 31 December 2019, amounting to 3,419 thousand Euros (2,513 thousand Euros as at 31 December 2018), represents the positive fair value of the Cross Currency Swap contracts stipulated by the Parent Company to hedge the risk of changes to the Dollar-Euro exchange rate, with reference to the bond private placement in US dollars finalized in July 2013.
It should be noted that, consistently with the possibility offered by the new IFRS9 (paragraph 7.2.21 on "Transitory dispositions concerning the accounting of hedging operations"), the Group has opted to continue to apply the dispositions concerning the accounting of hedging operations of which in IAS 39 to this type of operations.
The change compared to the end of the previous business year is linked to the performance during the period of the US dollar-Euro exchange rate. There are not any contracts whit expiry date over 5 years.

8. Other non-current assets

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Non-current trade receivables	9,142	8,600
Accrued income and prepaid expenses	4,015	4,847
Other non-current receivables	25,298	17,433
Total Other non-current assets	38,455	30,880

The "Non-current trade receivables", amounting to 9,142 thousand Euros (of which 2,258 thousand Euros was with an expiry date of over 5 years) mainly concerns agreements and delays in payment defined with the customers.
The prepaid expenses are mainly linked to promotional contributions with clients of a multi-annual nature (the amount with expiry date over 5 years is assessed for some 1.985 thousand Euros). The item "Other non-current receivables" includes, in addition to receivables from State coffers for VAT on loss of clients of 6,668 thousand Euros, receivables from suppliers for 18,217 thousand Euros (10,727 thousand Euros as at 31 December 2018), of which 577 thousand Euros with expiry date over 5 years.

Current assets

9. Inventories

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Finished goods and goods for resale		
Foodstuff	38,998	37,366
Meat	15,389	13,729
Seafood	104,516	96,283
Fruit and vegetables	32	26
Hotel equipment	2,379	2,434
	161,314	149,838
provision for write-down of inventories	(651)	(630)
Goods in transit	7,306	7,520
Packaging	2,426	2,150
Total Inventories	170,395	158,878

The inventories are not conditioned by obligations or other property rights restrictions.
As explained in the Directors' Report, the increase in inventories compared to 31 December 2018, mainly concentrated in the category of seafood products, is related to the timing of the fishing campaigns and stocking policies aimed at making the most of specific trade opportunities in the market of frozen seafood products.

The changes in the year were as follows:

(€thousand)	Balance at 31.12.19	Change of the year	Balance at 31.12.18
Finished goods and goods for resale	161,314	11,476	149,838
Goods in transit	7,306	(214)	7,520
Packaging	2,426	276	2,150
	171,046	11,538	159,508
Provision for write-down of inventories	(651)	(21)	(630)
Total Inventories	170,395	11,517	158,878

10. Current financial receivables

The item "Current financial receivables" is composed of:

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Financial receivables from Parent companies	1,843	1,956
Receivables from loans granted to third parties	560	922
Total Current financial receivables	2,403	2,878

The Receivables for loans granted to third parties, all of which are interest-bearing, refer to receivables of the Parent Company from transporters (amounting to 447 thousand Euros) consequent to the sale to the latter of the trucks used by them to transport MARR products and service-supplying partners (65 thousand Euros).
It must be noted that the receivables from parent companies are interest-bearing (at rates in line with market rates).

11. Financial instruments / derivatives

The amount as at 31 December 2019, amounting to 1,247 thousand Euros, is the positive fair value of the Cross Currency Swap contract of the Parent Company hedging the risk of changes in the UD Dollar-Euro exchange rate with regard to the private placement bond in US dollars finalised in July 2013 (as stated in the preceding paragraph 7) and expiring in 2020.

12. Current trade receivables

This item is composed of:

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Trade receivables from customers	405,117	401,079
Trade receivables from Parent companies	738	2,740
Total current receivables	405,855	403,819
Provision for write-down of receivables from customers	(38,744)	(33,930)
Total current net receivables	367,111	369,889

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Trade receivables from customers	394,867	387,718
Receivables from Associated Companies	12	43
Receivables from Associated Companies Consolidated by the Cremonini Group	10,235	13,311
Receivables from Associated Companies not Consolidated by the Cremonini Group	3	7
Total current trade receivables from customers	405,117	401,079

The receivables from customers due within the year, deriving in part from normal sales operations and in part from the supply of services, have been valued on the basis of that indicated above. Receivables are shown net of bad debt provision of 38,744 thousand Euros, as highlighted in the table below.

The receivables "from associated companies consolidated by the Cremonini Group" (10,235 thousand Euros), "from associated companies not consolidated by the Cremonini Group" (3 thousand Euros) and "from Associated Companies" (12 Thousand Euros), are analytically outlined, together with the corresponding payable items, in Appendix 9 of the these Explanatory Notes. These receivables are all of a commercial nature.

The item Receivables from customers is net of a plan for the sale of receivables on a continuing and without recourse basis as a result of the Contract initially signed in May 2014 and subsequently renewed in December 2018 for an additional period of 5 years.
As at 31 December 2019, the outstanding sold amounted to 65,553 thousand Euros (62,646 thousand Euros as at 31 December 2018).

Receivables in foreign currencies have been adjusted to the exchange rate valid on 31 December 2019.
At each reporting date, the receivables from customers are analysed to verify the existence of indicators of impairment. In performing this analysis, the Group assesses whether there are expected losses on receivables from customers throughout the duration of such receivables and takes into consideration its historical experience in terms of losses on receivables, grouped into similar classes, and corrected on the basis of factors specific to the nature of the Group receivables and the economic context. Receivables from customers are depreciated when there is no rational expectation they will be recovered and the depreciation is recognised in the income statement in the item "amortizations and depreciations".

In 2019, the provision for the write-down of receivables recorded the following movements and the determination of the period allocation reflects the exposure of the receivables – net of the write-down provision – at their presumable realisation value.

(€thousand)	Balance at 31.12.19	Increases	Other movements	Drecreases	Balance at 31.12.18
- Tax-deductible provision	2,141	2,140	(27)	(2,131)	2,159
- Taxed provision	36,516	10,954	27	(6,106)	31,641
- Provision for interest for late payments	87	0	0	(43)	130
Total Provision for write-down of Receivables from customers	38,744	13,094	0	(8,280)	33,930

13. Tax Receivables

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Ires/Irap tax advances /withholdings on interest	76	73
VAT carried forward	1,698	1,046
Irpeg litigation	25	25
Ires transferred to the Parent Company	12	754
Receivable for Irap	0	6
Other	292	1,408
Total Tax assets	2,103	3,312

As regards the movements during the year, the reduction should be noted of the IRES receivables incorporated with the merger into the Parent Company (in 2018) of the companies DE.AL and Speca Alimentari as a result of compensation with payables of the company during the submission of the 2019 Tax Return.

It should also be noted that the item "Other" is represented almost entirely (273 thousand Euros as at 31 December 2019) by VAT receivables from overseas (Spain), requested as reimbursement from the competent authorities. Part of the receivables, amounting to 785 thousand Euros, were paid back during the course of 2019.

The item "VAT carried forward" mainly represents deferred VAT receivables, partly from Spain (1,578 thousand Euros) and partly correlated to the deductibility of VAT from customs bills accounted before the closure of the business year (amounting to 38 thousand Euros).

14. Cash and cash equivalents

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Cash and Cheques	10,873	9,345
Bank and postal accounts	181,620	169,065
Total Cash and cash equivalents	192,493	178,410

The balance represents the liquid assets available and the existence of ready cash and values on closure of the period.

With regard to the changes in the net financial position, refer to the cash flows statement of 2019, and for its composition, refer to the comments in the paragraph "Analysis of the Net Financial Position" in Directors' Report.

15. Other current assets

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Accrued income and prepaid expenses	359	717
Other receivables	58,228	57,439
Total Other current assets	58,587	58,156

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Prepaid expenses		
Leases on buildings and other assets	0	303
Maintenance fees	251	291
Insurance costs/Administration services	78	52
Commercial and advertising costs	1	0
Other prepaid expenses	29	71
Totale Current accrued income and prepaid expenses	359	717

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Guarantee deposits	130	130
Other sundry receivables	1,273	1,398
Provision for write-down of receivables from others	(4,884)	(4,691)
Receivables from social security institutions	249	222
Receivables from agents	1,723	1,797
Receivables from employees	45	70
Receivables from insurance companies	943	259
Advances and deposits	355	41
Advances to suppliers and supplier credit balances	57,960	57,756
Advances to suppliers and supplier credit balances from Associates	434	457
Total Other current receivables	58,228	57,439

The item *Advances to suppliers and other receivables from suppliers*, in addition to payments made to foreign suppliers (non-EU) for the purchase of goods with "f.o.b. clause" or advance payment on next fishing campaigns (for 18,824 thousand Euros, 25,716 thousand Euros in 2018), also includes receivables for contributions and year-end bonuses to be received from suppliers totalling 33,508 thousand Euros (see the comments made in paragraphs 31 "Other revenues" and 32 "Purchase of goods for resale and consumables").
Receivables from foreign suppliers in foreign currencies have been adjusted, if necessary, to the exchange rate valid on 31 December 2019.

The "Provision for write-down of receivables from others" refers to receivables relates to agents for 1,100 thousand Euros and for the remainder to receivables from suppliers. During the business year it showed the following changes:

(€thousand)	Balance at 31.12.19	Increases	Decreases	Other movements	Balance at 31.12.18
- Provision for Receivables from Others	4,884	200	(7)	0	4,691
Total Provision for write-down of Receivables from Others	4,884	200	(7)	0	4,691

Breakdown of receivables by geographical area

The breakdown of receivables by geographical area is as follows:

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial receivables	490	0	0	490
Non-current derivative/financial instruments	3,419	0	0	3,419
Deferred tax assets	0	0	0	0
Other non-current assets	20,239	2,848	15,368	38,455
Financial receivables	2,403	0	0	2,403
Current derivative/financial instruments	1,247	0	0	1,247
Trade receivables	331,784	20,134	15,193	367,111
Tax assets	251	1,852	0	2,103
Other current assets	37,495	6,524	14,568	58,587
Total receivables by geographical area	397,328	31,358	45,129	473,815

LIABILITIES

16. Shareholders' Equity

As regards the changes within the Shareholders' Equity, refer to the statement of changes in the shareholders' equity.

Share Capital
The Share Capital as at 31 December 2019, amounting to 33,263 thousand Euros, is unchanged compared to the previous business year and is represented by 66,525,120 MARR S.p.A. ordinary shares, entirely subscribed and paid up, with regular benefit, of a nominal value of 0.50 Euros each.

Share premium reserve
As at 31 December 2019, this reserve amounts to 63,348 thousand Euros and does not appear to have changed since 31 December 2018.

Legal reserve
This Reserve amounts to 6,652 thousand Euros and does not appear to have changed since 31 December 2018.

Shareholders' contributions on account of capital
This Reserve did not change in 2019 and amounts to 36,496 thousand Euros.

Reserve for transition to IAS/IFRS
This is the reserve (amounting to 7,290 thousand Euros) set up following the first-time adoption of the international accounting standards and did not change during the year.

Extraordinary Reserve
As at 31 December 2019, the increase of 12,759 thousand Euros, is attributable to the allocation of part of the profits for the year closed on 31 December 2018, as per shareholder meeting's decision made on 18 April 2019.

Cash flow hedge reserve
As at 31 December 2019, this item amounted to a negative value of 588 thousand Euros and is linked to the stipulation of both hedging contracts for exchange rates undertaken by the parent company for the specific hedging of a loan in foreign currency and trade payables due to the purchase of goods in foreign currency and interest rate hedging contracts for the specific coverage of variable rate loan contracts.
As regards the movements in this reserve and the other profits/losses in the Statement of Comprehensive Income, see that described in the Consolidated Statement of Changes in the Shareholders' Equity and in paragraph 41 "Other profits/losses", and paragraphs 7, 11, 19 and 26 in these explanatory notes.

Reserve for exercised stock option
This reserve has not changed during the course of the year, as the plan was concluded in April 2007 and amounted to 1,475 thousand Euros.

IAS19 Reserve
As at 31 December 2019, this reserve amounts to a negative value of 822 thousand Euros and is composed of the value, net of the theoretical tax effect, of actuarial losses and gains regarding the evaluation of Staff Severance Provision as required by the amendments to IAS principle 19 "Employee Benefits", effective for the business years beginning from 1 January 2013. Consistently with that established by the IFRS, these profits/losses have been entered in the net equity and their variation is highlighted (according to IAS 1 revised, in force from 1 January 2009) in the consolidated comprehensive income statement.

With regard to the reserves in taxation suspension (ex. Art. 55 DPR 917/86 and 597/73 reserve), amounting to 1,458 thousand Euros as at 31 December 2019, the relevant deferred tax liabilities have been accounted for.

On 18 April 2019, the Shareholders' meeting approved the MARR S.p.A. financial statements as at 31 December 2018 and consequently decided upon the distribution of a dividend of 0.78 Euros for each ordinary share with the right to vote.

Non-current liabilities

17. Non-current financial payables

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Payables to banks - non-current portion	137,491	180,707
Payables to other financial institutions - non-current portion	29,302	37,650
Total non-current financial payables	166,793	218,357

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Payables to banks (1-5 years)	137,491	180,707
Payables to banks (over 5 years)	0	0
Total payables to banks - Non-current portion	137,491	180,707

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Payables to other financial institutions (1-5 years)	29,302	37,650
Payables to other financisl institutions (over 5 years)	0	0
Total payables to other financial institutions - Non-current portion	29,302	37,650

The variation in long-term payables to banks is due to the combined effect of the ordinary progress of the amortization plans and the new transactions completed.
In particular, the Parent Company stipulated the following new contracts in 2019.
- loan signed on 30 April 2019 by Mediobanca, granted in May for 35 million of Euros and with amortization plan ending in April 2024;
- loan signed on 16 May 2019 by Cassa di Risparmio di Ravenna, granted for 5 million Euros and with amortization plan expiring on May 2022;
- loan signed on 5 July 2019 with BBC Rivierabanca, granted for 4.5 million Euros and with amortization plan expiring in July 2022;
- pool loan signed on 5 August 2019 with Cassa Centrale Banca – Credito Cooperativo Italiano S.p.A. as the leading bank, granted for 20 million Euros and with amortization plan expiring in August 2022;
- loan signed on 29 October 2019 with CaixaBank S.A., granted for 25 million Euros and with amortization plan expiring in October 2024.

As regards the value of the payables to other financial institutions, this is represented for 29,246 thousand Euros (37,367 thousand Euros as at 31 December 2018) by the private bond placement in US dollars stipulated in July 2013 and expiring in 2023.
The bond placement was originally opened by the parent company for 43 million dollars and an average coupon of about 5.1%; the decrease compared to 31 December 2018 is related to the original quota of 10 million dollars expiring in July 2020, which has been classified among the current financial liabilities for a total value including interest to be paid amounting to 9,657 thousand Euros.

In addition, the item includes 56 thousand Euros concerning the payables due on the financial lease contract stipulated by the Parent Company for hardware infrastructure for the Group ERP.

It is recalled that, to hedge the risk of oscillations in the Euro-Dollar exchange rate, specific Cross Currency Swap contracts are ongoing, for the effects of which see paragraphs 7 and 11 "Financial instruments / derivatives".

Below is the breakdown of the medium and long-term portion of the payables to banks, including the interest rates applied:

Credit institutes	Interest rate	Expiry	Portion from 2 to 5 years	Portion beyond 5 years	Balance at 31.12.19
Banca Intesa San Paolo	Euribor 6m +0,65%	30/06/2022	2,246	0	2,246
Pool BNP Paribas	Euribor 6m +0,85%	30/06/2022	27,806	0	27,806
Credit Agricole Cariparma	Euribor 3m +0,75%	19/05/2021	1,262	0	1,262
Banca Popolare dell'Emilia Romagna	Euribor 6m +0,40%	21/12/2021	3,333	0	3,333
Credem	Euribor 3m +0,65%	18/07/2021	1,881	0	1,881
Ubi Banca	Euribor 3m +0,85%	19/07/2021	3,333	0	3,333
Unicredit	Euribor 6m +0,55%	11/04/2022	12,489	0	12,489
Cassa Centrale Banca	Euribor 3m +0,75%	04/08/2022	11,704	0	11,704
Rivierabanca	Euribor 6m +0,59%	04/07/2022	4,498	0	4,498
Credito Valtellinese	Euribor 6m +0,75%	05/01/2023	6,274	0	6,274
Banca Intesa San Paolo	Euribor 6m +0,65%	04/10/2021	7,999	0	7,999
Cassa di Risparmio di Ravenna	Euribor 3m +0,98%	16/05/2022	2,516	0	2,516
Mediobanca	Euribor 6m +1,04%	30/04/2024	27,178	0	27,178
Caixa Bank	Euribor 3m +1,00%	31/10/2024	24,972	0	24,972
			137,491	0	137,491

The following is the breakdown of the mortgage guarantees on the real estate properties of the Group.

It must also be noted that, to hedge the variable rate loan granted in April 2018 by Unicredit, in May, the parent company stipulated an Interest Rate Swap contract with the same bank. This contract has a notional residual value of 20,833 thousand Euros as at 31 December 2019 and expire in April 2022.

Finally, it must be pointed out that the loan contracts ongoing require the maintenance of financial indices identified as described below and that these covenants have been respected as at 31 December 2019.

The ongoing loan in pool with BNP Paribas (as revised at December 2017) provides the respect of the following financial indices:
Net Financial Position / EBITDA < 3.5
Net Financial Position / Net Equity <2
EBITDA / Net financial charges > 4
These indices will be verified with reference to 31 December and 30 June each year.

The ongoing loan with BNL (signed in March 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
Net Financial Position / Net Equity =< 2.0
Net Financial Position / EBITDA =< 3.0
EBITDA / Net financial charges >= 4.0

The ongoing loan with Crédit Agricole Cariparma (signed in May 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
Net Financial Position / Net Equity < 2.0
Net Financial Position / EBITDA < 4.0

The ongoing loan with Intesa Sanpaolo (signed in May 2017), provides the following covenants to be verified as at 30 June and at 31 December of each year with reference to the consolidated MARR Group data.
Net Financial Position / Net Equity =< 2.0
Net Financial Position / EBITDA =< 3.5
EBITDA / Net financial charges >= 4.0

The ongoing loan with Ubi Banca (signed in June 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
Net Financial Position / Net Equity =< 1.5
Net Financial Position / EBITDA =< 3.0

The ongoing loan in pool with Iccrea BancaImpresa as agent Bank (signed in December 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
Net Financial Position / Net Equity =< 2.0
Net Financial Position / EBITDA =< 3.0

The ongoing loan with BPER Banca (signed in December 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
Net Financial Position / Net Equity =< 2.0
Net Financial Position / EBITDA =< 3.0

The *bond private placement* (finalized in July 2013) provides the following financial ratios:
Net Financial Position / EBITDA < 3.5
Net Financial Position / Net Equity <2
EBITDA / Net financial charges > 4
These ratios will be verified with reference to the consolidated data as at 31 December and 30 June each year.

The ongoing loan with Unicredit S.p.a. (signed in April 2018), provides the following covenant, to be verified as 31 December and as 30 June of each year with reference to the consolidated MARR Group data.
Net Financial Position / Net Equity =< 2.0
Net Financial Position / EBITDA =< 3.0
EBITDA / Net financial charges >= 4.0

The ongoing loan with Credem (signed in July 2018), provides the following covenant, to be verified as 31 December of each year with reference to the MARR data.
Net Financial Position / EBITDA =< 3.15
EBITDA / Net financial charges >= 14.5
Should one of these ratios not be respected, the bank has the right to apply an increase in interest rate with respect to the spread in force; should the above indices reach the threshold of 4.90 and 16.20 respectively, the bank has the right to terminate the contract.

The ongoing loan with UBI Banca (signed in July 2018), provides the following covenant, to be verified as 31 December of each year with reference to the MARR Group data.
Net Financial Position / Net Equity =< 1.5
Net Financial Position / EBITDA =< 3.0

The ongoing loan with Creval S.p.A. (signed in October 2018), provides the following covenant, to be verified as 31 December of each year to the MARR Group data.
Net Financial Position / Net Equity =< 2.0
Net Financial Position / EBITDA =< 3.5

The ongoing loan with Intesa SanPaolo S.p.A. (signed in October 2018), provides the following covenant, to be verified as 31 December and as 30 June of every years with reference to the MARR Group Data.
Net Financial Position / Net Equity =< 2.0
Net Financial Position / EBITDA =< 3.5
EBITDA / Net financial charges >= 4.0

The ongoing loan with Mediobanca – Banca di Credito Finanziario S.p.A. (signed in April 2019), provides the following covenant, to be verified as 31 December and as 30 June of every years with reference to the MARR Group Data.
Net Financial Position / Net Equity < 1.5
Net Financial Position / EBITDA < 3.0
EBITDA / Net financial charges > 4.0

The ongoing loan with CaixaBank S.A. (signed in October 2019), provides the following covenant, to be verified as 31 December of each year with reference to the MARR Group data.
Net Financial Position / Net Equity =< 2.0
Net Financial Position / EBITDA =< 3.5

The comparison of the book values and related fair values of the non-current financial payables is as follows:

(€thousand)	Book Value 2019	Book Value 2018	Fair Value 2019	Fair Value 2018
Payables to banks - non-current portion	137,491	180,707	137,044	179,511
Payables to other financial institutions - non-current portion	29,302	37,650	28,688	32,180
	166,793	218,357	165,732	211,691

The difference between the fair value and the book value lies in the fact that the fair value is obtained by discounting back future cash flows, while the book value is determined by the amortised cost method.

18. Non-current lease liabilities (IFRS16)

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Financial payables for leases - Right of use (2-5 years)	22,399	0
Financial payables for leases - Right of use (over 5 years)	16,115	0
Total payables for leases - Right of use - Non-current portion	38,514	0

This item includes the financial payables relating mainly to the multi-annual lease contracts for the facilities in which some of the distribution centres of the Parent Company and the subsidiary New Catering are located.
The liability has been recorded in compliance with that provided by the new IFRS16, effective as of 1 January 2019, and is calculated as the current value of the future lease payments, actualised at a marginal interest rate which, on the basis of the multi-annual contractual duration for each individual contract, has been included in the range of between 1% and 3%.

19. Financial Instrument / Derivatives

The amount as at 31 December 2019, amounting to a financial liability of 66 thousand Euros, represents the fair value of the Interest Rate Swap contract stipulated by the Parent Company in May with Unicredit, The contract, with a notional residual value as at 31 December 2019 of 20,833 thousand Euros, expires in April 2022 and was signed to hedge the ongoing variable-rate loan for the same amount with the same bank.

20. Employee benefits

This item includes the Staff Severance plan, for which changes during the period are as follows:

(€thousand)	
Opening balance at 31.12.18	*8,418*
payments of the period	(587)
provision for the period	240
other changes	227
Closing balance at 31.12.19	8,298

The movement of the year was entirely related to the revaluation accrued expected by law and also from the period decreases.

It must be highlighted that the allocation for the period includes net actuarial losses totalling 234 thousand Euros which include actuarial losses deriving from changing financial hypotheses for 357 thousand Euros and actuarial gains deriving from changing demographic hypotheses for 15 thousand Euros. These amounts are recorded in the accounts, net of the theoretical fiscal effect, in the relevant net equity reserve as provided by IAS 19 (see that described as regards the movement of the Net Equity and in paragraph 16 of these Explanatory Notes).

The applicable employment contract is that for companies operating in the "Tertiary, Distribution and Services" sector.

With reference to the significant actuarial hypotheses (as described in the paragraph entitled "Main estimates adopted by management and discretional assessments"), the table below shows the effects on the final liabilities of the Group due to possible changes to them.

(€thousand)	Turnover +1 %	Turnover -1 %	Inflation rate + 0.25%	Inflation Rate - 0.25%	Discounting rate + 0.25%	Discounting rate - 0.25%
Effect at the end on liability	(48)	53	79	(78)	(121)	125

It should also be noted that the contribution expected for the following business year is about 194 thousand Euros; future payments expected in the next five years can be estimated as totalling 4.2 million Euros

21. Provisions for non-current risks and charges

(€thousand)	Balance at 31.12.19	Other movements	Provisions	Decreases	Balance at 31.12.18
Provision for supplementary clients severance indemnity	5,146	0	486	(238)	4,898
Provision for specific risks	1,039	0	0	(44)	1,083
Total Provisions for non-current risks and charges	6,185	0	486	(282)	5,981

The provision for supplementary clients severance indemnity has been allocated in compliance with IAS 37 on the basis of a reasonable estimate of probable future liabilities, considering the available elements.

The *Provision for specific risks* was allocated mainly to hedge probable liabilities linked to certain ongoing legal disputes and its decrease is linked to the definitions of some ongoing legal disputes.

As concerns the ongoing dispute with Customs and Excise Office (arose during the course of 2007, concerning the payment of preferential customs duties on certain imports of fish products and for which, despite the appeals made by the Company being rejected, the judges in the initial proceedings ascertained the complete extraneousness of the Company as regards the claimed irregularities, as they are exclusively attributable to its own suppliers), it should be noted that in May 2013, the Company submitted an appeal to the Supreme Court of Cassation.
On 16 April 2019, the Supreme Court emanated an ordinance filed in the chancellery on 6 June 2019, in which the request by MARR for an integral reform of the sentence emanated by the second degree judges was accepted, and the impugned sentence was quashed, thereby deferring the dispute before a new set of judges of the Regional Taxation Court of Tuscany, detached section of Livorno. In the light of that already ordered by the Supreme Court of Cassation in the original ordinance, it appears reasonable to expect that the final outcome of the dispute will be favourable to the Company.

Lastly, it must be pointed out that on 29 June 2017, the Taxation Unit of the Guardia di Finanza (Finance Police) in Rimini started a tax inspection of a general nature (IRES, IRAP, VAT and other taxes) with MARR concerning the 2015 and subsequent fiscal years. The inspection ended and a Final Report was drawn up in which it was claimed that there had only been one presumed irregularity committed by MARR during the years involved. Specifically, this was the reduction, made pursuant to art. 87, paragraph 1 of Legislative Decree 917/86, amounting to 95% of the capital gains accrued during the 2015 business year, concerning the sale of the 55% holding in the share capital of the company Alisea Società Consortile a r.l., which was deemed to be improper. Considering the opinion expressed by our consultants, we believe that this presumed irregularity is unfounded, given that the Company acted correctly in determining the business profits. Because of this, on 20 December 2017, we filed with the Inland Revenue Service – Emilia Romagna Regional office and with the Inland Revenue Service – Rimini Provincial Office illustrative memorandums in which the reasons for the unfoundedness of the claim made were described analytically. As of the date of the aforementioned ascertainment report, there have been no disputes and, in any event, even were the Inland Revenue Service to take legal action, we believe on the basis of the opinion of the legal advisors assisting the Company, that this would probably be resolved in favour of MARR.

In this regard, it must be pointed out that, after hearing the opinion of our legal consultants, we believe there are no uncertainties as regards the treatment of income tax as defined in IFRIC23.

22. Deferred tax assets and deferred tax liabilities

As at 31 December 2019 this item amounted to a net liability of 1,622 thousand Euros. The table below shows the details of the items:

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
On taxed provisions	10,770	9,587
On costs deductible in cash	142	134
On costs deductible in subsequent years	946	1,091
On other changes	18	0
Deferred tax assets	11,876	10,812
On goodwill amortisation reversal	(8,660)	(8,392)
On funds subject to suspended taxation	(406)	(408)
On leasing recalculation as per IAS 17	(449)	(449)
On actuarial calc. of severance provision fund	228	167
On fair value revaluation of land and buildings	(3,463)	(3,500)
On allocation of acquired companies' goodwill	(675)	(687)
On cash flow hedge	186	498
Others	(259)	(129)
Deferred tax liabilities	(13,498)	(12,900)
Deferred tax assets/(liabilities)	(1,622)	(2,088)

23. Other non-current payables

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Other non current liabilities	1,180	1,081
Other non-current accrued expenses and deferred income	14	35
Total other non-current payables	1,194	1,116

The item "Other non-current accrued expenses and deferred income" represents the quota over the year for deferred financial income from customers.
The item "other liabilities" instead is represented by security deposits paid by transporters.
There is no accrued income and prepaid expenses or other liabilities with expiry date over 5 years.

Current liabilities

24. Current financial payables

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Payables to banks	168,872	118,240
Payables to other financial institutions	9,930	977
Payables for the purchase of quotas / shares / going concern	0	361
Total Current financial payables	178,802	119,578

Current payables to banks:

(€thousand)		Balance at 31.12.19		Balance at 31.12.18
Current accounts		167		0
Loans/Advances		38,629		41,043
Loans:				
- Cassa di Risp.di Pescia e Pistoia	261		521	
- Banca Carige	0		5,030	
- Cassa di Risparmio di Ravenna	1,654		0	
- Banca Intesa San Paolo	1,494		1,492	
- Crédit Agricole Cariparma	2,512		2,493	
- Ubi Banca	2,999		5,994	
- Bnl	29,993		0	
- Banca Intesa San Paolo	0		3,993	
- Unicredit	8,315		4,149	
- Banca Intesa	7,997		0	
- Cassa Centrale Banca	6,673		3,321	
- Cassa Centrale Banca	6,627		0	
- Credito Valtellinese	2,487		1,239	
- Bper	3,331		3,330	
- Ubi Banca	4,444		2,222	
- Iccrea	22,558		22,422	
- Bnp Paribas	18,495		18,472	
- Credem	2,503		2,494	
- Banca Popolare di Novara	0		25	
- Mediobanca	7,733		0	
		130,076		77,197
		168,872		118,240

For more details regarding the variation in mortgages and loans, see that outlined in the paragraph 17 "Non-current financial payables".

It should also be noted that the item "Loans/Advances" includes, in addition to 3 million Euros for "hot money" loans, 14,512 thousand Euros for sbf advances and the 19,183 thousand Euros payables to Banca IMI due to the securitization operation started in 2014 by the Parent Company.

The balance of payables to other financiers mainly includes:

- portion of the private bond placement in US dollars stipulated by the parent company in July 2013 and expiring in July 2020 (see that described in the preceding paragraph 17) and the value of which as at 31 December 2019, including interest accrued and to be paid, amounted to a total of 9.657 thousand Euros;

- short-term portion of the financial payables for ongoing leases (see paragraphs 1 and 17 of these Explanatory Notes for the details), amounting to a total of 271 thousand Euros.

As regards the item "payables for the purchase of quotas or shares", it should be recalled that in 2019, the Parent Company paid the expiring last instalments of the purchase price for SìFrutta S.r.l.

The book value of the short-term loans is reasonably in line with the fair value, as the impact of discounting back is not significant.

25. Current lease liabilities (IFRS16)

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Financial payables for leases - Right of use	7,911	0
Total Payables for leases - Current portion	7,911	0

This item includes the current financial payables relating mainly to the multi-annual lease contracts for the facilities in which some of the distribution centres of the Parent Company and the subsidiary New Catering are located.
As also mentioned in paragraph 18 with regard to the non-current portion of the lease liabilities, it must be noted that the liability has been recorded in compliance with that provided by the new IFRS16, effective as of 1 January 2019, and is calculated as the current value of the future lease payments, actualised at a marginal interest rate which, on the basis of the multi-annual contractual duration for each individual contract, has been included in the range of between 1% and 3%.

26. Financial instruments / derivatives

The amount as at 31 December 2019, equal to 72 thousand Euros, concerns forward transactions in foreign currency undertaken by the Parent Company and the subsidiary AS.CA to hedge the underlying transactions for the purchase of goods undertaken by the companies. These transactions are accounted as hedging financial flows.

27. Current tax liabilities

The breakdown of this item is as follows:

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Irap	18	0
Ires trasferred to Parent Company	1,755	0
Other taxes payables	263	191
Irpef for employees	1,394	1,255
Irpef for external assistants	312	507
Total current tributary payables	3,742	1,953

This item relates to taxes payable of a determined and certain amount.
The change compared to last year is mainly linked to the payables for IRES and IRAP taxes for the year, which as at 31 December 2018 had a net balance receivable and were thus classified in the item "tax receivables".

Lastly, it should be noted that, as regards MARR S.p.A., the 2015 and following business years can still be verifiable by the fiscal authorities, by reason of the ordinary verification deadlines and excluding currently pending fiscal litigations.

28. Current trade liabilities

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Payables to suppliers	323,132	314,398
Trade payables to Parent Company	87	3
Payables to Associated Companies consolidated by the Cremonini Group	9,565	8,802
Payables to Associated Companies	215	24
Payables to other Correlated Companies	0	0
Total current trade liabilities	332,999	323,227

The trade liabilities mainly referred to payables for the purchase of goods for marketing and payables to Sales Agents. They also include "Payables to Associated Companies consolidated by the Cremonini Group" for 9,565 thousand Euros, "Trade Payables to Parent Companies" for 87 thousand Euros and "Payables to Associated Companies" for 215 thousand Euros, the details and analysis of which are reported in the Appendix 9 of these Explanatory Notes.

29. Other current liabilities

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Current accrued income and prepaid expenses	1,145	1,206
Other payables	21,022	20,519
Total other current liabilities	22,167	21,725

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Other accrued expenses	45	50
Amounts due for remuneration of employees/directors	1,047	1,069
Other deferred income	3	4
Deferred income for interest from clients	50	83
Total current accrued expenses and deferred income	1,145	1,206

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Inps/Inail and other social security institutes	1,832	1,749
Enasarco/ FIRR	947	938
Payables to personnel for emoluments	5,130	4,932
Advances from customers, customers credit balances	11,123	11,333
Advances from customers, customers credit balances - Associeted Company	82	144
Payables to Directors	597	345
Other sundry payables	1,311	1,078
Total other payables	21,022	20,519

The item "*Payables to personnel for emoluments*" and "*Accrual for remuneration of employees/directors*" includes current salaries not yet paid as at 31 December 2019 and allocations for leave accrued but not taken, with relevant charges.

The item "*Advances from customers, customers credit balances"* includes the credit notes to be issued to customers for year-end bonuses and contributions.

Breakdown of payables by geographical area

The breakdown of payables by geographical area is as follows:

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial payables	101,704	35,714	29,375	166,793
Non-current lease liabilities (IFRS16)	38,514	0	0	38,514
Non current derivative financial instruments	66	0	0	66
Employee benefits	8,298	0	0	8,298
Provisions for risks and charges	6,185	0	0	6,185
Deferred tax liabilities	1,622	0	0	1,622
Other non-current liabilities	1,194	0	0	1,194
Current financial payables	161,944	7,143	9,715	178,802
Current lease liabilities (IFRS16)	7,911	0	0	7,911
Current derivative financial instruments	72	0	0	72
Current tax liabilities	3,708	0	34	3,742
Current trade liabilities	269,603	54,218	9,178	332,999
Other current liabilities	21,700	18	449	22,167
Total payables by geographical area	622,521	97,093	48,751	768,365

Guarantees, securities and commitments

These are guarantees granted by both third parties and our companies for debts and other obligations.

Guarantees (totalling 15,462 thousand Euros)
These refer to:

- guarantees issued on behalf of the parent company MARR S.p.A. in favour of third parties (amounting to 9,862 thousand Euros) and are guarantees granted on our request by credit institutions to guarantee the correct and punctual execution of tender and other contracts of a duration of either within the year or over the year;
- guarantees issued by MARR in favour of financial institutes in the interest of subsidiary companies. This item amounted to a total of 5,600 thousand Euros as at 31 December 2019 and refers to credit lines granted to the associate AS.CA.

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Guarantees		
AS.CA S.p.A.	5,600	5,600
Total Guarantees	5,600	5,600

Collaterals
Collaterals in favour of third parties refer mainly to mortgages on properties owned by the Parent Company and are analysed in detail in the comment on the items "Non-current financial payables" and "Tangible Assets".

Other risks and commitments
This item includes 8,192 thousand Euros referring to credit letters issued by certain credit institutes to guarantee obligations undertaken with our foreign suppliers.

Comments on the main items of the consolidated statement of profit or loss

30. Revenues

Revenues are composed of:

(€thousand)	31.12.2019	31.12.2018
Revenues from sales - Goods	1,648,491	1,624,907
Revenues from Services	308	293
Advisory services to third parties	219	320
Manufacturing on behalf of third parties	32	54
Rent income (typical management)	27	47
Other services	2,310	2,261
Total revenues	1,651,387	1,627,882

See that described in the Directors' Report with regard to comments on the performance of revenues.

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

(€thousand)	31.12.2019	31.12.2018
Italy	1,544,780	1,529,274
European Union	58,243	64,579
Extra-EU countries	48,364	34,029
Total	1,651,387	1,627,882

It should be noted that there are no customers capable of generating a significant concentration of revenues (10% of total revenues).

31. Other revenues

The Other revenues are broken down as follows:

(€thousand)	31.12.2019	31.12.2018
Contributions from suppliers and others	39,649	35,943
Other Sundry earnings and proceeds	2,376	2,137
Reimbursement for damages suffered	1,643	728
Reimbursement of expenses incurred	586	657
Recovery of legal taxes	29	41
Capital gains on disposal of assets	139	135
Total other revenues	44,422	39,641

The "Contributions from suppliers and others" consist mainly of contributions obtained from suppliers for the commercial promotion of their products with our customers; lastly, it should be recalled that a part of the contribution from suppliers, related contracts for the recognition of the end-of-year bonuses, has been included to reduce the cost of purchasing materials.

32. Purchase of goods for resale and consumables

This item is composed of:

(€thousand)	31.12.2019	31.12.2018
Purchase of goods	1,337,785	1,318,220
Purchase of packages and packing material	5,216	4,970
Purchase of stationery and printed paper	990	767
Purchase of promotional and sales materials and catalogues	190	198
Purchase of various materials	566	489
Fuel for industrial motor vehicles and cars	305	287
Total purchase of goods for resale and consumables	1,345,052	1,324,931

As regards the performance of the purchase cost of goods destined for commercialisation, see the Directors' Report and the relevant comments on the gross margin.
As highlighted in the previous paragraph, the item "Purchases of goods" benefits for some 8,464 thousand Euros (7,810 thousand Euros at 31 December 2018), of the part of contribution from suppliers identifiable as end-of year bonuses.

33. Personnel costs

This item includes all expenses for employed personnel, including holiday and additional monthly salaries as well as related social security charges, in addition to the severance provision and other costs provided contractually.

(€thousand)	31.12.2019	31.12.2018
Salaries and wages	27,840	27,357
Social security contributions	8,354	8,289
Staff Severance Provision	2,027	2,007
Other Costs	383	237
Total personnel costs	38,604	37,890

With regard to this item, it should be noted that, with a workforce that showed a slight reduction in numerical terms at the end of the year (823 employees as at 31 December 2019 compared to 828 as at 31 December 2018), during the course of last year, as a result of the hiring of new resources to enhance some of the corporate central and commercial Departments and the closure of the Valdagno distribution centre and the completion of the process of outsourcing at some units, led to a change in the composition of the workforce, with an increase in white collar workers and a reduction in blue collar workers.

This process, in addition to a different calendar of festivities and net of the non-recurrent costs of 550 thousand Euros (174 thousand in 2018, relating mainly to the closure of the MARR Valdagno distribution centre), represented by the costs incurred for the closure of activities of the subsidiary AS.CA S.p.A. which, as of 1 February 2020, has leased its branch of business to the Parent Company, which manages it through the MARR Bologna and MARR Romagna distribution centres, has implied an increase in absolute value of the item of about 0.3 million Euros compared to the same period last year.
The breakdown of employees by category is as follows:

	Workers	Employees	Managers	Total
Employees at 31.12.18	233	587	8	828
Net increases and decreases	*(19)*	*14*	*0*	*(5)*
Employees at 31.12.19	214	601	8	823
Average employees at 31.12.19	238.2	596.8	7.6	842.5

34. Amortizations, depreciation and provisions

(€thousand)	31.12.2019	31.12.2018
Depreciation of tangible assets	6,845	6,804
Depreciation of right of use	8,338	0
Amortization of intangible assets	399	387
Adjustment to provision for supplementary clientele severance indemnity	486	385
Total amortization, depreciation and provisions	16,068	7,576

As shown in the above table, it should be noted that the item "Amortizations" includes the amortization of the right of use (amounting to 8,338 thousand Euros) due to the application of the new IFRS 16.

As regards the allocations to provisions, see the movements highlighted in paragraph 21 "Provisions for risks and charges".

35. Losses due to impairment of financial assets

(€thousand)	31.12.2019	31.12.2018
Allocation of taxable provisions for bad debts	11,154	10,326
Allocation of non-taxable provisions for bad debts	2,140	2,158
Total Losses due to impairment of financial assets	13,294	12,484

As regards the allocations to the provisions, see the movements described in paragraph 12 "Current trade receivables" and that stated as regards the receivables in the paragraph "Credit risk".

36. Other operating costs

(€thousand)	31.12.2019	31.12.2018
Operating costs for services	193,642	185,220
Operating costs for leases and rentals	573	9,779
Operating costs for other operating charges	1,533	1,852
Total other operating costs	195,748	196,851

(€thousand)	31.12.2019	31.12.2018
Sale expenses, distribution and logistic costs for our products	157,051	150,097
Energy consumption and utilities	10,831	11,026
Third-party production	4,828	4,313
Maintenance costs	5,235	4,855
Porterage and movement of goods	5,925	5,397
Advertising, promotion, exhibitions, sales (sundry items)	1,078	496
Directors' and statutory auditors' fees	903	906
Insurance costs	965	955
Reimbursement of expenses, travel costs and sundry personnel costs	545	446
General and other services	6,281	6,729
Total operating costs for services	193,642	185,220

As regards the service costs, it should be noted that the increase is mainly correlated to the costs for the "sale, handling and distribution" mainly as a result of the sales mix.
For more details, see that described as regards Operating Costs in the Directors' Report.

(€thousand)	31.12.2019	31.12.2018
Lease of industrial buildings	275	9,234
Lease of processors and other personal property	117	163
Lease of industrial vehicles	7	165
Lease of cars	2	10
Lease of plants, machinery and equipment	80	83
Rent fees and other charges paid on other personal property	92	124
Total operating costs for leases and rentals	573	9,779

The costs for the lease of third-party assets totalled 573 thousand Euros and their decrease compared to last year is correlated to the application of IFRS 16. The amount recorded as at 31 December 2019 represents the lease contracts not within the scope of application of the new accounting standard.

(€thousand)	31.12.2019	31.12.2018
Other indirect taxes, duties and similar charges	685	717
Expenses for recovery of debts	328	345
Other sundry charges	150	207
Capital losses on disposal of assets	22	236
IMU	288	290
Contributions and membership fees	60	57
Total operating costs for other operating charges	1,533	1,852

The item "other indirect taxes, duties and similar charges" mainly includes: tax and register duties, local duties and taxes and car and vehicle ownership tax. It should be noted that this item last year included non-recurrent charges of 48 thousand Euros relating to the settlement of a fiscal dispute on register tax.

37. Financial income and charges

(€thousand)	31.12.2019	31.12.2018
Financial charges	6,514	5,525
Financial income	(1,039)	(2,160)
Foreign exchange (gains)/losses	(120)	(1)
Total financial (income) and charges	5,355	3,364

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

The detail of financial charges and income is as follows:

(€thousand)	31.12.2019	31.12.2018
Interest paid on other loans, bills discount, hot money, imports	3,220	3,132
Interest payable on loans	2	1
Interest payable on discounted bills, advances, exports	302	394
Interest payable on right of use	1,585	0
Other financial interest and charges	1,405	1,998
Interest and Other financial charges for Consolidated Parent Companies	0	0
Total financial charges	6,514	5,525

The increase in financial charges is mainly correlated to the interest payable of 1,585 thousand Euros (of which 14 thousand Euros concerning lease contracts with the related company Le Cupole di Castelvetro (MO) for the rental of the properties in Via Spagna 20 – Rimini) deriving from the application of IFRS 16. Net of this amount, the financial charges decreased by 0.6 million Euros compared to last year, mainly as a result of the renegotiation of some loans and the trends in interest rate.

(€thousand)	31.12.2019	31.12.2018
Other sundry financial income (interest from customers, etc.)	718	892
Interest from the State coffers	28	990
Interests and financial income from Parent Companies	1	1
Income interests from bank accounts	292	277
Total Financial Income	1,039	2,160

The other sundry financial income concerns the interests due from customers for payment delays; the decrease compared to the previous period is mainly due to the ending of some repayment plans during the year.

As regards the decrease registered, it should be noted that as at 31 December 2018, the item "Interest from the State coffers" included non-recurrent interest recognised and paid to MARR in the previous year regarding the final settlement of a fiscal dispute.

38. Income/(loss) from holdings valued using the net equity method

This item is broken down as follows:

(€thousand)	31.12.2019	31.12.2018
Dividends by Subsidiaries	92	0
Write off investments in subsidiaries	(110)	0
Total Income (charge) from associated companies	(18)	0

The values given in the table are attributable to the associate SiFrutta S.r.l., valued using the net equity method.

39. Taxes

(€thousand)	31.12.2019	31.12.2018
Ires-Ires charge transferred to Parent Company	22,700	20,967
Irap	4,680	4,665
Net provision for deferred tax liabilities	(723)	1,639
Previous years tax	(79)	(23)
Total taxes	26,578	27,248

The tax rate for the fiscal year, 28.6%, is in line with that for 2018.

Below is the reconciliation between theoretical and effective fiscal charges.

(€thousand)			
Profit before taxation			93,187
Theoretical tax rate			24.0%
Theoretical tax burden			22,365
Items in reconciliation	*Taxable amounts*		
IRAP			4,680
Car expenses deductible	305	24.0%	73
Write off investments	115	24.0%	28
Various expenses and fines	285	24.0%	68
Non deductible taxes	198	24.0%	48
Fiscal benefits on super-depreciation	(705)	24.0%	(169)
10% deduction IRAP on IRES	(468)	24.0%	(112)
ACE	(1,346)	24.0%	(323)
Total current and deferred taxes			26,657
Effective tax rate			*28.6%*

40. Earnings per share

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

(€)	2019	2018
EPS base	1.00	1.03
EPS diluted	1.00	1.03

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

Earnings:

(€thousand)	31.12.2019	31.12.2018
Profit for the period	66,609	68,505
Minority interests	0	0
Profit used to determine basic and diluted earnings per share	**66,609**	**68,505**

Number of shares:

(number of shares)	31.12.2019	31.12.2018
Weighted average number of ordinary shares used to determine basic earning per share	66,525,120	66,525,120
Adjustments for share options	0	0
Weighted average number of ordinary shares used to determine diluted earning per share	**66,525,120**	**66,525,120**

It should be noted that the application of the new accounting standard IFRS16, the impact of which on the equity, financial and economic situation of the Group are described analytically in the preceding paragraphs, has led to a decrease of 0.01 Euros in the earnings per share (EPS).

41. Other profits/losses

The other profits/losses accounted for in the consolidated statement of other comprehensive income consist of the effects produced and reflected in the period with reference to the following items:
- effective part of the operations for: hedging exchange risk rate related to the private bond placement in US dollars stipulated by the Parent Company in July 2013; effective part of the exchange purchase transactions to hedge the underlying purchases of goods; hedging interest rate risk for certain variable-rate investments. The value indicated amounted to a total profit of 990 thousand Euros (+162 thousand Euros in the year 2018) and is shown net of the taxation effect (that amounts to approximately -313 thousand Euros as at 31 December 2019);
- actuarial profits regarding the evaluation of Staff Severance Provision as required by amendments to IAS principle 19 "Employee Benefits"; the value indicated, amounting to a total loss of 178 thousand Euros (profit of 114 thousand Euros in 2018), is shown net of the taxation effect (amounting to about 56 thousand Euros as at 31 December 2019).

According to the IFRS these profits/losses have been entered in the net equity and highlighted (according to IAS 1 revised, in force from 1 January 2009) in the consolidated statement of other comprehensive income.

Net financial position[VIII]

As regards the comments on the components of the net financial position and the indication of the debt and credit positions with related parties, see that described in the Directors' Report.

	MARR Consolidated (€thousand)	Note	31.12.19	31.12.18
A.	Cash		10,873	9,345
	Bank accounts		181,530	168,804
	Postal accounts		90	261
B.	Cash equivalent		181,620	169,065
C.	Liquidity (A) + (B)	14	192,493	178,410
	Current financial receivable due to Parent Company		1,843	1,956
	Current financial receivable due to Related Companies		0	0
	Others financial receivable		1,807	923
D.	Current financial receivable	10/11	3,650	2,879
E.	Current Bank debt		(38,796)	(41,043)
F.	Current portion of non current debt		(130,076)	(77,196)
	Financial debt due to Parent Company		0	0
	Financial debt due to Related Companies		0	0
	Other financial debt		(10,002)	(1,349)
G.	Other current financial debt		(10,002)	(1,349)
H.	Current lease liabilities (IFRS16)	25	(7,911)	0
I.	Current financial debt (E) + (F) + (G) + (H)	24/25/26	(186,785)	(119,588)
J.	Net current financial indebtedness (C) + (D) + (I)		9,358	61,701
K.	Non current bank loans		(137,491)	(180,707)
L.	Other non current loans		(29,368)	(37,650)
M.	Non-current lease liabilities (IFRS16)	18	(38,514)	0
N.	Non current financial indebtedness (K) + (L) + (M)	17/18/19	(205,373)	(218,357)
O.	Net financial indebtedness (J) + (N)		(196,015)	(156,656)

It should be noted that the net financial indebtedness shown above does not include the long-term financial receivables from the assessment of the Cross Currency Swap contracts ongoing at the end of the year. Were these receivables to be included, the financial debt of the Group as at 31 December 2019 would amount to 192.6 million Euros (154.1 million Euros as at 31 December 2018).

[VIII] The "Note" column indicates the reference to the item in the consolidated statement of financial position for the accurate reconciliation with same.

Events after the closing of the year

It should be noted that, effective from 1 February 2020, the subsidiary AS.CA S.p.A. has eased its branch of business to the parent company, which manages it by integrating the activities with those of the MARR Bologna and MARR Romagna distribution centres.

On 11 March, MARR S.p.A. acquired 60% of the shares of SiFrutta S.r.l. from the companies Si Frutta S.r.l. and Vitali e Bagnoli Multiservice S.r.l. for a total price of 0.7 million Euros. Through this operation, MARR has acquired a controlling stake in the company.

The Covid-19 (Coronavirus) epidemic that has affected Italy since the end of February has led the Italian Government to introduce a series of measures aimed at containing the health emergency. These measures, initially adopted in limited regions and the extended to the whole country, have implied severe restrictions on people's movements and the progressive closure of industrial, commercial, recreational and school activities. Starting in the early weeks in March, these measures have caused a substantial "blocking" of activities for the majority of the clients in the Street Market segment which, although with a marked summer seasonality, represents a very significant portion of the sales of the Group.
In respect of the dispositions in force, the Company has adopted organizational measures to ensure services to all of its clients through its nationwide distribution network.

Outlook

The uncertainty as regards the spread of the Covid-19 epidemic at this time does not enable realistic forecasts to be made as regards the effects that the phenomenon may have on general consumption and, as regards MARR's business, on the foodservice market in Italy.
As regards out-of-home catering in Italy, we recorded an increase last year, confirming the resilience of the market, the measures implemented by the government and local administrations for containing the spread of the virus are affecting consumption in the catering sector, especially commercial catering, but also involving collective catering. The duration of these measures could have repercussions, which we believe could be temporary, on consumption in coming months. However, this country will return to being one of the preferred destinations of tourists from worldwide once conditions allow.

Although considering the complexity and scope of a rapidly developing context, the Company considers the presupposition of business continuity to be appropriate and correct, taking into account its capacity to deal with its obligations in the foreseeable future, and especially in the next 12 months, on the basis of the following considerations:

- the significant sources of liquidity currently available will enable the Group to overcome a period of several months with scarce operativity without having to use other sources of financing;
- assuming that the effects of the restrictions on catering activities and everyday consumption can be considered temporary and resolvable within a fairly short space of time, there do not appear to be any criticalities as regards the risk of overcoming the covenants associated to the loans with regard to the expiry dates provided in the contracts;
- the structure of the income statement of the Company and Group is characterised by a significant incidence of variable costs, also in the presence of significant reductions in revenues, and this enables the impacts on marginality to be limited;
- the MARR Group continues to guarantee services to its clients which are able to continue to operate while the restrictions are in force, including clinics hospitals, canteens and activities providing home delivery services;
- as at 31 December 2019, the Group had agreed credit lines ongoing and unused for a total amount of not less than 270 million Euros, and believes that it can count on the support if the main banks, on the basis of its leadership in the sector in which it operates.

In addition to these factors, the Group has acknowledged a commitment by the government institutions to support the operators and subjects most affected by Covic-19 through safeguarding measures which will implemented in coming months and which the Group intends to avail itself of if possible.

Thanks to its consolidated leadership and its distribution network, MARR is concentrating its efforts on adjusting the organizational measures and service management, which continue to be appreciated by its own clients who, with the support of this distribution system, can dedicate their own skills more effectively towards identifying possible areas for future development.

The Company is also placing great emphasis and attention on managing the trade receivables and operating costs, with the aim of ensuring continuity in terms of quality, products and services offered to the market, so as to help overcome the

contingent difficulties where possible and be completely ready to resume proper business activities when the current uncertainties are resolved.

° ° °

Rimini, 13 March 2020

For the Board of Directors

The Chairman

Paolo Ferrari

Appendices

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

- Appendix 1 – List of equity investments, including those falling within the scope of consolidation as at 31 December 2019.
- Appendix 2 – Statement of financial position, statement of profit or loss, statement of other comprehensive income, statement of changes in the shareholders, cash flows statement of the Parent Company MARR S.p.A. as at 31 December 2019.
- Appendix 3 – Reconciliation as at 31 December 2019 with the values in the financial statements of the Parent Company.
- Appendix 4 – Table showing variations in Intangible Assets for the year ending 31 December 2019.
- Appendix 5 – Table showing variations in Tangible Assets for the year ending 31 December 2019.
- Appendix 6 – Table showing changes in the Right of use for the year ending 31 December 2019.
- Appendix 7 – Table showing the essential data from Cremonini S.p.A. and consolidated financial statements as at 31 December 2018.
- Appendix 8 – Information as per art. 149-duodecies of the Consob Issuers Regulation.
- Appendix 9 – Table summarising the relations with parent companies, subsidiaries, associates and other related parties.
- Appendix 10 – Reconciliation of liabilities deriving from financing activities as at 31 December 2019 and as at 31 December 2018.
- Appendix 11 – Detail of lands and buildings owned by the Group.

Appendix 1

MARR GROUP
LIST OF EQUITY INVESTMENTS INCLUDING THOSE FALLING WITHIN
THE SCOPE OF CONSOLIDATION AT 31 DECEMBER 2019

Company	Headquarters	Share capital (€thousand)	Direct control Marr SpA	Indirect control	
				Company	Share held
COMPANY CONSOLIDATED ON A LINE-BY-LINE BASIS					
- Parent Company:					
MARR S.p.A.	Rimini	33,263			
- Subsidiaries:					
AS.CA. S.p.A.	Santarcangelo di R. (RN)	518	100.0%		
Marr Foodservice Iberica S.A.u	Madrid (Spagna)	600	100.0%		
New Catering S.r.l.	Santarcangelo di R. (RN)	34	100.0%		
INVESTMENTS EVALUATED USING THE NET EQUITY METHOD					
SiFrutta S.r.l.	Cervia (RA)	210	40.0%		
Jolanda De Colò S.p.A.	Palmanova (UD)	846	34.0%		
INVESTMENTS VALUED AT FAIR VALUE:					
- Other Company:					
Centro Agro-Alimentare Riminese S.p.A.	Rimini	11,798	1.66%		

MARR S.p.A. STATEMENT OF FINANCIAL POSITION

(€)	*31.12.19*		*31.12.18*	
ASSETS				
Non-current assets				
Tangible assets	65,901,315		63,222,321	
Right of use	42,880,298		0	
Goodwill	137,085,675		137,085,675	
Other intangible assets	2,378,470		2,082,789	
Investments in subsidiaries and associated companies	23,982,571		22,041,891	
Investments in other companies	299,822		299,822	
Non-current financial receivables	490,579		723,252	
Non-current derivative/financial instruments	3,418,515		2,512,879	
Deferred tax assets	0		0	
Other non-current assets	38,230,038		30,702,663	
Total non-current Assets	314,667,283		258,671,292	
Current assets				
Inventories	161,215,338		149,831,638	
Financial receivables	7,337,757		8,125,778	
relating to related parties	*6,786,793*	*92.5%*	*7,208,251*	*88.7%*
Current derivative/financial instruments	1,246,536		0	
Trade receivables	356,154,791		357,364,020	
relating to related parties	*12,818,804*	*3.6%*	*17,564,892*	*4.9%*
Tax assets	2,018,480		3,237,491	
relating to related parties	*11,175*	*0.6%*	*38,349*	*1.2%*
Cash and cash equivalents	179,202,608		169,725,986	
Other current assets	56,385,119		56,082,642	
relating to related parties	*434,378*	*0.8%*	*457,160*	*0.8%*
Total current Assets	763,560,629		744,367,555	
TOTAL ASSETS	*1,078,227,912*		*1,003,038,847*	
LIABILITIES				
Shareholders' Equity	331,338,379		318,097,166	
Share capital	*33,262,560*		*33,262,560*	
Reserves	*231,269,804*		*217,729,154*	
Retained Earnings	*0*		*0*	
Profit for the period	*66,806,015*		*67,105,452*	
Total Shareholders' Equity	331,338,379		318,097,166	
Non-current liabilities				
Non-current financial payables	166,793,303		218,356,979	
Non-current lease liabilities (IFRS16)	36,235,178		0	
relating to related parties	*499,354*	*1.4%*	*0*	*0.0%*
Non current derivative/financial instruments	65,500		0	
Employee benefits	7,016,399		7,157,289	
Provisions for risks and charges	5,169,681		4,910,230	
Deferred tax liabilities	1,083,863		1,584,152	
Other non-current liabilities	1,194,299		1,116,662	
Total non-current Liabilities	217,558,223		233,125,312	
Current liabilities				
Current financial payables	176,558,771		120,160,932	
relating to related parties	*2,715,918*	*1.5%*	*2,406,365*	*2.0%*
Current lease liabilities (IFRS16)	7,599,028		0	
relating to related parties	*660,005*	*8.7%*	*0*	*0.0%*
Current derivative/financial instruments	72,139		10,488	
Current tax liabilities	4,069,210		1,822,405	
relating to related parties	*2,213,182*	*54.4%*	*0*	*0.0%*
Current trade liabilities	320,942,055		309,757,020	
relating to related parties	*10,379,205*	*3.2%*	*8,687,398*	*2.8%*
Other current liabilities	20,090,107		20,065,524	
relating to related parties	*679,159*	*3.4%*	*489,117*	*2.4%*
Total current Liabilities	529,331,310		451,816,369	
TOTAL LIABILITIES	*1,078,227,912*		*1,003,038,847*	

MARR S.p.A. STATEMENT OF PROFIT OR LOSS

(€)	31.12.2019		31.12.2018	
Revenues	1,578,083,062		1,548,853,379	
relating related parties	*68,830,743*	*4.4%*	*67,506,237*	*4.4%*
Other revenues	43,024,199		38,014,193	
relating to related parties	*737,488*	*1.7%*	*695,483*	*1.8%*
Changes in inventories	11,383,700		9,933,377	
Purchase of goods for resale and consumables	(1,289,856,280)		(1,264,133,683)	
relating to related parties	*(93,928,288)*	*7.3%*	*(88,962,053)*	*7.0%*
Personnel costs	(35,559,028)		(35,283,525)	
relating to related parties	*0*	*0.0%*	*0*	*0.0%*
Amortizations, depreciations and provisions	(15,137,202)		(7,130,261)	
Losses due to impairment of financial assets	(12,890,000)		(11,790,000)	
Other operating costs	(183,754,971)		(184,750,322)	
of which profits and losses deriving from the accounting elimination of financial assets valued at amortized cost	*(306,481)*		*(140,296)*	
relating to related parties	*(3,206,337)*	*1.7%*	*(3,855,936)*	*2.1%*
Financial income and charges	(5,247,536)		(3,307,126)	
of which profits and losses deriving from the accounting elimination of financial assets valued at amortized cost	*(1,110,842)*		*(1,642,786)*	
relating to related parties	*23,571*	*(0.4%)*	*71,991*	*(2.2%)*
Income (charge) from associated companies	(23,597)	*100.0%*	(4,532)	*100.0%*
Profit before taxes	***90,022,347***		***90,401,500***	
Taxes	(25,673,100)		(25,752,816)	
Profit for the period	***64,349,247***		***64,648,684***	

EPS base (euros)	0.97	0.97
EPS diluted (euros)	0.97	0.97

MARR S.p.A. STATEMENT OF OTHER COMPREHENSIVE INCOME

(€)	*31.12.2019*	*31.12.2018*
Profits for the period (A)	*64,349,247*	*64,648,684*
Items to be reclassified to profit or loss in subsequent periods:		
Efficacious part of profits/(losses) on cash flow hedge instruments, net of taxation effect	990,239	156,223
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect	(202,860)	79,924
Total Other Profits/Losses, net of taxes (B)	*787,379*	*236,147*
Comprehensive Income (A + B)	*65,136,626*	*64,884,831*

MARR S.p.A. CASH FLOWS STATEMENT (INDIRECT METHOD)

MARR S.p.A. *(€thousand)*	*31.12.19*		*31.12.18*	
Profit for the Period	64,349		64,649	
Adjustment:				
IFRS 16 depreciation	8,005		0	
Amortization / Depreciation	6,833		6,811	
Change in deffered tax	(749)		1,603	
Allocation of provison for bad debts	12,890		11,790	
Allocation of provision for investments in subsidiaries	116		5	
Provision for supplementary clientele severance indemnity	305		325	
Capital profit/losses on disposal of assets	(107)		184	
relating to related parties	*0*	*0.0%*	*0*	*0.0%*
Financial (income) charges net of foreign exchange gains and losses	5,364		3,298	
relating to related parties	*(24)*	*(0.4%)*	*(72)*	*(2.2%)*
Foreign exchange evaluated (gains)/losses	(75)		(100)	
Dividends Received	(92)	*100.0%*	0	*100.0%*
Total	32,490		23,916	
Net change in Staff Severance Provision	(141)		(881)	
(Increase) decrease in trade receivables	(11,681)		(13,274)	
relating to related parties	*4,746*	*(40.6%)*	*(2,641)*	*19.9%*
(Increase) decrease in inventories	(11,383)		(9,934)	
Increase (decrease) in trade payables	11,185		(4,652)	
relating to related parties	*1,692*	*15.1%*	*(106)*	*2.3%*
(Increase) decrease in other assets	(7,830)		(8,158)	
relating to related parties	*23*	*(0.3%)*	*(153)*	*1.9%*
Increase (decrease) in other liabilities	56		(1,067)	
relating to related parties	*190*	*339.3%*	*(106)*	*9.9%*
Net change in tax assets / liabilities	27,627		29,740	
relating to related parties	*21,759*	*78.8%*	*19,726*	*66.3%*
Interest paid	(6,469)		(5,544)	
relating to related parties	*(53)*	*0.8%*	*(22)*	*0.4%*
Interest received	1,105		2,246	
relating to related parties	*77*	*7.0%*	*94*	*4.2%*
Foreign exchange evaluated gains	75		100	
Income tax paid	(23,912)		(23,540)	
relating to related parties	*(19,519)*	*81.6%*	*(19,000)*	*80.7%*
Cash-flow from operating activities	75,471		53,601	
(Investments) in other intangible assets	(690)		(346)	
(Investments) in tangible assets	(9,233)		(5,579)	
Net disposal of tangible assets	224		678	
Net (investments) in equity investments (subsidiaries and associated)	(10)	*100.0%*	(507)	*100.0%*
Outgoing for acquisition of subsidiaries or going concerns during the year (net of cash acquired)	(2,407)		(10,534)	
Dividends Received	92		0	
relating to related parties	*92*	*100.0%*	*0*	*0.0%*
Cash-flow from investment activities	(12,024)		(16,288)	
Distribution of dividends	(51,890)		(49,229)	
Other changes, including those of third parties	780		233	
Net change in liabilities (IFRS 16)	(7,051)		0	
relating to related parties	*1,159*	*(16.4%)*	*0*	*0.0%*
Net change in financial receivebles/payables for derivates	(2,025)		(1,906)	
Net change in financial payables (excluding the new non-current loans received)	(4,488)		(17,945)	
relating to related parties	*310*	*(6.9%)*	*(80)*	*0.4%*
New non-current loans received	89,500		123,548	
relating to related parties	*0*	*0.0%*	*0*	*0.0%*
Repayment of other long - term debt	(79,816)		(69,973)	
relating to related parties	*0*	*0.0%*	*0*	*0.0%*
Net change in current financial receivables	(459)		(1,364)	
relating to related parties	*421*	*(91.7%)*	*(1,531)*	*112.2%*
Net change in non-current financial receivables	1,479		2,263	
Cash-flow from financing activities	(53,970)		(14,373)	
Increase (decrease) in cash-flow	9,477		22,940	
Opening cash and equivalents	169,726		146,786	
Closing cash and equivalents	179,203		169,726	

For the reconciliation between opening and closing figures and relevant movements in the financial liabilities deriving from loans (as required by paragraph 44A of IAS 7), see Appendix 9 in the Explanatory Notes to the annual financial statements as at 31 December 2019.

MARR S.p.A. STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

Description	Share Capital	Other Reserves												Profits	Total net equity
		Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital account	Extraordinary reserve	Reserve for exercised stock options	Reserve for transition to the Ias/Ifrs	Cash -flow hedge reserve	Reserve ex art. 55 (DPR 597-917)	Surplus for mergers	Reserve IAS 19	Total reserves	carried over	
Balance at 1st January 2018	33,263	63,348	6,652	12	36,496	79,354	1,475	7,516	(1,734)	1,467	4,602	(641)	198,548	65,684	297,494
Allocation of 2017 profit						13,998							13,998	(13,998)	
Distribution dividends MARR S.p.A.														(49,229)	(49,229)
Merger of DEAL Depositi Alimentari S.r.l. and Speca Alimentari S.r.l.											4,953		4,952		4,953
Other minor variations				1						(6)			(6)	(1)	(6)
Consolidated comprehensive income 2018:															
- Profit for the period														64,649	64,649
- Other Profits/Losses, net of taxes									156			80	236		236
Balance at 31 December 2018	33,263	63,348	6,652	13	36,496	93,352	1,475	7,516	(1,578)	1,461	9,555	(561)	217,729	67,105	318,097
Allocation of 2018 profit						12,759							12,759	(12,759)	
Distribution dividends MARR S.p.A.														(51,890)	(51,890)
Other minor variations										(5)			(5)	1	(5)
Consolidated comprehensive income 2019:															
- Profit for the period														64,349	64,349
- Other Profits/Losses, net of taxes									990			(203)	787		787
Balance at 31 December 2019	33,263	63,348	6,652	13	36,496	106,111	1,475	7,516	(588)	1,456	9,555	(764)	231,270	66,806	331,338

Appendix 3

Reconciliation as at 31 December 2019 with the values in the financial statements of the Parent Company

	Increase/(Decrease) Shareholders' Equity	of which Net Profit for the period
Parent Company's shareholders' equity and profit/(loss) for the year	331,338	64,349
Effect of the consolidation on a line-by-line basis:		
-- Difference between the book value of the consolidated subsidiaries and the relevant portion of shareholders' equity	(7,406)	0
-- Allocation of the surplus of the purchase price paid for the acquisition of equity investments consolidated on a line-by-line basis, to lands, buildings and consolidation difference	13,902	(29)
-- Pro rata subsidiary profits (losses)	2,356	2,356
Allocation of the consolidation differences caused by the company amalgamations	2,718	0
Write-off of the goodwill caused by company merged	(2,053)	0
Effect of the elimination of profits not yet realised from transactions between Group companies, net of the applicable tax effect	(1,581)	(6)
Adjustments to adapt the financial statements of some consolidated companies to Group Accounting Standards	524	(61)
Group's share of net equity and profit/(loss)	339,798	66,609

Intangible fixed assets (in thousand of Euros)	Opening Balance			Changes during the year				Closing Balance		
	Original Cost	Provision for amortization	Balance 01/01/2019	Purchases/ reclassification	Consolidation Change	Net decreases	Amortization	Original Cost	Provision for amortization	Balance 31/12/2019
Start-Up and expansion costs										
Cost of research, development and advertising										
Cost of industrial patents and rights for the use of intellectual property	7,239	(5,994)	1,245	358			(398)	7,597	(6,392)	1,205
Concessions, licences, brand names, and similar rights	176	(161)	15	(1)			(1)	175	(162)	13
Goodwill	149,921		149,921					149,921		149,921
Intangible fixed assets under development and advances	916		916	252				1,168		1,168
Other intangible fixed assets	436	(436)						436	(436)	
Total	**158,688**	**(6,591)**	**152,097**	**609**			**(399)**	**159,297**	**(6,990)**	**152,307**

Tangible fixed assets	Opening balance			Changes during the year						Closing balance		
(in thousand of Euros)	Original Cost	Provision for amortization	Balance 01/01/2019	Purchases/ other movements	Decreases		Reclassification		Amortization/ write down	Original Cost	Provision for amortization	Balance 31/12/2019
					Original cost	Prov. for am.	Original cost	Prov. for am.				
Land and buildings	83,913	(30,243)	53,670	358	(1,537)	1,438			(2,372)	82,734	(31,177)	51,557
Improvements on leased facities				2,004			235		(77)	2,239	(77)	2,162
Plant and machinery	37,745	(30,504)	7,241	2,082	(18)	18	12		(2,565)	39,821	(33,051)	6,770
Industrial and commercial equipment	7,366	(5,748)	1,618	402	(21)	14	1		(358)	7,748	(6,092)	1,656
Other tangible assets	16,799	(13,581)	3,218	1,221	(888)	787	85		(1,478)	17,217	(14,272)	2,945
Tangible fixed assets under development and advances	2,421		2,421	3,782			(333)			5,870		5,870
Total	**148,244**	**(80,076)**	**68,168**	**9,849**	**(2,464)**	**2,257**			**(6,850)**	**155,629**	**(84,669)**	**70,960**

Appendix 6

Tangible fixed assets (in thousand of Euros)	Opening balance			Movements during the year							Closing balance		
	Original Cost	Provision for amortization	Balance 01/01/2019	Initial change	Purchases/ other movements	Decreases		Reclassification		Amortization/ write down	Original Cost	Provision for amortization	Balance 31/12/2019
						Original cost	Prov. for am.	Original cost	Prov. for am.				
Right of use - Land and buildings				59,601	573	(6,526)				(8,289)	53,648	(8,289)	45,359
Right of use - Other assets				98	29					(49)	127	(49)	78
Total				**59,699**	**602**	**(6,526)**				**(8,338)**	**53,775**	**(8,338)**	**45,437**

Appendix 7

Main figures' Statement of the last Cremonini S.p.A. financial statements and consolidated financial statements - MARR S.p.A. parent company -				
Financial Statements as of December 31, 2018				
Cremonini S.p.A.		in thousands of Euros		Consolidated
		BALANCE SHEET		
		ASSETS		
82,033		Tangible assets		1,061,121
86		Goodwill and other intangible assets		230,375
258,191		Investments		23,847
43		Non-current assets		60,458
340,353		*Total non-current assets*		*1,375,801*
0		Inventories		483,857
16,904		Receivables and other current assets		696,531
162		Cash and cash equivalents		310,235
17,066		*Total current assets*		*1,490,623*
357,419		**Total assets**		**2,866,424**
		LIABILITIES		
275,125		Shareholders' equity:		*874,490*
	67,074	Share capital	67,074	
	183,485	Reserves	436,968	
	24,566	Net profit (loss)	51,590	
	0	Minority interest	318,858	
34,981		Non-current financial payables		617,564
350		Employee benefits		23,939
151		Provisions for risks and charges		17,483
3,833		Other non-current liabilities		59,686
39,315		*Total non-current liabilities*		*718,672*
32,133		Current financial payables		487,838
10,846		Current liabilities		785,424
42,979		*Total current liabilities*		*1,273,262*
357,419		**Total Liabilities**		**2,866,424**
		INCOME STATEMENT		
6,913		Revenues		4,120,763
834		Other revenues		63,415
0		Changes in inventories		28,297
0		Internal works performed		7,133
(48)		Purchase of goods		(2,881,921)
(5,716)		Other operating costs		(635,429)
(2,457)		Personnel costs		(413,808)
(2,673)		Amortization		(88,899)
0		Depreciation and Allocations		(33,331)
27,890		Income from investments		2,760
(711)		Financial income and charges		(15,450)
0		Profit from business aggregations		0
24,032		*Profit before taxes*		*153,530*
534		Taxes		(57,758)
24,566		Net profit (loss) before consolidation		95,772
0		Minority interest's profit (loss)		(44,182)
24,566		**Consolidated Net profit (loss)**		**51,590**

The essential data for the parent company Cremonini S.p.A. contained in the summary report required by Civil Code article 2497-bis have been extracted from the relevant financial statements for the business year closed on 31 December 2018. For an adequate and full understanding of the Cremonini S.p.A. financial situation as at 31 December 2018, and the economic result achieved by the company during the business year closed on that date, refer to the financial statements which, supplemented by the audit company's report, is available in the forms and methods provided by the law.

Appendix 8

The following table, drawn up in accordance with art. 149-duodecies of the Consob Issuers Regulation, shows the fees pertinent to business year 2019 for services rendered to the Group companies by Auditing Firms or entities belonging to the auditing firms' network:

(€thousand)	Service Company	Client	Fees pertinent to business year 2019
Auditing	PricewaterhouseCoopers S.p.A.	MARR S.p.A.	143
	PricewaterhouseCoopers S.p.A.	As.Ca S.p.a.	20
Certification service			0
Other services			0
Total			163

COMPANY	FINANCIAL RELATIONS						ECONOMIC RELATIONS								
	RECEIVEBLES			PAYABLES			REVENUES				COSTS				
	Trade	Other	Financial	Trade	Other	Financial	Sale of goods	Performance of services	Other revenues	Financial Income	Purchase of goods	Services	Leases and rental	Other operating charges	Financial charges
From Parent Companies:															
Cremonini S.p.A. (*)	738	12	1,843	87	1,755		11			1		1,251			
Total	738	12	1,843	87	1,755	0	11	0	0	1	0	1,251	0	0	0
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Jolanda De Colò											0				
Sì Frutta S.r.l.	12	4		215			0	23		92	1,941				
Total	12	4	0	215	0	0	0	23	0	92	1,941	0	0	0	0
From Affiliated Companies (**)															
Cremonini Group															
Caio S.r.l.	38						171								
Casa Maioli S.r.l.	57						191								
Chef Express S.p.A.	1,494	9		7			9,423					44			
Fiorani & C. S.p.a.	2	229		1,020			60		261		10,611				
Global Service S.r.l.		56		309							3	1,040			
Guardamiglio S.r.l.	3						21								
Inalca Food and Beverage S.r.l.	890			35	48		9,368	184	(1)		65			4	
Inalca S.p.a.	92	43		7,679			416		330		77,360	22			
Inter Inalca Angola Ltda	7														
Interjet S.r.l.				17								38			
Italia Alimentari S.p.a.	5	69		496			5		115		4,994				
Roadhouse Grill Roma S.r.l.	656						4,262								
Roadhouse S.p.A.	6,991			1	34		40,122	32				2			
Tecno-Star Due S.r.l.				1								1			
From Affiliated Companies															
Farmservice S.r.l.	3				0		37								
Le Cupole S.r.l.						1,159									14
Time Vending S.r.l.		24							24						
Total	10,238	430	0	9,565	82	1,159	64,076	216	729	0	93,033	1,147	0	4	14
From Oter Related Parties															
Members of top management team					597		3					804			
Total	0	0	0	0	597	0	3	0	0	0	0	804	0	0	0

(*) The items in the Other Receivables columns relate to the residual IRES receivables for requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011, transferred to the Parent Company within the scope of of the National Consolidated tax base; the amount in the the other payables is related to the IRES balance of the year 2019. Trade receivables and payables include the net amount of VAT transferred to Cremonini within the scope of the Group VAT liquidation.

(**) The total amount of trade receivables and payables are reclassified under "Receivables from customer" and "Suppliers" respectively.

RECONCILIATION OF LIABILITIES DERIVING FROM FINANCING ACTIVITIES AS AT 31 DECEMBER 2019 AND 31 DECEMBER 2018

			Non-financial changes				
	31 December 2019	Cash flows	Other changes/ reclassifications	Acquisition	Exchange rates variations	Fair value variation	31 December 2018
Current payables to bank	38,796	(2,247)	0	0	0	0	41,043
Current portion of non current debt	130,076	(61,267)	114,147	0	0	0	77,196
Current financial payables for bond private placement in US dollars	9,659	(814)	9,553	0	168	0	752
Current financial payables fot IFRS 16 lease contracts	7,911	(7,350)	7,911	7,350	0	0	0
Current financial payables for leasing contracts	271	(235)	280	0	0	0	226
Current financial payables for purchase of quotas or shares	0	(2,407)	0	2,046	0	0	361
Total current financial payables	186,713	(74,320)	131,891	9,396	168	0	119,578
Current payables/(receivables) for hedging financial instruments	72	(10)	0	0	0	72	10
Total current financial instruments	72	(10)	0	0	0	72	10
Non-current payables to bank	137,491	70,951	(114,167)	0	0	0	180,707
Non-current financial payables for bond private placement in US dollars	29,246	0	(8,675)	0	554	0	37,367
Non-current financial payables fot IFRS 16 lease contracts	38,514	0	(13,835)	52,349	0	0	0
Non-current financial payables for leasing contracts	56	0	(227)	0	0	0	283
Non-current financial payables for purchase of quotas or shares	0	0	0	0	0	0	0
Total non-current financial payables	205,307	70,951	(136,904)	52,349	554	0	218,357
Non-current payables/(receivables) for hedging financial instruments	66	0	0	0	0	66	0
Total non-current financial instruments	66	0	0	0	0	66	0
Total liabilities arising from financial activities	392,158	(3,379)	(5,013)	61,745	722	138	337,945

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries)	(971)
Other changes/ reclassifications, included the acquisition	(5,013)
Exchange rates variations	722
Fair value variation	138
Total detailed variations in the table	(5,124)
Other changes in financial liabilities	(14,808)
New non-current loans received	89,500
Non current loans repayment	(79,816)
Total changes shown between financing activities in the Cash Flows Statement	(5,124)

	31 December 2018	Cash flows	Purchases	Non-financial changes Other changes/ reclassifications	Non-financial changes Exchange rates variations	Fair value variation	31 December 2017
Current payables to bank	41,043	(22,702)	0	0	0	0	63,745
Current portion of non current debt	77,196	6,072	0	26,256	0	0	44,868
Current financial payables for bond private placement in US dollars	752	(755)	0	752	0	0	755
Current financial payables for leasing contracts	226	(219)	0	226	0	0	219
Current financial payables for purchase of quotas or shares	361	(10,729)	516	0	0	0	10,574
Total current financial payables	119,578	(28,333)	516	27,234	0	0	120,161
Current payables/(receivables) for hedging financial instruments	10	3	0	0	0	0	7
Total current financial instruments	10	3	0	0	0	0	7
Non-current payables to bank	180,707	47,382	0	(26,258)	0	0	159,583
Non-current financial payables for bond private placement in US dollars	37,367	0	0	64	1,700	0	35,603
Non-current financial payables for leasing contracts	283	0	0	(226)	0	0	509
Non-current financial payables for purchase of quotas or shares	0	0	0	0	0	0	0
Total non-current financial payables	218,357	47,382	0	(26,420)	1,700	0	195,695
Non-current payables/(receivables) for hedging financial instruments	0	0	0	0	0	0	0
Total non-current financial instruments	0	0	0	0	0	0	0
Total liabilities arising from financial activities	**337,945**	**19,052**	**516**	**814**	**1,700**	**0**	**315,863**

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries)	30,295
Other changes/ reclassifications, included the acquisition	814
Exchange rates variations	1,700
Fair value variation	0
Total detailed variations in the table	32,809
Other changes in financial liabilities	(20,612)
New non-current loans received	123,394
Non current loans repayment	(69,973)
Total changes shown between financing activities in the Cash Flows Statement	32,809

Appendix 11

Detail of Lands and building own by the Group at 31 December 2019*
(Values in thousand Euros)

	Original Cost	Prov. For Am.	Net Book Value
Building in Spezzano Albanese (CS) - St.Prov.le 19	1,888	803	1,085
Land in Spezzano Albanese close to the building	125	0	125
Building in Pistoia (PT) - St F.Toni loc.Bottegone	5,318	2,046	3,272
Land of Building in Pistoia	1,000	0	1,000
Building in Santarcangelo of Romagna (RN) - St. dell'Acero 1/a	3,620	2,047	1,573
Land of Building St. dell'Acero 1/a	954	0	954
Building in Santarcangelo of Romagna (RN)- St. dell'Acero 2-4	5,265	2,510	2,755
Land of Building St. dell'Acero 2-4	2,422	0	2,422
Building in Opera (MI) - St. Cesare Pavese, 10	4,449	2,300	2,149
Land of Building Opera	2,800	0	2,800
Building in San Michele al Tagl.to (VE) - St. Plerote, 6	4,126	2,000	2,126
Land of Building San Michele	1,100	0	1,100
Building in Uta (CA) - Zona ind.le Macchiareddu	4,045	1,826	2,219
Land of Building Uta	1,531	0	1,531
Building in Portoferraio (LI) - Località Antiche Saline	1,502	778	724
Land of Building Portoferraio	990	0	990
Surface ownership Building in Bologna - St. Fantoni, 31	11,857	2,047	9,810
Land in Rimini loc. San Vito - St. Emilia Vecchia, 75	7,078	0	7,078
Building in Villanova di Castenaso (BO) - St. Trattati di Roma, 64	3,400	1,714	1,686
Land of Building in Villanova of Castenaso	2,292	0	2,292
TOTAL	65,762	18,071	47,691

* The value given in the table represents only the land and buildings owned and does not consider the values of the enhancements to the buildings leased and minor construction, both classified under "Land and buildings".

Certification of the consolidated financial statements
Pursuant to art. 154-bis of Legislative Decree 58/98

1. The undersigned Francesco Ospitali in the quality of Chief Executive Officer, and Pierpaolo Rossi, in the quality of Manager responsible for the drafting of the corporate accounting documents of MARR S.p.A., hereby certify, also taking into account that provided by art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 dated 24 February 1998:

   - the adequacy in relation to the characteristics of the company and
   - the effective application,

   of the management and accounting procedures for the drafting of the consolidated financial statements during the year 2019.

2. The assessment of the adequacy of the management and accounting procedures for the drafting of the consolidated financial statement as at 31 December 2019 was based on a process defined by MARR S.p.A. in coherence with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is an internationally accepted general reference framework.

3. It is also certified that:

   3.1 The consolidated financial statements:

   a) are drawn up in compliance with the internationally applicable accounting standards recognised in the European Community pursuant to regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;

   b) correspond to the findings in the accounts books and documents;

   c) are suited to providing a truthful and correct representation of the equity, economic and financial situation of the author and the group of companies included in the scope of consolidation.

   3.2 The Directors' report on management includes a reliable analysis of performance levels and the management result, and also on the situation of the issuer and the group of companies included in the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

Rimini, 13 March 2020

Francesco Ospitali	Pierpaolo Rossi
Chief Executive Officer	Manager responsible for the drafting of corporate accounts documents

Independent auditor's report

in accordance with article 14 of Legislative Decree 39 of 27 January 2010 and article 10 of Regulation (EU) 537/2014

To the shareholders of Marr SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Marr SpA (the "Company") and its subsidiaries (hereinafter, the "Marr Group" or the "Group"), which comprise the statement of consolidated financial position as of 31 December 2019, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in the shareholders' equity, the consolidated cash flows statement for the year then ended, and explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Marr Group as of 31 December 2019, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 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 section *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; therefore, we do not provide a separate opinion on these matters.

Key Audit Matters	Auditing procedures in response to key audit matters
Goodwill recoverability	***Auditing procedures performed***
The accounting policies relating to the Goodwill are illustrated in the section "Accounting policies", paragraphs "Goodwill and other intangible assets" and " Losses in value of non-financial assets" and in the section "Main estimates adopted by management and discretional assessments" within the paragraph "Estimates an hypotheses used" of the explanatory Notes to the consolidated financial statements. As of 31 December 2019, goodwill amounts to Euro 150 million. We have identified an area of focus considering the significance of the above balance and the fact that the valuation process involves a high degree of professional judgement of management in developing estimates of cash flows related to the recoverability of goodwill and in making assumptions used in the calculation models. With reference to the year ended 31 December 2019, management carried out an impairment test on goodwill, based on the following approach: • determined the recoverable value of goodwill by calculating the value in use by Cash Generating Unit ("CGU") using the discounted cash flow method; • the model envisaged the use of explicit flows for the first four years of projection, using as a basis the information contained in the *Business Plan* 2020-2022 approved by the Board of Directors on 12 December 2019 (*Business Plan*), with the application of a terminal value applied to the last explicit year; • the cash flows of each CGU were discounted using the weighted average cost of capital ("WACC");	We have performed an understanding of impairment testing procedure for assessing any impairment loss adopted by management approved by the Board of Directors of the Company. We have assessed the adequacy of the CGUs used for the allocation of goodwill and their consistency with the Group organizational structure, with internal decision-making mechanisms and with management reporting. We have examined methodologies applied in developing cash flows projections used to determine the value in use and the approach adopted in applying the discounted cash flow mathematical model. We have assessed the reasonableness of the WACC calculation with the support of our valuation specialists. We have also verified the mathematical accuracy of the calculations and consistency of the information used with relevant data source. We have investigated and discussed with management the need for adjusting cash flows with the aim of isolating those elements not attributable to the assets in their present conditions. We have analysed projections used for impairment testing and whether they were consistent with the *Business Plan* prepared by management. We also carried out a retrospective analysis by comparing the estimates made in previous years with the actual results or we performed alternative procedures, in order to validate the level of ability of management in developing reliable estimates.

- the recoverability of the carrying amounts was verified by comparing the carrying amounts of the individual CGUs to which the goodwill was allocated with their value in use;
- in addition, management carried out a sensitivity analysis to assess the impact of changes to significant assumptions on the asset recoverable amount.

In addition, we have verified accuracy and completeness of disclosures included in note 3 'Goodwill' as part of the Notes to the consolidated financial statements as of 31 December 2019.

Trade receivables recoverability

The accounting policies relating to Trade receivables are illustrated in section "Accounting policies", paragraph "Receivables and other financial assets" and in the section "Main estimates adopted by management and discretional assessments", paragraph "Estimates an hypotheses used" of the explanatory Notes to the consolidated financial statements.

As of 31 December 2019, trade receivables amount to Euro 367 million.

We have identified an area of focus considering the significance of the above balance and the fact that the valuation process involves a high degree of professional judgement of management in developing estimates on recovery of trade receivables and in particular in making assumptions used in the calculation models to determine expected cash flows from their collection.

Auditing procedures performed

We have performed, through specific investigations, an understanding and evaluating of the relevant controls implemented by the Group over the Trade receivables area, in order to assess the adequacy of their design.

We have obtained the ageing list, validating the source data, in order to identify any significant past due balance, which was analysed and discussed with management with the aim of obtaining proof of evidence supporting estimates covering the risk of credit losses.

We have sent confirmation letters to legal advisors handling doubtful accounts in litigation, assessing consistency of the assessments made by external legal advisors with those reflected in the financial statements.

We have carried out a retrospective analysis by comparing the estimates made in previous years with the actual results in order to validate the level of ability of management in determining the cash flows expected from the collection of trade receivables.

In addition, we have verified accuracy and completeness of disclosures included in note 12 'Current trade receivables' and in note 35 'Losses due to impairment of financial assets' as part of the Notes to the consolidated financial statements as of 31 December 2019.

Responsibilities of the Directors and the Board of Statutory Auditors 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 International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated 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, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the Directors use the going concern basis of accounting unless they either intend to liquidate Marr SpA or to cease operations, or have no realistic alternative but to do so.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, the Group financial reporting process.

Auditor's 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 International Standards on Auditing (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 the consolidated financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit.

Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained 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;

- we obtained 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;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we concluded on the appropriateness of management's 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we evaluated 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;
- we obtained 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 on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as 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 identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated 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 determined those matters that were of most significance in the audit of the consolidated financial statements of the reporting period under examination and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) 537/2014

We were appointed by the shareholders of Marr SpA at the general meeting held on 28 April 2016 to perform the audit of the Company consolidated and separate financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree 39/10 and Article 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Marr SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Marr Group as of 31 December 2019, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree 58/98, with the consolidated financial statements of the Marr Group as of 31 December 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Marr Group as of 31 December 2019 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree 254 of 30 December 2016

The Directors of Marr SpA are responsible for the preparation of the non-financial disclosure pursuant to Legislative Decree 254 of 30 December 2016. We have verified that the non-financial disclosure was approved by the Board of Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree 254 of 30 December 2016, the non-financial disclosure is subject to separate attestation of compliance reporting by our firm.

Parma, 30 March 2020

PricewaterhouseCoopers SpA

Signed by

Christian Sartori
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

MARR S.p.A.

Financial Statements as at December 31, 2019

STATEMENT OF FINANCIAL POSITION

(€)	*Notes*	*31.12.19*		*31.12.18*	
ASSETS					
Non-current assets					
Tangible assets	1	65,901,315		63,222,321	
Right of use	2	42,880,298		0	
Goodwill	3	137,085,675		137,085,675	
Other intangible assets	4	2,378,470		2,082,789	
Investments in subsidiaries and associated companies	5	23,982,571		22,041,891	
Investments in other companies	6	299,822		299,822	
Non-current financial receivables	7	490,579		723,252	
Non-current derivative/financial instruments	8	3,418,515		2,512,879	
Deferred tax assets		0		0	
Other non-current assets	9	38,230,038		30,702,663	
Total non-current Assets		314,667,283		258,671,292	
Current assets					
Inventories	10	161,215,338		149,831,638	
Financial receivables	11	7,337,757		8,125,778	
relating to related parties		*6,786,793*	*92.5%*	*7,208,251*	*88.7%*
Current derivative/financial instruments	12	1,246,536		0	
Trade receivables	13	356,154,791		357,364,020	
relating to related parties		*12,818,804*	*3.6%*	*17,564,892*	*4.9%*
Tax assets	14	2,018,480		3,237,491	
relating to related parties		*11,175*	*0.6%*	*38,349*	*1.2%*
Cash and cash equivalents	15	179,202,608		169,725,986	
Other current assets	16	56,385,119		56,082,642	
relating to related parties		*434,378*	*0.8%*	*457,160*	*0.8%*
Total current Assets		763,560,629		744,367,555	
TOTAL ASSETS		*1,078,227,912*		*1,003,038,847*	
LIABILITIES					
Shareholders' Equity	17	331,338,379		318,097,166	
Share capital		*33,262,560*		*33,262,560*	
Reserves		*231,269,804*		*217,729,154*	
Retained Earnings		*0*		*0*	
Profit for the period		*66,806,015*		*67,105,452*	
Total Shareholders' Equity		331,338,379		318,097,166	
Non-current liabilities					
Non-current financial payables	18	166,793,303		218,356,979	
Non-current lease liabilities (IFRS16)	19	36,235,178		0	
relating to related parties		*499,354*	*1.4%*	*0*	*0.0%*
Non current derivative/financial instruments	20	65,500		0	
Employee benefits	21	7,016,399		7,157,289	
Provisions for risks and charges	22	5,169,681		4,910,230	
Deferred tax liabilities	23	1,083,863		1,584,152	
Other non-current liabilities	24	1,194,299		1,116,662	
Total non-current Liabilities		217,558,223		233,125,312	
Current liabilities					
Current financial payables	25	176,558,771		120,160,932	
relating to related parties		*2,715,918*	*1.5%*	*2,406,365*	*2.0%*
Current lease liabilities (IFRS16)	26	7,599,028		0	
relating to related parties		*660,005*	*8.7%*	*0*	*0.0%*
Current derivative/financial instruments	27	72,139		10,488	
Current tax liabilities	28	4,069,210		1,822,405	
relating to related parties		*2,213,182*	*54.4%*	*0*	*0.0%*
Current trade liabilities	29	320,942,055		309,757,020	
relating to related parties		*10,379,205*	*3.2%*	*8,687,398*	*2.8%*
Other current liabilities	30	20,090,107		20,065,524	
relating to related parties		*679,159*	*3.4%*	*489,117*	*2.4%*
Total current Liabilities		529,331,310		451,816,369	
TOTAL LIABILITIES		*1,078,227,912*		*1,003,038,847*	

STATEMENT OF PROFIT OR LOSS

(€)	Notes	31.12.2019		31.12.2018	
Revenues	31	1,578,083,062		1,548,853,379	
relating related parties		*68,830,743*	*4.4%*	*67,506,237*	*4.4%*
Other revenues	32	43,024,199		38,014,193	
relating to related parties		*737,488*	*1.7%*	*695,483*	*1.8%*
Changes in inventories	10	11,383,700		9,933,377	
Purchase of goods for resale and consumables	33	(1,289,856,280)		(1,264,133,683)	
relating to related parties		*(93,928,288)*	*7.3%*	*(88,962,053)*	*7.0%*
Personnel costs	34	(35,559,028)		(35,283,525)	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Amortizations, depreciations and provisions	35	(15,137,202)		(7,130,261)	
Losses due to impairment of financial assets	36	(12,890,000)		(11,790,000)	
Other operating costs	37	(183,754,971)		(184,750,322)	
of which profits and losses deriving from the accounting elimination of financial assets valued at amortized cost		*(306,481)*		*(140,296)*	
relating to related parties		*(3,206,337)*	*1.7%*	*(3,855,936)*	*2.1%*
Financial income and charges	38	(5,247,536)		(3,307,126)	
of which profits and losses deriving from the accounting elimination of financial assets valued at amortized cost		*(1,110,842)*		*(1,642,786)*	
relating to related parties		*23,571*	*(0.4%)*	*71,991*	*(2.2%)*
Income (charge) from associated companies	39	(23,597)	*100.0%*	(4,532)	*100.0%*
Profit before taxes		***90,022,347***		***90,401,500***	
Taxes	40	(25,673,100)		(25,752,816)	
Profit for the period		***64,349,247***		***64,648,684***	
EPS base (euros)	41	0.97		0.97	
EPS diluted (euros)	41	0.97		0.97	

STATEMENT OF OTHER COMPREHENSIVE INCOME

(€)	*Notes*	*31.12.2019*	*31.12.2018*
Profits for the period (A)		*64,349,247*	*64,648,684*
Items to be reclassified to profit or loss in subsequent periods:			
Efficacious part of profits/(losses) on cash flow hedge instruments, net of taxation effect		990,239	156,223
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect		(202,860)	79,924
Total Other Profits/Losses, net of taxes (B)	42	*787,379*	*236,147*
Comprehensive Income (A + B)		*65,136,626*	*64,884,831*

STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY
(Note no. 17)

Description	Share Capital	Other Reserves												Profits	Total
		Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital account	Extraordinary reserve	Reserve for exercised stock options	Reserve for transition to the Ias/Ifrs	Cash -flow hedge reserve	Reserve ex art. 55 (DPR 597-917)	Surplus for mergers	Reserve IAS 19	Total reserves	carried over	net equity
Balance at 1st January 2018	33,263	63,348	6,652	12	36,496	79,354	1,475	7,516	(1,734)	1,467	4,602	(641)	198,548	65,684	297,494
Allocation of 2017 profit						13,998							13,998	(13,998)	
Distribution dividends MARR S.p.A.														(49,229)	(49,229)
Merger of DEAL Depositi Alimentari S.r.l. and Speca Alimentari S.r.l.											4,953		4,952		4,953
Other minor variations				1						(6)			(6)	(1)	(6)
Consolidated comprehensive income 2018:															
- Profit for the period														64,649	64,649
- Other Profits/Losses, net of taxes									156			80	236		236
Balance at 31 December 2018	33,263	63,348	6,652	13	36,496	93,352	1,475	7,516	(1,578)	1,461	9,555	(561)	217,729	67,105	318,097
Allocation of 2018 profit						12,759							12,759	(12,759)	
Distribution dividends MARR S.p.A.														(51,890)	(51,890)
Other minor variations										(5)			(5)	1	(5)
Consolidated comprehensive income 2019:															
- Profit for the period														64,349	64,349
- Other Profits/Losses, net of taxes									990			(203)	787		787
Balance at 31 December 2019	33,263	63,348	6,652	13	36,496	106,111	1,475	7,516	(588)	1,456	9,555	(764)	231,270	66,806	331,338

CASH FLOWS STATEMENT (INDIRECT METHOD)

MARR S.p.A. *(€thousand)*	*Ref.*	*31.12.19*		*31.12.18*	
Profit for the Period		64,349		64,649	
Adjustment:					
IFRS 16 depreciation	35	8,005		0	
Amortization / Depreciation	35	6,833		6,811	
Change in deffered tax	39	(749)		1,603	
Allocation of provison for bad debts	35	12,890		11,790	
Allocation of provision for investments in subsidiaries	38	116		5	
Provision for supplementary clientele severance indemnity	35	305		325	
Capital profit/losses on disposal of assets	32/36	(107)		184	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Financial (income) charges net of foreign exchange gains and losses	37	5,364		3,298	
relating to related parties		*(24)*	*(0.4%)*	*(72)*	*(2.2%)*
Foreign exchange evaluated (gains)/losses	37	(75)		(100)	
Dividends Received	38	(92)	*100.0%*	0	*100.0%*
Total		32,490		23,916	
Net change in Staff Severance Provision	21	(141)		(881)	
(Increase) decrease in trade receivables	13	(11,681)		(13,274)	
relating to related parties		*4,746*	*(40.6%)*	*(2,641)*	*19.9%*
(Increase) decrease in inventories	10	(11,383)		(9,934)	
Increase (decrease) in trade payables	29	11,185		(4,652)	
relating to related parties		*1,692*	*15.1%*	*(106)*	*2.3%*
(Increase) decrease in other assets	9/16	(7,830)		(8,158)	
relating to related parties		*23*	*(0.3%)*	*(153)*	*1.9%*
Increase (decrease) in other liabilities	24/30	56		(1,067)	
relating to related parties		*190*	*339.3%*	*(106)*	*9.9%*
Net change in tax assets / liabilities	14/28/23	27,627		29,740	
relating to related parties		*21,759*	*78.8%*	*19,726*	*66.3%*
Interest paid	37	(6,469)		(5,544)	
relating to related parties		*(53)*	*0.8%*	*(22)*	*0.4%*
Interest received	37	1,105		2,246	
relating to related parties		*77*	*7.0%*	*94*	*4.2%*
Foreign exchange evaluated gains	37	75		100	
Income tax paid	14/28	(23,912)		(23,540)	
relating to related parties		*(19,519)*	*81.6%*	*(19,000)*	*80.7%*
Cash-flow from operating activities		75,471		53,601	
(Investments) in other intangible assets	4	(690)		(346)	
(Investments) in tangible assets	1	(9,233)		(5,579)	
Net disposal of tangible assets	1	224		678	
Net (investments) in equity investments (subsidiaries and associated)	5	(10)	*100.0%*	(507)	*100.0%*
Outgoing for acquisition of subsidiaries or going concerns during the year (net of cash acquired)	5	(2,407)		(10,534)	
Dividends Received	38	92		0	
relating to related parties		*92*	*100.0%*	*0*	*0.0%*
Cash-flow from investment activities		(12,024)		(16,288)	
Distribution of dividends		(51,890)		(49,229)	
Other changes, including those of third parties	17	780		233	
Net change in liabilities (IFRS 16)	19/26	(7,051)		0	
relating to related parties		*1,159*	*(16.4%)*	*0*	*0.0%*
Net change in financial receivebles/payables for derivates	8/12/20/27	(2,025)		(1,906)	
Net change in financial payables (excluding the new non-current loans received)	18/25	(4,488)		(17,945)	
relating to related parties		*310*	*(6.9%)*	*(80)*	*0.4%*
New non-current loans received	18/25	89,500		123,548	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Repayment of other long - term debt	18/25	(79,816)		(69,973)	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Net change in current financial receivables	11/12	(459)		(1,364)	
relating to related parties		*421*	*(91.7%)*	*(1,531)*	*112.2%*
Net change in non-current financial receivables	7/8	1,479		2,263	
Cash-flow from financing activities		(53,970)		(14,373)	
Increase (decrease) in cash-flow		9,477		22,940	
Opening cash and equivalents	15	169,726		146,786	
Closing cash and equivalents		179,203		169,726	

For the reconciliation between the opening figures and closing figures with the relevant movements of the financial liabilities deriving from financing activities (as required by paragraph 44A of IAS 7), see Appendix 9 to the following explanatory notes.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Corporate information

The Company, with headquarters in Via Spagna 20, Rimini, operates in the commercialisation and distribution of fresh, dried and frozen food products to the Foodservice.

The Company is controlled by Cremonini S.p.A., the essential figures of which are in Appendix 5 below.

The financial statements for the business year closing as at 31 December 2019 were authorised for publication by the Board of Directors on 13 March 2020.

Structure and contents of the financial statements

The MARR S.p.A. financial statements as at 31 December 2019 have been prepared in accordance with the accounting policies and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002 as acknowledged by Legislative Decree 38 dated 28 February 2005 and subsequent CONSOB amendments, communications and decisions.

The financial statements are prepared on the basis of the historical cost principle, except for derivatives, which are recorded at fair value, and the right of use, recorded on compliance with IFRS 16, and the relevant financial payables.

Reference to the international accounting standards, adopted in the preparation of the MARR S.p.A. financial statements as at 31 December 2019, is indicated in the "Accounting policies" section.
In this regard, as already explained in the Directors' Report, it is highlighted that the international standard IFRS 16 is effective from 1 January 2019.
The new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract.
For all long-term lease contracts identified as above explained the standard implies the accounting in the financial statements of a right of use classified in the fixed assets and the related financial liability, with allocation in the statement of profit and loss of the related depreciation and financial charges.
With reference to these contracts, the costs for the use of third-party assets are no longer included in the statement of profit or loss of the Company.
It is highlighted that the Company adopted a modified retrospective approach, without the restatement of the comparative figures.

For the purposes of the application of IFRS 8 it is noted that the Company operates in the "Distribution of food products to the Foodservice" sector only; as regards performance levels in 2019, see that described in the Directors' Report on management performance.

The MARR S.p.A. financial statements as at 31 December 2019 include, for comparative purposes, the figures for the year ended on 31 December 2018.

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

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

The operating and accounting currency is the Euro.

As regards the statements shown in these financial statements, the Statement of Financial Position, the Statement of Profit or Loss and the Statement of Other Comprehensive Income are shown in Euros, while the Cash Flows Statement and the Statement of Changes in the Shareholders' Equity are shown in thousand Euros.

The tables contained are shown in thousand Euros.

These financial statements have been prepared using the principles and accounting policies illustrated below.

Accounting policies

The accounting standards and policies used in the preparation of the MARR S.p.A. financial statements as at 31 December 2019 are the same as those used in preparing the consolidated financial statements, which see, except for the following standards:

Holdings in subsidiary and associate companies
The holdings in subsidiary and associate companies are recorded at adjusted cost in the presence of impairment. The positive difference, emerging during purchase, between the purchase cost and the portion of shareholders' equity at current values of the holding owned by the company is therefore included in the book value of the holding.
Impairment – A holding undergoes an impairment when its accounting value exceeds its recoverable value. The accounting values of the holdings are subject to assessment whenever there are obvious indicators internal and external to the company indicating the possibility of impairment of the holding or a group of holdings, as provided by the IAS.
Impairment of Assets.
In particular, the indicators analysed to assess whether a holding has been impaired must include considering whether the parent company has recorded a dividend obtained from the holding and if there is proof that:
• the accounting value of the holding in the financial statements exceeds the accounting value in the consolidated financial statements of the net assets of the subsidiary, including goodwill;
or
• the dividend exceeds the total overall profits of the subsidiary for the year to which the dividend refers.
The recoverable value is the greater of the fair value net of sales costs and the use value.
The fair value is the price that would be received for the sale of an asset of that would be paid for the transfer of a liability in a proper transaction between market operators on the transaction date.
The use value is the current value of the future financial flows expected to originate from an asset.
In determining the use value, the estimated future cash flows are discounted at their current value using a rate gross of taxes that reflects the current market assessments of the cost of cash and the specific risks of the asset.
If the recoverable value of an asset is estimated to be less than the relative accounting value, the latter is reduced to the recoverable vale, recording an impairment in the statement of profit or loss.
When there is no longer the need to maintain a depreciation, the accounting value of the asset is increased to the new value deriving from the estimate of its recoverable value, but not more than the original cost, attributing the recovery in value to the Statement of Profit or Loss.

Dividends
The revenues from dividends are accounted when the right arises for the shareholders to receive the payment, after the resolution by the shareholders' meeting of the holding company.
Dividends payable by the Company are represented as a movement in the shareholders' equity during the year in which they are approved by the Shareholders' Meeting and are represented as a liability when the allocation of said dividend is approved.

For details on the new accounting standards and interpretations applicable as of 1 January 2019, and those applicable afterwards, see that described in the explanatory notes to the consolidated financial statements.

Main estimates adopted by management and discretional assessments

The preparation of the Company financial statements requires that the directors carry out discretional assessments, estimates and hypotheses that influence the value of revenues, costs, assets and liabilities, and the indication of potential liabilities at the time of the financial statements. However, uncertainty as to these hypotheses and estimates may lead to outcomes that will require future significant adjustments on the accounting value of these assets and/or liabilities.

Estimates and hypotheses used

Below is an outline of the key hypotheses concerning the future and other significant sources of uncertainty in estimates at the date of closure of the financial statements that could be the cause of significant adjustment to the value of assets and liabilities in coming business years. The results achieved could differ from these estimates. The estimates and assumptions made are periodically revised and the effects of all changes are immediately reflected in the income statement.

- Estimates adopted to evaluate the impairment of non-financial assets

In order to measure any impairment of goodwill entered in the financial statements, the Company has adopted the method previously illustrated in the section on "Losses in value of non-financial assets".
The impairment test is conducted by comparing the accounting vale with the recoverable value of each group of CGU. The recoverable value of a group of CGU is determined with regard of the greater of the fair value net of sales costs and the use value. In determining the use value, the future cash flows are actualised using a discount rate which reflects the current market assessment of the temporal value of cash and the specific risks of the group of CGU. The estimates and assumptions reflect the extent to which the Company is aware of business developments and take into account prudent forecasts of future developments of the market in which the Company and Group operate.
Given the uncertainty of the forecast, the worsening of the economic context that has not yet been considered in the Company hypotheses could highlight performance level differing from expectations, with the consequent need to make future adjustments to the accounting value of certain non-current assets.

- Estimates adopted in the actuarial calculation in order to determine the benefit plans defined in the context of post-employment benefits:
  - The expected inflation rate is equal to 1.2%;
  - The discounting rate used is equal to 0.77%[IX];
  - The annual rate of increase of the severance plan is expected to be equal to 2.4%;
  - A 6.5% turnover of employees is expected

- Estimates adopted in the actuarial calculation in order to determine the provision for supplementary clientele severance indemnity:
  - The rate of voluntary turnover is expected to be 13%;
  - The rate of corporate turnover is expected to be 2%;
  - The discounting rate used is 0,17%[X].

- Estimates used in calculating deferred taxes

A significant discretional assessment is required by the directors in order to determine the total amount of deferred tax assets to be accounted. They must estimate the probable occurrence in time and the total value of future fiscally chargeable profits.

- Other

Other elements in the financial statements that were the object of estimate and assumptions by Management are inventory write-down, the determination of amortizations and evaluation of receivables and other assets.
The bad debts are based on assumptions regarding the risk of default and the expected loss percentages. These assumptions and the input data used in calculating the provision for bad debts are based on historical experience, the market context and the expected evolution of the credit risk on each reporting date. See the explanatory notes for more details.
These estimates, although supported by well-defined corporate procedures, require hypotheses to be made mainly concerning the future realisable nature of the value of inventories, the probability of collecting in receivables and the solvency of creditors as well as the remaining useful lifetime of assets that may be influenced by both market performance and the information available to Management.

Capital management policy

As regards the management of capital, the Company's priority is to maintain an appropriate level of its equity in relation to debts accrued (Net debt/Equity or "gearing" ratio), so as to guarantee solidity in terms of equity and its adequacy to the management of cash flows.

Taking into account the fact that the financial requirements, because of the characteristics of the Company's core business, are calculated in terms of trade net working capital, the main indicator for cash flow management is summarily represented by the performance of the ratio between trade net working capital and revenues ("Trade NWC on total Revenues").

[IX] Average performance curve deriving from the IBOXX Eurozone Corporates (duration "7-10 years").
[X] Average performance curve deriving from the IBOXX Eurozone Corporates with a duration of 5-7 years from the assessment date.

Still in relation to the seasonal nature characterising its business, the Company also monitors the performance of the single components of trade net working capital (trade receivables and payables and inventories) in terms of both absolute value and days of outstanding.
The management of capital is also measured in terms of the principal indicators of best financial practice such as: ROS, ROCE, ROE, Net debt / Equity and Net debt / EBITDA.

Financial Risks Management

The financial risks to which the Company is exposed in the performance of its business activities are as follows:

- market risk (including currency risk, interest rate risk and price risk);
- credit risk;
- liquidity risk.

MARR employs derivative financial instruments solely for the purpose of covering some non-functional currency exposures and part of the financial exposure with variable rate.

Market risk

(i) Currency risk: the currency risk arises when reported assets and liabilities are expressed in a currency other than the enterprise's functional currency. MARR operates at an international level and is consequently exposed to currency risk above all with regard to trade transactions denominated in US dollars. The manner of handling this risk in the Group is to enter into forward contracts to purchase/sell the foreign currency, specifically designed to hedge the individual trade transactions, if the forward rate is favourable compared to the rate at the date of the operation. In addition to the trade relations, it should be noted that in 2013, the company finalized a bond private placement in US dollars. To cover this transaction, the Company stipulated cross currency swap contracts specifically destined to hedge the financial flows deriving from the payment of the coupons and reimbursement of capital on expiry.

As at 31 December 2019, a 5% appreciation in the exchange rate in relation to the US dollar and to other currencies, all else being equal, would have given rise to a decrease in pre-tax profit of 110 thousand Euros (-156 thousand Euros in 2018), due to exchange rate gains (losses) on trade payables and receivables denominated in foreign currency, mainly dollars (because of the change in the fair value of current assets and liabilities).
The other equity items would have shown an increase of about 1,285 thousand Euros (-195 thousand Euros as at 31 December 2018) ascribable to variations in the amount of the cash flow hedge fund (due to the variation in the fair value of the ongoing hedging contracts).
On the other hand, at the same date, a 5% drop in the exchange rate in relation to the US dollar and to the other currencies, all else being equal, would have been reflected by a pre-tax profit increase of 122 thousand Euros (+173 thousand Euros in 2018).
The other equity items would have shown a downward variation of 1,184 thousand Euros (+157 thousand Euros as at 31 December 2018) ascribable to variation in the amount of the cash flow hedge fund due to the variation in the fair value of the ongoing hedging contracts.

(ii) Interest rate risks: risks concerning changes to interest rates affect loans. Almost of the long terms loans from banks are floating and variable rate financing exposes the Company to the risk of cash flow variations due to interest rates. To cover this risk, the Company has historically stipulated Interest Rate Swap contracts specifically related to the partial or total hedging of certain loans. Fixed rate financing exposes MARR to the risk of changes to the fair value of the finances themselves.

In 2019, a hypothetical upward or downward fluctuation of 10% in the interest rate, all else being equal, would have produced a pre-tax cost increase or decrease (with corresponding net equity variation) of approximately 134 thousand Euros on a yearly basis (213 thousand Euros as at 31 December 2018).
As regards the use of the other short-term credit lines, management is focusing on safeguarding and consolidating relations with the credit institutes in order to stabilise the spread applied to Euribor as much as possible.

(iii) Price risks: MARR makes purchases and sales worldwide and is therefore exposed to the normal risk of price oscillations typical of the sector.

Credit Risk

MARR deals only with known and reliable customers. It is a matter of Company policy to subject customers who request deferred terms of payment to creditworthiness ascertainment procedures. In addition, credit balance monitoring is performed during the year to ensure that the amount of the overdue is not significant.

The credit quality of non-overdue financial assets that have not undergone impairments of value can be evaluated with reference to the internal credit management procedures.

The customer monitoring process consists essentially of a preliminary phase in which data and information is collected on new customers, and a post-activation phase featuring the granting of a credit line and supervision of the customer's credit position.
The preliminary phase consists of acquiring the essential administrative/fiscal data necessary to be able to carry out a complete and accurate assessment of the risks entailed by the new customer. Activation of the customer is dependent on the completeness of the aforementioned data and approval, possibly following more detailed investigations, by the Customers Office.
Every new customer is given a credit line: its granting depends on some additional items of information (years in business, terms of payment, reputation) that are indispensable so as to be able to assess the customer's solvency level. Once the overall picture has been put together, the documentation on the potential customer is submitted for approval to the various organizational levels.

Overdue management is differentiated on the basis of length of time overdue (overdue bands).
For overdue bands up to 60 days, reminder procedures are activated at branch level or directly by the Customers Office; for accounts that are over 15 days overdue or that have exceeded the amount of the credit line granted, an IT control blocks the supply to the non-performing customer. For credits in the "over 90 days" band, legal action is taken when necessary.
Receivables comprised in the "not yet due" band, which total 219,527 thousand Euros as at 31 December 2019, represent about 61.64% of the receivable accounts reported in the financial statements.

This procedure defines the operating rules and mechanisms that are guaranteed to generate a cash flow by assuring the Company of the customer's solvency and the profitability of the commercial relationship.

At the reference date of the financial statements, the maximum exposure to credit risk for each of the following categories of receivables was as shown below:

(€thousand)		Balance at 31.12.19	Balance at 31.12.18
Current trade receivables		356,155	357,364
Other non-current receivables		38,230	30,703
Other current receivables		56,385	56,083
	Total	450,770	444,150

For the comments on the various categories, please refer to note 9 on "Other non-current receivables", note 13 on "Trade receivables" and note 16 on "Other current receivables". The value of the trade receivables, the other non-current receivables and the other current receivables are classifiable as "Level 3" financial receivables, in other words those for which the input is not based on observable market data.
The fair value of the above categories is not shown, as the book value constitutes a reasonable approximation of the former.

As at 31 December 2019, overdue trade receivables, net of bad debt provision, amounted to 136,628 thousand Euros (a decrease compared to 142,805 thousand Euros in 2018). The breakdown of these receivables by due date is as follows:

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Overdue:		
Less than 30 days	38,863	42,094
betweeen 31 and 60 days	22,470	24,359
betweeen 61 and 90 days	20,809	20,969
Over 90 days	54,486	55,383
Total overdue trade receivables	136,628	142,805

The amounts shown above refer to overdue debts calculated on the basis of the nominal terms agreed[XI] with the customer at the time of first assessment. This table also includes the "overdue" exposure of the particularly important customers most closely loyal to the Group, with whom special terms of payment are agreed. As at 31 December 2019, this particular category of customers accounted for 26,001 thousand Euros in the "Over 90 days" band (21,683 thousand Euros at 31 December 2018).

At 31 December 2018, the nominal amount of the disputed trade receivables (all classified in the category of expired "over 90 days"), which had been impaired and undergone a write-down, amounted to 34,052 thousand Euros (32,609 thousand Euros in 2018). Those receivables were mainly related to clients in economic difficulties. The quota of these receivables that is not recoverable is specifically covered by the bad debt provision, which amounts to a total of 38,180 thousand Euros (33,046 thousand Euros in 2018).

Liquidity risk

MARR manages liquidity risk with a view to maintaining a liquidity level sufficient for its operational management.
Given the dynamic nature of the sector concerned, to meet the requirements of the business's routine management and seasonal trends preference is given to funding requirements by availing adequate lines of credit.

For the management of resources absorbed by investment activities, preference is generally given to funding through specific long-term loans.

The following table shows the breakdown of financial liabilities and derivative financial liabilities on the basis of contractual expiry dates at the reference date of the financial statements. It is noted that the amounts shown do not reflect the book values in as much as they consider the future expected cash flows. Given the high volatility of the reference rates, the financial flows of variable rate loans have been estimated consistently with that already done in previous years, using a rate determined by the IRS at five years increased by the average spread applied to our medium and long-term loans.

[XI] Except for the expiry dates defined in paragraph 3 of art. 62 of Decree Law 1 dated 24/1/2012 which, as of 24 October 2012, has established that the payment of perishable food products be made within 30 days of the last day of the month of receipt of the invoice and that for non-perishable food products within 60 days of the last day of the month of receipt of the invoice.

(€thousand)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 december 2019				
Borrowings	174,748	76,082	95,674	0
Financial payables for leases (IFRS 16)	8,744	8,132	15,700	16,745
Payables for the purchase of quotas or shares	0	0	0	0
Derivative financial instruments	72	0	66	0
Trade and other payables	320,942	0	0	0
	504,506	84,214	111,440	16,745
At 31 december 2018				
Borrowings	122,747	175,377	45,884	0
Payables for the purchase of quotas or shares	361	0	0	0
Derivative financial instruments	10	0	0	0
Trade and other payables	309,757	0	0	0
	432,875	175,377	45,884	0

As regards the changes to the long-term quota, see that already described in the Director's Report and in the following paragraphs 18 "Non-current financial liabilities" and 19 "Non-current lease liabilities (IFRS16)" of these explanatory notes.

Classes of financial instruments

The following elements are recorded in the accounts in compliance with the accounting standards for financial instruments:

(€thousands) 31 December 2019

Assets as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current derivative/financial instruments	0	3,419	0	3,419
Non-current financial receivables	490	0	0	490
Other non-current assets	38,230	0	0	38,230
Current financial receivables	7,338	0	0	7,338
Current derivative/financial instruments	0	1,246	0	1,246
Current trade receivables	356,155	0	0	356,155
Cash and cash equivalents	179,203	0	0	179,203
Other current receivables	56,385	0	0	56,385
Total	637,801	4,665	0	642,466

Liabilities as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current financial payables	166,793	0	0	166,793
Non-current lease liabilities (IFRS16)	36,235	0	0	36,235
Non-current derivative/financial instruments	0	66	0	66
Current financial payables	176,559	0	0	176,559
Current lease liabilities (IFRS16)	7,599	0	0	7,599
Current derivative financial instruments	0	72	0	72
Total	387,186	138	0	387,324

(€thousands) 31 December 2018

Assets as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current derivative/financial instruments	0	2,513	0	2,513
Non-current financial receivables	723	0	0	723
Other non-current assets	30,703	0	0	30,703
Current financial receivables	8,126	0	0	8,126
Current derivative/financial instruments	0	0	0	0
Current trade receivables	357,364	0	0	357,364
Cash and cash equivalents	169,726	0	0	169,726
Other current receivables	56,083	0	0	56,083
Total	622,725	2,513	0	625,238

Liabilities as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current financial payables	218,357	0	0	218,357
Non-current derivative/financial instruments	0	0	0	0
Current financial payables	120,161	0	0	120,161
Current derivative financial instruments	0	10	0	10
Total	338,518	10	0	338,528

In compliance with that required by IFRS 13, we would point out that the derived financial instruments, constituted by contracts for the coverage of exchanges and interest rates, are classifiable as "Level 2" financial assets, in as much as the inputs which have a significant effect on the fair value registered are market figures observable directly (exchange and interest rate market).[XII] Similarly, as regards the non-current financial debts, the recording at fair value of which is indicated in paragraph 16 of these explanatory notes, are also classifiable as "Level 2" financial assets, in as much as the inputs influencing their fair value are market data which is directly observable.
As regards the other non-current and current assets, see that described in paragraphs 9 and 16 of these explanatory notes.

[XII] The Company identifies as "Level 1" financial assets and liabilities those for which the input which has a significant effect on the fair value registered are represented by prices listed on an active market for similar assets or liabilities and as "Level 3" financial assets and liabilities those for which the input is not based on observable market figures.

Comments on the main items of the statement of financial position of MARR S.p.A.

ASSETS

Non-current assets

1. Tangible assets

The movements in the item in the year 2019 and in the period before are the following:

(€thousand)	Balance at 31.12.18	Purchases / other movements	Net decreases for disinvestments	Depreciation	Variation for merger	Balance at 31.12.17
Land and buildings	49,391	394	0	(2,341)	0	51,338
Plant and machinery	7,132	1,339	(154)	(2,397)	146	8,198
Industrial and business equipment	1,106	214	0	(186)	7	1,071
Other assets	3,172	1,482	(708)	(1,504)	37	3,865
Fixed assets under development and advances	2,421	2,149	0	0	0	272
Total tangible assets	63,222	5,578	(862)	(6,428)	190	64,744

(€thousand)	Balance at 31.12.19	Purchases / other movements	Net decreases for disinvestments	Depreciation	Balance at 31.12.18
Land and buildings	47,520	339	(14)	(2,196)	49,391
Improvements on leased facilities	1,763	1,815	0	(52)	0
Plant and machinery	6,676	2,078	0	(2,534)	7,132
Industrial and business equipment	1,164	263	(2)	(203)	1,106
Other assets	2,909	1,290	(101)	(1,452)	3,172
Fixed assets under development and advances	5,869	3,448	0	0	2,421
Total tangible assets	65,901	9,233	(117)	(6,437)	63,222

The changes exposed in the column "Purchases/other movements" mainly represent the investments related to the plan for the expansion and modernisation of some distribution centres started in previous years, which involved investments in the items "Land and Buildings", "Improvements to leased buildings" and "Plant and machinery".
In particular, it should be noted that during the year, the expansions to the distribution centres MARR Venice (with total investments in the three categories of 332 thousand Euros) and MARR Adriatico (with total investments of 1,287 thousand Euros) became operational.
Further investments in plant and machinery were made at the various distribution centres of the Company.

As regards the increases in the item "Other assets", there refer mainly to the purchase of electronic office machines (for 817 thousand Euros) and industrial vehicles and cars (for a total of 306 thousand Euros).

The overall decreases, totalling 117 thousand Euros, refer mainly to the sale of vehicles.

Lastly, as regards the item Fixed assets under development, it should be noted that the value is represented by the construction work on the new headquarters building in Santarcangelo di Romagna; in this regard, it must be pointed out that the overall investment for the construction of the new headquarters amounts to about 13 million Euros.

As indicated subsequently, in the commentary on the item current and non-current financial payables, mortgage is due for a total of 10,000 thousand Euros in favour of Cassa di Risparmio di Pescia e Pistoia registered to hedge the mortgage granted on the property Bottegone (PT) – Via Francesco Toni 285 and 297 (the value of which in the item Land and Buildings totally amounts to 4.3 million Euros as at December 31, 2019).

For details of the changes in tangible assets please refer to the information provided in Appendix 3.

See Appendix 10 as regards the details of the Land and Buildings owned by the Group as at 31 December 2019.

2. Right of use

This item represents the actualised value of the future leasing fees concerning the operating lease contracts with a multiannual duration that were ongoing as at 31 December 2019, as provided by the new IFRS 16 in force since 1 January 2019.

(€thousand)	Balance at 31.12.19	Purchases	Net decreases for divestments	Depreciation	Initial change	Balance at 31.12.18
Land and buildings - Rights of use	42,830	560	(6,526)	(7,957)	56,753	0
Other assets - Rights of use	50	0	0	(48)	98	0
Total Rights of use	42,880	560	(6,526)	(8,005)	56,851	0

The value given above is represented by 29 lease contracts, 24 concerning the industrial buildings in which some distribution centres of the Company and 5 contracts for other assets, mainly vehicles.
As regards the movements shown, there was a reduction of the right of use of buildings relating to the review of the residual duration of a lease contract.

For more details on the movements of the right of use, see Appendix 4.

For a better understanding of the impacts, the following are the movements in the relative financial liability generated in overall terms by the application of the new accounting standard (see paragraphs 19 and 26 for more details in this regard).

Lease liabilities for right of use *(€thousand)*	Balance at 31.12.19	Payments	Other movements	Balance at 01.01.19
Land and buildings	43,783	(7,005)	(5,965)	56,753
Other assets	51	(47)	0	98
Total	43,834	(7,052)	(5,965)	56,851

3. Goodwill

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Goodwill	137,086	137,086
Total Goodwill	137,086	137,086

The item did not change compared to 31 December 2018.

Impairment test

At the end of each business year, the Company verifies the recoverability of the intangible assets with defined lifetimes. The recoverable value of the CGU to which the individual assets have been attributed is verified by determining their value in use.

It should also be noted that, as already highlighted in the explanatory notes to past financial statements, management believes it correct to consider the individual subsidiaries as the smallest cash generating units.

However, as at 31 December 2019, Management assesses the return of the investment and thus the recoverability of the goodwill as regards the business combination of MARR S.p.A. and AS.CA S.p.A..

The combination of AS.CA and MARR was defined on the basis of the fact that since 1 February 2020, the subsidiary AS.CA S.p.A. has leased its business to the parent company MARR and the activities are integrated in those of the MARR Bologna and MARR Romagna distribution centres.

The estimate of the value of use of the groups of CGU for the impairment test is based on the actualisation of the cash flows of the CGU groups, determined on the basis of the following hypotheses.

- The forecasts of the Business Plan, submitted by the Board of Directors of the Company on 12 December 2019, including the forecast cash flows of the groups of CGU, were determined considering all levels of growth of the returns and of the EBITDA based on both past economic and profitability performance and future expectations. The industrial plan also includes forecasts concerning the sales, investments and margins. The forecast used are linear with respect to those used last year.
- The expected future cash flows, represented by the expected result of everyday activities, plus the amortizations and less the expected investments, include a terminal value used to estimate the future results beyond the timeframe explicitly considered relevant to the period 2020-2023, of which the cash flows for the three-year period 2020-2022 are taken from the Business Plan and the cash flow for 2023 is estimated prudentially by applying an increase of 1% on the estimated returns for 2022. The terminal value is determined using a long-term growth rate ("g rate") of 1%. For the estimate of the sustainable medium to long-term EBITDA, an EBITDA margin value has been applied to the returns (identified through the g rate applied to the returns in the last year of the plan) equal to the margin estimated for the last year of the plan. The annual investments are estimated by identifying the amount that is deemed representative of both the normalised investments needed to maintain the current assets and the investments aimed at supporting the organic growth of the CGU.

- The expected future cash flows are actualised at a weighted average cost of capital ("WACC") of 4.12% (4.72% last year) which reflects the current market assessment of the temporal value of cash for the period in consideration and the specific risks of the country comprising the single CGU, a method consistent with that done last year. The following are the main assumptions on which the calculation of the WACC is based:
  - the risk-free rate used refers to the average performance in the last quarter of 10-year state securities concerning the country in which each CGU operates;
  - the beta coefficient is estimated on the basis of a panel of comparable listed companies operating in the same sector as the Company;
  - the tax rate used is that in force in the country comprising the single CGU;
  - lastly, a risk premium has been considered.

In addition, it must be noted that the new standard IFRS 16 has led to an increase in the book value of the net invested capital which includes the net accounting value of the rights of use on the reporting date and the impacts in the estimate of the 2020-2023 cash flows and the terminal value, mainly due to increased incoming operating cash flows as a result of the positive effect on the EBITDA and the increased outgoing cash flows for investments, including the cash flows from the renewal of the lease contracts.

Although the hypotheses on the macro-economic context, developments in the sector in which the Company operates and the estimated future cash flows are deemed adequate, changes in the hypotheses or circumstances may require changes to the analysis described above. Therefore, a sensitivity analysis has been carried out on the results, assessing the changes to the basic assumptions for each CGU, in order to determine the recoverable value, as shown in detail in the following table.

We would point out that on the basis of the impairment test carried out according to the principles and hypotheses described in this paragraph and in the section "Main estimates made by management and discretional assessments", the values of goodwill stated, amounting to 137,086 thousand Euros, is fully recoverable.

With regard to this assessment, management believes that, given even the prudence used in defining the key hypotheses used, there cannot within reason be a change in these such as to produce a recoverable value of the units of less than their accounting value.

Cash Generating Unit	Carrying amount 31.12.19	Change: Net Present Value Free Cash Flow[1] - Carrying Value (absolute value and % incidence on Carrying Value)					
		WACC 4.12%		Sensitivity with WACC 8.00%		Sensitivity with WACC 4.12% and decrease in revenues by 5% for the first 3 years and revenues flat starting from 4th year and terminal value	
MARR S.p.A.	523,179	1,656,359	316.6%	391,749	74.9%	1,067,190	204.0%

Business combinations closed during the year

No business combinations were closed during the course of the year.

Business combinations realised after the closing of the year

On 11 March 2020, the Company acquired 60% of the shares of SìFrutta S.r.l. from the company Sì Frutta S.r.l. and Vitali e Bagnoli Multiservice S.r.l. for a total price of 0.7 million Euros, thereby acquiring total control over the associate.

4. Other intangible assets

Below are the movements of the item in 2019 and in the previous year:

(€thousand)	Balance at 31.12.18	Purchases/ other movements	Net decreases	Depreciation	Variation for merger	Balance at 31.12.17
Patents	1,234	546	0	(382)	392	678
Concessions, licenses, trademarks and similar rights	14	0	0	(1)	0	15
Intangible assets under development and advances	835	(199)	0	0	0	1,034
Other intangible assets	0	0	0	0	0	0
Total Other intangible assets	2,083	347	0	(383)	392	1,727

(€thousand)	Balance at 31.12.19	Purchases/ other movements	Net decreases	Depreciation	Balance at 31.12.18
Patents	1,197	357	0	(394)	1,234
Concessions, licenses, trademarks and similar rights	13	0	0	(1)	14
Intangible assets under development and advances	1,168	333	0	0	835
Other intangible assets	0	0	0	0	0
Total Other intangible assets	2,378	690	0	(395)	2,083

The increases are linked mainly to new licences, software and applications, some of which became operational during the year and some of which were still being implemented as at 31 December 2019, and are thus included in the item "Assets under development and advances".

5. Investments in subsidiaries and associated companies

(€thousand)		Balance at 31.12.19	Balance at 31.12.18
- Investment in subsidiaries			
Marr Foodservice Ibérica S.A.U.		401	396
As.ca S.p.A.		13,691	13,691
New Catering S.r.l.		7,439	7,439
	Total	21,531	21,526
- Investment in associated companies			
Sì Frutta S.r.l.		406	516
Jolanda De Colò		2,046	0
	Total	2,452	516
Total Investments in subsidiaries and associated companies		23,983	22,042

With regard to the movements during the year, it should be noted that on 13 November 2019, the parent company acquired from the company Intrapresa S.r.l. 34% of the shares of Jolanda de Colò S.p.A., a company operating through a distribution and production centre covering a surface area of more than 6,000 square metres located in Palmanova (Udine), and which is one of the main national operators in the premium segment (high range), with more than 21 million Euros in sales in 2018 and approximately 5,000 clients served with over 2,000 products of culinary excellence.

Founded in 1976 by the Pessot – de Colò family and began operating in the production of meat, but over the years, the company has expanded its activities to include the distribution of food specialties. In particular, the sale of unprocessed products has increased progressively and now represents more than 70% of sales, about 90% of which are concentrated in the Ho.re.ca channel and 93% in Italy.

Other minor changes are linked to the depreciation of the equity holding in the associate SìFrutta S.r.l. and in the subsidiary MARR Foodservice Iberica S.A.U.

A list (Appendix 6) has been prepared showing for each subsidiary and associate company the information required by subsection 5 of art. 2427 of the Civil Code. This statement also includes the differences resulting between the values recorded in the financial statements and the corresponding fraction of shareholders' equity resulting from the last financial statements or draft financial statements of the holding company. It must be noted that the positive differences are attributable to the future profits of the holding companies, as described below:

- 6,801 thousand Euros attributable to the subsidiary AS.CA S.p.A., as MARR, with the purchase of the company, has further strengthened its presence around Bologna. It should be noted that as of 1 February 2020, MARR S.p.A. leased the going concern to the Parent Company and integrated its activities with those of the MARR Bologna and MARR Romagna distribution centres;
- 1,380 thousand Euros attributable to the associate Jolanda de Colò S.p.A. MARR acquired 34% of the shares in this company on 13 November 2019, thereby forming a partnership with one of the main national operators in the premium segment (high range). MARR also signed with ABA S.r.l., a company owned by the Pessot – de Colò family, which owns 66 % of Jolanda de Colò, an irrevocable agreement giving MARR the option, as of 31 March 2022, to purchase a majority holding in Jolanda de Colò, through a mechanism of option call for MARR and put for ABA on the residual 33% of the share capital of Jolanda de Colò.

6. Equity investments in other companies

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
- Other companies		
Centro Agro-Al. Riminese S.p.A.	280	280
Conai - Cons. Naz. Imball. - Roma	1	1
Idroenergia Scrl	1	1
Banca Malatestiana Cr.Coop.vo	2	2
Consorzio Assindustria Energia	1	1
Caf dell'Industria dell'Em. Romagna S.p.A.	2	2
Veneto Banca S.c.a.r.l.	8	8
Banca Popolare di Bari S.p.A.	4	4
Total Other companies	300	300

7. Non-current financial receivables

As at 31 December 2019, this item amounted to 490 thousand Euros (723 thousand Euros as at 31 December 2018) and includes 250 thousand Euros for the quota beyond the year of interest-bearing financial receivables of the Parent Company from trade partners and the quota beyond the year (totalling 238 thousand Euros) of receivables from transporters for the sale of the transport vehicles used to move MARR goods.

8. Financial instruments / derivatives

The amount as at 31 December 2019, amounting to 3,419 thousand Euros (2,513 thousand Euros as at 31 December 2018), represents the positive fair value of the Cross Currency Swap contracts stipulated by the Parent Company to hedge the risk of changes to the Dollar-Euro exchange rate, with reference to the bond private placement in US dollars finalized in July 2013.

It should be noted that, consistently with the possibility offered by the new IFRS9 (paragraph 7.2.21 on "Transitory dispositions concerning the accounting of hedging operations"), the Group has opted to continue to apply the dispositions concerning the accounting of hedging operations of which in IAS 39 to this type of operations.

The change compared to the end of the previous business year is linked to the performance during the period of the US dollar-Euro exchange rate. There are not any contracts whit expiry date over 5 years.

9. Other non-current assets

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Non-current trade receivables	9,142	8,600
Accrued income and prepaid expenses	4,015	4,847
Other non-current receivables	25,073	17,256
Total Other non-current assets	38,230	30,703

The "Non-current trade receivables", amounting to 9,142 thousand Euros (of which 2,258 thousand Euros was with an expiry date of over 5 years) mainly concerns agreements and delays in payment defined with the customers.

The prepaid expenses are mainly linked to promotional contributions with clients of a multi-annual nature (the amount with expiry date over 5 years is assessed for some 1.985 thousand Euros). The item "Other non-current receivables" includes, in addition to receivables from State coffers for VAT on loss of clients of 6,442 thousand Euros, receivables from suppliers for 18,217 thousand Euros (10,727 thousand Euros as at 31 December 2018), of which 577 thousand Euros with expiry date over 5 years.

Current assets

10. Inventories

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Finished goods and goods for resale		
Foodstuffs	36,679	35,098
Meat	14,387	12,179
Fish products	98,665	91,079
Fruit and vegetable products	32	26
Hotel equipment	2,352	2,420
	152,115	140,802
provision for write-down of inventories: to be deducted	(618)	(618)
Goods in transit	7,306	7,520
Packing	2,412	2,128
Total Inventories	161,215	149,832

The inventories are not conditioned by obligations or other property rights restrictions.
As explained in the Directors' Report, the increase in inventories compared to 31 December 2018, mainly concentrated in the category of seafood products, is related to the timing of the fishing campaigns and stocking policies aimed at making the most of specific trade opportunities in the market of frozen seafood products.

The changes in the year were as follows:

(€thousand)	Balance at 31.12.19	Change of the year	Balance at 31.12.18
Finished goods and goods for resale	152,115	11,313	140,802
Goods in transit	7,306	(214)	7,520
Packing	2,412	284	2,128
	161,833	11,383	150,450
Provision for write-down of inventories	(618)	0	(618)
Total Inventories	161,215	11,383	149,832

11. Current financial receivables

The item "Current financial receivables" is composed of:

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Financial receivables from Parent companies	1,843	1,956
Financial receivables from Subsidiaries	4,944	5,252
Receivables from loans granted to third parties	551	918
Total Current financial receivables	7,338	8,126

As regards the details of the Financial receivables from subsidiaries and parent companies (all interest-bearing, with interest rates at market values), see Appendix 8 to these Explanatory Notes.

The Receivables for loans granted to third parties, all of which are interest-bearing, refer to receivables of the parent company from transporters (amounting to 447 thousand Euros) consequent to the sale to the latter of the trucks used by them to transport MARR products and service-supplying partners (65 thousand Euros).

12. Financial instruments / derivatives

The amount as at 31 December 2019, amounting to 1,247 thousand Euros, is the positive fair value of the Cross Currency Swap contract of the Parent Company hedging the risk of changes in the UD Dollar-Euro exchange rate with regard to the private placement bond in US dollars finalised in July 2013 (as stated in the preceding paragraph 8) and expiring in 2020.

13. Current trade receivables

This item is composed of:

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Trade receivables from customers	391,745	386,156
Trade receivables from Parent companies	1,899	1,550
Trade receivables from Subsidiaries	679	2,661
Trade receivables from Associated companies	12	43
Total Current trade receivables	394,335	390,410
Provision for write-down of receivables from customers	(38,180)	(33,046)
Total current net receivables	356,155	357,364

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Trade receivables from customers	381,516	372,845
Receivables from Associated companies consolidated by the Cremonini Group	10,226	13,304
Receivables from Associated companies not consolidated by the Cremonini Group	3	7
Total current trade receivables from customers	391,745	386,156

The receivables from customers due within the year, deriving in part from normal sales operations and in part from the supply of services, have been valued on the basis of that indicated above. Receivables are shown net of bad debt provision of 38,180 thousand Euros, as highlighted in the table below.

The receivables "from subsidiaries" (1,899 thousand Euros), "from parent companies" (679 thousand Euros), "from associated companies consolidated by the Cremonini Group" (10,226 thousand Euros), "from associated companies not consolidated by the Cremonini Group" (3 thousand Euros) and "from Associated Companies" (12 thousand Euros), are analytically outlined, together with the corresponding payable items, in Appendix 8 of the these Explanatory Notes. These receivables are all of a commercial nature.

The item Receivables from customers is net of a plan for the sale of receivables on a continuing and without recourse basis as a result of the Contract initially signed in May 2014 and subsequently renewed in December 2018 for an additional period of 5 years.
As at 31 December 2019, the outstanding sold amounted to 65,553 thousand Euros (62,646 thousand Euros as at 31 December 2018).

Receivables in foreign currencies have been adjusted to the exchange rate valid on 31 December 2019.

At each reporting date, the receivables from customers are analysed to verify the existence of indicators of impairment. In performing this analysis, the Group assesses whether there are expected losses on receivables from customers throughout the duration of such receivables and takes into consideration its historical experience in terms of losses on receivables, grouped into similar classes, and corrected on the basis of factors specific to the nature of the Group receivables and the economic context. Receivables from customers are depreciated when there is no rational expectation they will be recovered and the depreciation is recognised in the income statement in the item "amortizations and depreciations".

In 2019, the provision for the write-down of receivables recorded the following movements, and the determination of the period allocation reflects the exposure of the receivables – net of the write-down provision – at their presumable realisation value.

(€thousand)	Balance at 31.12.19	Increases	Decreases	Other movements	Balance at 31.12.18
- Tax-deductible provision	2,090	2,090	(2,054)	(26)	2,080
- Taxed provision	36,003	10,600	(5,459)	26	30,836
- Provision for default interest	87	0	(43)	0	130
customers	38,180	12,690	(7,556)	0	33,046

14. Tax Receivables

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Ires/Irap tax advances /withholdings on interest	75	72
VAT carried forward	1,616	1,045
Irpeg litigation	25	25
Ires transferred to the Parent Company	11	38
Receivable for Ires	0	646
Receivable for Irap	0	3
Other	291	1,408
Total Tax assets	2,018	3,237

As regards the movements during the year, the reduction should be noted of the IRES receivables incorporated with the merger (in 2018) of the companies DE.AL and Speca Alimentari as a result of compensation with payables of the company during the submission of the 2019 Tax Return.

It should also be noted that the item "Other" is represented almost entirely (273 thousand Euros as at 31 December 2019) by VAT receivables from overseas (Spain), requested as reimbursement from the competent authorities. Part of the receivables, amounting to 785 thousand Euros, were paid back during the course of 2019.

The item "VAT carried forward" mainly represents deferred VAT receivables, partly from Spain (1,578 thousand Euros) and partly correlated to the deductibility of VAT from customs bills accounted before the closure of the business year (amounting to 38 thousand Euros).

15. Cash and cash equivalents

The balance represents the liquid assets available and the existence of ready cash and values on closure of the period.

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Cash and Cheques	10,581	9,217
Bank and postal accounts	168,622	160,509
Total Cash and cash equivalents	179,203	169,726

With regard to the changes in the net financial position, refer to the cash flows statement of 2019.

16. Other current assets

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Accrued income and prepaid expenses	349	706
Other receivables	56,036	55,377
Total Other current assets	56,385	56,083

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Prepaid expenses		
Leases on buildings and other assets	0	303
Maintenance fees	251	291
Insurance costs/Administration services	26	16
Other prepaid expenses	72	96
Total Current accrued income and prepaid expenses	349	706

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Guarantee deposits	116	116
Other sundry receivables	1,254	1,378
Provision for write-down of receivables from others	(4,884)	(4,691)
Receivables from social security institutions	221	185
Receivables from agents	1,583	1,600
Receivables from employees	45	70
Receivables from insurance companies	943	259
Advances and deposits	355	41
Advances to suppliers and supplier credit balances	55,968	55,962
Advances to suppliers and supplier credit balances from Associates	435	457
Total Other current receivables	56,036	55,377

The item *Advances to suppliers and other receivables from suppliers*, in addition to payments made to foreign suppliers (non-EU) for the purchase of goods with "f.o.b. clause" or advance payment on next fishing campaigns (for 18,824 thousand Euros, 25,716 thousand Euros in 2018), also includes receivables for contributions and year-end bonuses to be received from suppliers totalling 31,708 thousand Euros (see the comments made in paragraphs 32 "Other revenues" and 33 "Purchase of goods for resale and consumables").
Receivables from foreign suppliers in foreign currencies have been adjusted, if necessary, to the exchange rate valid on 31 December 2019.

The "Provision for write-down of receivables from others" refers to receivables relates to agents for 1,100 thousand Euros and for the remainder to receivables from suppliers. During the business year it showed the following changes:

(€thousand)	Balance at 31.12.19	Increases	Decreases	Other movements	Balance at 31.12.18
- Provision for Receivables from Others	4,884	200	(7)	0	4,691
Total Provision for write-down of Receivables from others	4,884	200	(7)	0	4,691

Breakdown of receivables by geographical area

The breakdown of receivables by geographical area is as follows:

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial receivables	491	0	0	491
Non current derivative/ financial instruments	3,419	0	0	3,419
Deferred tax assets	0	0	0	0
Other non-current assets	20,014	2,848	15,368	38,230
Financial receivables	7,338	0	0	7,338
Current derivative/ financial instruments	1,247	0	0	1,247
Trade receivables	320,862	20,132	15,161	356,155
Tax assets	167	1,851	0	2,018
Other current assets	35,586	6,336	14,463	56,385
Total receivables by geographical area	389,124	31,167	44,992	465,283

LIABILITIES

17. Shareholders' Equity

As regards the changes within the Shareholders' Equity, refer to the statement of changes in the shareholders' equity.

Share Capital
The Share Capital as at 31 December 2019, amounting to 33,263 thousand Euros, is unchanged compared to the previous business year and is represented by 66,525,120 MARR S.p.A. ordinary shares, entirely subscribed and paid up, with regular benefit, of a nominal value of 0.50 Euros each.

Share premium reserve
As at 31 December 2019, this reserve amounts to 63,348 thousand Euros and does not appear to have changed since 31 December 2018.

Legal reserve
This Reserve amounts to 6,652 thousand Euros and does not appear to have changed since 31 December 2018.

Shareholders' contributions on account of capital
This Reserve did not change in 2019 and amounts to 36,496 thousand Euros.

Reserve for transition to IAS/IFRS
This is the reserve (amounting to 7,516 thousand Euros) set up following the first-time adoption of the international accounting standards.

Extraordinary Reserve
As at 31 December 2019, the increase of 12,759 thousand Euros, is attributable to the allocation of part of the profits for the year closed on 31 December 2018, as per shareholder meeting's decision made on 18 April 2019.

Reserve for merger advances
This reserve, amounting to 9,555 thousand Euros, did not change in 2019.

Cash flow hedge reserve
As at 31 December 2019, this item amounted to a negative value of 588 thousand Euros and is linked to the stipulation of both hedging contracts for exchange rates undertaken for the specific hedging of a loan in foreign currency and trade payables due to the purchase of goods in foreign currency and interest rate hedging contracts for the specific coverage of variable rate loan contracts.
As regards the movements in this reserve and the other profits/losses in the Statement of Comprehensive Income, see that described in the Consolidated Statement of Changes in the Shareholders' Equity and in paragraph 42 "Other profits/losses", and paragraphs 8, 12, 20 and 27 in these explanatory notes.

Reserve for exercised stock option
This reserve has not changed during the course of the year, as the plan was concluded in April 2007 and amounted to 1,475 thousand Euros.

IAS19 Reserve
As at 31 December 2019, this reserve amounts to a negative value of 764 thousand Euros and is composed of the value, net of the theoretical tax effect, of actuarial losses and gains regarding the evaluation of Staff Severance Provision as required by the amendments to IAS principle 19 "Employee Benefits", effective for the business years beginning from 1 January 2013. Consistently with that established by the IFRS, these profits/losses have been entered in the net equity and their variation is highlighted (according to IAS 1 revised, in force from 1 January 2009) in the consolidated comprehensive income statement.

With regard to the reserves in taxation suspension (ex. Art. 55 DPR 917/86 and 597/73 reserve), amounting to 1,456 thousand Euros as at 31 December 2019, the relevant deferred tax liabilities have been accounted for.

On 18 April 2019, the Shareholders' meeting approved the MARR S.p.A. financial statements as at 31 December 2018 and consequently decided upon the distribution of a dividend of 0.78 Euros for each ordinary share with the right to vote.

To complete the comments on the items comprising the Shareholders' Equity, the following must be noted:

(€thousands)	*at 31 December 2019*	Possible utilization	Available quota
Share Capital	33,263		
Reserves:			
Share premium reserve	63,348	A,B,C	63,348
Legal reserve	6,652	B	
Revaluation reserve	13	A,B,C	13
Shareholders contributions or capital account	36,496	A,B,C	36,496
Extraordinary reserve	106,111	A,B,C	106,111
Reserve for exercised stock options	1,475	-	
Cash-flow hedge reserve	(588)	-	
Reserve for transition to the Ias/Ifrs	7,516	-	
Reserve ex art. 55 (DPR 597-917)	1,456	A,B,C	1,456
Surplus for mergers	9,555	A,B,C	9,555
Reserve IAS19	(764)	-	
Total Reserves	231,270		
Profits carried over	2,456	A,B,C	

Notes:
A: for increase of share capital
B: for covering losses
C: for distribution to shareholders

Non-current liabilities

18. Non-current financial payables

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Payables to banks - non-current portion	137,491	180,707
Payables to other financial institutions - non-current portion	29,302	37,650
Total non-current financial payables	166,793	218,357

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Payables to banks (1-5 years)	137,491	180,707
Payables to banks (over 5 years)	0	0
Total payables to banks - non-current portion	137,491	180,707

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Payables to other financial institutions (1-5 years)	29,302	37,650
Payables to other financisl institutions (over 5 years)	0	0
Total payables to other financial institutions - Non current portion	29,302	37,650

The variation in long-term payables to banks is due to the combined effect of the ordinary progress of the amortization plans and the new transactions completed.
In particular, the Company stipulated the following new contracts in 2019.
- loan signed on 30 April 2019 by Mediobanca, granted in May for 35 million of Euros and with amortization plan ending in April 2024;
- loan signed on 16 May 2019 by Cassa di Risparmio di Ravenna, granted for 5 million Euros and with amortization plan expiring on May 2022;
- loan signed on 5 July 2019 with BBC Rivierabanca, granted for 4.5 million Euros and with amortization plan expiring in July 2022;
- pool loan signed on 5 August 2019 with Cassa Centrale Banca – Credito Cooperativo Italiano S.p.A. as the leading bank, granted for 20 million Euros and with amortization plan expiring in August 2022;
- loan signed on 29 October 2019 with CaixaBank S.A., granted for 25 million Euros and with amortization plan expiring in October 2024.

As regards the value of the payables to other financial institutions, this is represented for 29,246 thousand Euros (37,367 thousand Euros as at 31 December 2018) by the private bond placement in US dollars stipulated in July 2013 and expiring in 2023.
The bond placement was originally opened by the parent company for 43 million dollars and an average coupon of about 5.1%; the decrease compared to 31 December 2018 is related to the original quota of 10 million dollars expiring in July 2020, which has been classified among the current financial liabilities for a total value, including interest to be paid, amounting to 9,657 thousand Euros.

In addition, the item includes 56 thousand Euros concerning the payables due on the financial lease contract stipulated by the company for hardware infrastructure for the Group ERP.

It is recalled that, to hedge the risk of oscillations in the Euro-Dollar exchange rate, specific Cross Currency Swap contracts are ongoing, for the effects of which see paragraphs 8 and 12 "Financial instruments / derivatives".

Below is the breakdown of the medium and long-term portion of the payables to banks, including the interest rates applied:

Credit institutes	Interest rate	Expiry	Portion from 2 to 5 years	Portion beyond 5 years	Balance at 31.12.19
Banca Intesa San Paolo	Euribor 6m +0,65%	30/06/2022	2,246	0	2,246
Pool BNP Paribas	Euribor 6m +0,85%	30/06/2022	27,806	0	27,806
Credit Agricole Cariparma	Euribor 3m +0,75%	19/05/2021	1,262	0	1,262
Banca Popolare dell'Emilia Romagna	Euribor 6m +0,40%	21/12/2021	3,333	0	3,333
Credem	Euribor 3m +0,65%	18/07/2021	1,881	0	1,881
Ubi Banca	Euribor 3m +0,85%	19/07/2021	3,333	0	3,333
Unicredit	Euribor 6m +0,55%	11/04/2022	12,489	0	12,489
Cassa Centrale Banca	Euribor 3m +0,75%	04/08/2022	11,704	0	11,704
Rivierabanca	Euribor 6m +0,59%	04/07/2022	4,498	0	4,498
Credito Valtellinese	Euribor 6m +0,75%	05/01/2023	6,274	0	6,274
Banca Intesa San Paolo	Euribor 6m +0,65%	04/10/2021	7,999	0	7,999
Cassa di Risparmio di Ravenna	Euribor 3m +0,98%	16/05/2022	2,516	0	2,516
Mediobanca	Euribor 6m +1,04%	30/04/2024	27,178	0	27,178
Caixa Bank	Euribor 3m +1,00%	31/10/2024	24,972	0	24,972
			137,491	0	137,491

The following is the breakdown of the mortgage guarantees on the real estate properties of the Company.

Credit institutes	Guarantee	Amount	Property
Cassa di Risparmio di Pescia e Pistoia	mortgage	10,000	Via Francesco Toni 285/297 - Bottegone (PT)
Total		10,000	

It must also be noted that, to hedge the variable rate loan granted in April 2018 by Unicredit, in May, the Company stipulated an Interest Rate Swap contract with the same bank. This contract has a notional residual value of 20,833 thousand Euros as at 31 December 2019 and expire in April 2022.

Finally, it must be pointed out that the loan contracts ongoing require the maintenance of financial indices identified as described below and that these covenants have been respected as at 31 December 2019.

- The ongoing loan in pool with BNP Paribas (as revised at December 2017) provides the respect of the following financial indices:
  Net Financial Position / EBITDA < 3.5
  Net Financial Position / Net Equity <2
  EBITDA / Net financial charges > 4
  These indices will be verified with reference to 31 December and 30 June each year.

- The ongoing loan with BNL (signed in March 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  Net Financial Position / Net Equity =< 2.0
  Net Financial Position / EBITDA =< 3.0
  EBITDA / Net financial charges >= 4.0

- The ongoing loan with Crédit Agricole Cariparma (signed in May 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  Net Financial Position / Net Equity < 2.0
  Net Financial Position / EBITDA < 4.0

- The ongoing loan with Intesa Sanpaolo (signed in May 2017), provides the following covenants to be verified as at 30 June and at 31 December of each year with reference to the consolidated MARR Group data.
  Net Financial Position / Net Equity =< 2.0
  Net Financial Position / EBITDA =< 3.5

EBITDA / Net financial charges >= 4.0

- The ongoing loan with Ubi Banca (signed in June 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  Net Financial Position / Net Equity =< 1.5
  Net Financial Position / EBITDA =< 3.0

- The ongoing loan in pool with Iccrea BancaImpresa as agent Bank (signed in December 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  Net Financial Position / Net Equity =< 2.0
  Net Financial Position / EBITDA =< 3.0

- The ongoing loan with BPER Banca (signed in December 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  Net Financial Position / Net Equity =< 2.0
  Net Financial Position / EBITDA =< 3.0

- The *bond private placement* (finalized in July 2013) provides the following financial ratios:
  Net Financial Position / EBITDA < 3.5
  Net Financial Position / Net Equity <2
  EBITDA / Net financial charges > 4
  These ratios will be verified with reference to the consolidated data as at 31 December and 30 June each year.

- The ongoing loan with Unicredit S.p.a. (signed in April 2018), provides the following covenant, to be verified as 31 December and as 30 June of each year with reference to the consolidated MARR Group data.
  Net Financial Position / Net Equity =< 2.0
  Net Financial Position / EBITDA =< 3.0
  EBITDA / Net financial charges >= 4.0

- The ongoing loan with Credem (signed in July 2018), provides the following covenant, to be verified as 31 December of each year with reference to the MARR data.
  Net Financial Position / EBITDA =< 3.15
  EBITDA / Net financial charges >= 14.5
  Should one of these ratios not be respected, the bank has the right to apply an increase in interest rate with respect to the spread in force; should the above indices reach the threshold of 4.90 and 16.20 respectively, the bank has the right to terminate the contract.

- The ongoing loan with UBI Banca (signed in July 2018), provides the following covenant, to be verified as 31 December of each year with reference to the MARR Group data.
  Net Financial Position / Net Equity =< 1.5
  Net Financial Position / EBITDA =< 3.0

- The ongoing loan with Creval S.p.A. (signed in October 2018), provides the following covenant, to be verified as 31 December of each year to the MARR Group data.
  Net Financial Position / Net Equity =< 2.0
  Net Financial Position / EBITDA =< 3.5

- The ongoing loan with Intesa SanPaolo S.p.A. (signed in October 2018), provides the following covenant, to be verified as 31 December and as 30 June of every years with reference to the MARR Group Data.
  Net Financial Position / Net Equity =< 2.0
  Net Financial Position / EBITDA =< 3.5
  EBITDA / Net financial charges >= 4.0

- The ongoing loan with Mediobanca – Banca di Credito Finanziario S.p.A. (signed in April 2019), provides the following covenant, to be verified as 31 December and as 30 June of every years with reference to the MARR Group Data.
  Net Financial Position / Net Equity < 1.5
  Net Financial Position / EBITDA < 3.0
  EBITDA / Net financial charges > 4.0

- The ongoing loan with CaixaBank S.A. (signed in October 2019), provides the following covenant, to be verified as 31 December of each year with reference to the MARR Group data.
  Net Financial Position / Net Equity =< 2.0
  Net Financial Position / EBITDA =< 3.5

The comparison of the book values and related fair values of the non-current financial payables is as follows:

	Book Value		Fair Value	
(€thousand)	2019	2018	2019	2018
Payables to banks - non-current portion	137,491	180,707	137,044	179,511
Payables to other financial institutions - non-current portion	29,302	37,650	28,688	32,180
	166,793	218,357	165,732	211,691

The difference between the fair value and the book value lies in the fact that the fair value is obtained by discounting back future cash flows, while the book value is determined by the amortised cost method.

19. Non-current lease liabilities (IFRS16)

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Financial payables for leases - Right of use (2-5 years)	21,071	0
Financial payables for leases - Right of use (over 5 years)	15,164	0
Total payables for leases - Right of use - Non-current portion	36,235	0

This item includes the financial payables relating mainly to the multi-annual lease contracts for the facilities in which some of the distribution centres of MARR are located.
The liability has been recorded in compliance with that provided by the new IFRS16, effective as of 1 January 2019, and is calculated as the current value of the future lease payments, actualised at a marginal interest rate which, on the basis of the multi-annual contractual duration for each individual contract, has been included in the range of between 1% and 3%.

20. Financial Instruments / Derivatives

The amount as at 31 December 2019, amounting to a financial liability of 66 thousand Euros, represents the fair value of the Interest Rate Swap contract stipulated in May with Unicredit, The contract, with a notional residual value as at 31 December 2019 of 20,833 thousand Euros, expires in April 2022 and was signed to hedge the ongoing variable-rate loan for the same amount with the same bank.

21. Employee benefits

This item includes the Staff Severance plan, for which changes during the period are as follows:

(€thousand)	
Opening balance at 31.12.18	*7,157*
initial change	17
payments of the period	(504)
provision for the period	96
other changes	250
Closing balance at 31.12.19	7,016

The movement of the year was entirely related to the revaluation accrued expected by law and also from the period decreases.

It must be highlighted that the allocation for the period includes net actuarial losses totalling 267 thousand Euros which include actuarial losses deriving from changing financial hypotheses for 321 thousand Euros and actuarial gains deriving from changing demographic hypotheses for 15 thousand Euros. These amounts are recorded in the accounts, net of the theoretical fiscal effect, in the relevant net equity reserve as provided by IAS 19 (see that described as regards the movement of the Net Equity and in paragraph 17 of these Explanatory Notes).

The applicable employment contract is that for companies operating in the "Tertiary, Distribution and Services" sector.
With reference to the significant actuarial hypotheses (as described in the paragraph entitled "Main estimates adopted by management and discretional assessments"), the table below shows the effects on the final liabilities due to possible changes to them.

(€thousand)	Turnover +1 %	Turnover - 1 %	Inflation rate + 0.25%	Inflation Rate - 0.25%	Discounting rate + 0.25%	Discounting rate - 0.25%
Effect at the end on liability	(41)	45	68	(67)	(107)	110

It should also be noted that the contribution expected for the following business year is zero and that the average financial duration of the obligation is 6.8. Future payments for the next five years have been estimated as a total of 3.3 million Euros.

22. Provisions for non-current risks and charges

(€thousand)	Balance at 31.12.19	Allocations	Other movements	Uses	Balance at 31.12.18
Provision for supplementary clients severance indemnity	4,134	305	0	0	3,829
Provision for specific risks	1,036	0	0	(45)	1,081
Total Provisions for non-current risks and charges	5,170	305	0	(45)	4,910

The provision for supplementary clients severance indemnity has been allocated in compliance with IAS 37 on the basis of a reasonable estimate of probable future liabilities, considering the available elements.

The *Provision for specific risks* was allocated mainly to hedge probable liabilities linked to certain ongoing legal disputes and its decrease is linked to the definitions of some ongoing legal disputes.

As concerns the ongoing dispute with Customs and Excise Office (arose during the course of 2007, concerning the payment of preferential customs duties on certain imports of fish products and for which, despite the appeals made by the Company being rejected, the judges in the initial proceedings ascertained the complete extraneousness of the Company as regards the claimed irregularities, as they are exclusively attributable to its own suppliers), it should be noted that in May 2013, the Company submitted an appeal to the Supreme Court of Cassation.
On 16 April 2019, the Supreme Court emanated an ordinance filed in the chancellery on 6 June 2019, in which the request by MARR for an integral reform of the sentence emanated by the second degree judges was accepted, and the impugned sentence was quashed, thereby deferring the dispute before a new set of judges of the Regional Taxation Court of Tuscany, detached section of Livorno. In the light of that already ordered by the Supreme Court of Cassation in the original ordinance, it appears reasonable that the dispute will be resolved in favour of the Company.

Lastly, it must be pointed out that on 29 June 2017, the Taxation Unit of the Guardia di Finanza (Finance Police) in Rimini started a tax inspection of a general nature (IRES, IRAP, VAT and other taxes) with MARR concerning the 2015 and subsequent fiscal years. The inspection ended and a Final Report was drawn up in which it was claimed that there had only been one presumed irregularity committed by MARR during the years involved. Specifically, this was the reduction, made pursuant to art. 87, paragraph 1 of Legislative Decree 917/86, amounting to 95% of the capital gains accrued during the 2015 business year, concerning the sale of the 55% holding in the share capital of the company Alisea Società Consortile a r.l., which was deemed to be improper. Considering the opinion expressed by our consultants, we believe that this presumed irregularity is unfounded, given that the Company acted correctly in determining the business profits. Because of this, on 20 December 2017, we filed with the Inland Revenue Service – Emilia Romagna Regional office and with the Inland Revenue Service – Rimini Provincial Office illustrative memorandums in which the reasons for the unfoundedness of the claim made were described analytically. As of the date of the aforementioned ascertainment report, there have been no disputes and, in any event, even were the Inland Revenue Service to take legal action, we believe on the basis of the opinion of the legal advisors assisting the Company, that this would probably be resolved in favour of MARR.

In this regard, it must be pointed out that, after hearing the opinion of our legal consultants, we believe there are no uncertainties as regards the treatment of income tax as defined in IFRIC23.

23. Deferred tax assets and deferred tax liabilities

As at 31 December 2019 this item amounted to a net liability of 1,084 thousand Euros classified under the item "Provision for deferred tax liabilities".
The table below shows the details of the items:

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
On taxed provisions	10,608	9,362
On costs deductible in cash	142	134
On costs deductible in subsequent years	944	1,088
On other changes	0	0
Deferred tax assets	11,694	10,584
On goodwill amortisation reversal	(8,660)	(8,392)
On funds subject to suspended taxation	(406)	(408)
On leasing recalculation as per IAS 17	(449)	(449)
On actuarial calc. of severance provision fund	206	142
On fair value revaluation of land and buildings	(3,463)	(3,500)
On cash flow hedge	186	498
Others	(192)	(59)
Deferred tax liabilities	(12,778)	(12,168)
Deferred tax assets/(liabilities)	(1,084)	(1,584)

24. Other non-current payables

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Accrued expensed and prepaid income	14	35
Others non current liabilities	1,180	1,081
Total other non-current payables	1,194	1,116

The item "Other non-current accrued expenses and deferred income" represents the quota over the year for deferred financial income from customers.
The item "other liabilities" instead is represented by security deposits paid by transporters.
There is no accrued income and prepaid expenses or other liabilities with expiry date over 5 years.

Current liabilities

25. Current financial payables

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Financial payables to subsidiaries	2,716	2,406
Payables to banks	163,913	116,417
Payables to other financial institutions	9,930	977
Payables for the purchase of quotas / shares / going conceme	0	361
Total Current financial payables	176,559	120,161

Current payables to banks:

(€thousand)	Balance at 31.12.19		Balance at 31.12.18	
Current accounts		167		0
Loans/Advances		33,670		39,220
Loans:				
- Cassa di Risp.di Pescia e Pistoia	261		521	
- Banca Carige	0		5,030	
- Cassa di Risparmio di Ravenna	1,654		0	
- Banca Intesa San Paolo	1,494		1,492	
- Crédit Agricole Cariparma	2,512		2,493	
- Ubi Banca	2,999		5,994	
- Bnl	29,993		0	
- Banca Intesa San Paolo	0		3,993	
- Unicredit	8,315		4,149	
- Banca Intesa	7,997		0	
- Cassa Centrale Banca	6,673		3,321	
- Cassa Centrale Banca	6,627		0	
- Credito Valtellinese	2,487		1,239	
- Bper	3,331		3,330	
- Ubi Banca	4,444		2,222	
- Iccrea	22,558		22,422	
- Bnp Paribas	18,495		18,472	
- Credem	2,503		2,494	
- Banca Popolare di Novara	0		25	
- Mediobanca	7,733		0	
		130,076		77,197
		163,913		116,417

For more details regarding the variation in mortgages and loans, see that outlined in paragraph 18 "Non-current financial payables".

It should also be noted that the item "Loans/Advances" includes 14,512 thousand Euros for sbf advances and the 19,183 thousand Euros payables to Banca IMI due to the securitization operation started in 2014.

As regards the details of the *Financial payables to subsidiaries (accruing interest at market rates)*, see Appendix 8 to these Explanatory Notes.

The balance of payables to other financiers includes:

- portion of the private bond placement in US dollars stipulated by the parent company in July 2013 and expiring in July 2020 (see that described in the preceding paragraph 18) and the value of which as at 31 December 2019, including interest accrued and to be paid, amounted to a total of 9.657 thousand Euros;
- short-term portion of the financial payables for ongoing leases (see paragraphs 1 and 18 of these Explanatory Notes for the details), amounting to a total of 271 thousand Euros.

As regards the item "payables for the purchase of quotas or shares", it should be recalled that in 2019, the Company paid the expiring last instalments of the purchase price for SìFrutta S.r.l..

The book value of the short-term loans is reasonably in line with the fair value, as the impact of discounting back is not significant.

26. Current lease liabilities (IFRS16)

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Financial payables for leases - Right of use	7,599	0
Total Payables for leases - Current portion	7,599	0

This item includes the financial payables relating mainly to the multi-annual lease contracts for the facilities in which some of the distribution centres of the Company are located.
As also mentioned in paragraph 19 with regard to the non-current portion of the lease liabilities, it must be noted that the liability has been recorded in compliance with that provided by the new IFRS16, effective as of 1 January 2019, and is calculated as the current value of the future lease payments, actualised at a marginal interest rate which, on the basis of the multi-annual contractual duration for each individual contract, has been included in the range of between 1% and 3%.

27. Financial instruments / derivatives

The amount as at 31 December 2019, equal to 72 thousand Euros, concerns forward transactions in foreign currency undertaken to hedge the underlying transactions for the purchase of goods undertaken by the Company. These transactions are accounted as hedging financial flows.

28. Current tax liabilities

The breakdown of this item is as follows:

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Irap	97	0
Ires transferred to the Parent Company	2,213	0
Other taxes payable	260	187
Irpef for employees	1,202	1,172
Irpef for external assistants	297	463
Total Current taxes payable	4,069	1,822

This item relates to taxes payable of a determined and certain amount.
The change compared to last year is mainly linked to the payables for IRES and IRAP taxes for the year, which as at 31 December 2018 had a net balance receivable and were thus classified in the item "tax receivables".

Lastly, it should be noted that, as regards MARR S.p.A., the 2015 and following business years can still be verifiable by the fiscal authorities, by reason of the ordinary verification deadlines and excluding currently pending fiscal litigations.

29. Current trade liabilities

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Suppliers	310,563	301,070
Payables to Associated companies	215	24
Payables to Associated companies consolidated by the Cremonini Group	9,364	8,519
Payables to Subsidiaries	798	144
Payables to Correlated Companies	0	0
Trade payables to Parent Companies	2	0
Total Current trade liabilities	320,942	309,757

The trade liabilities mainly referred to payables for the purchase of goods for marketing and payables to Sales Agents. They also include "Payables to Associated Companies consolidated by the Cremonini Group" for 9,364 thousand Euros, "Trade Payables to Subsidiary Companies" for 798 thousand Euros, "Payables to Associated Companies" for 215 thousand Euros and "Payables to Parent Companies" for 2 thousand Euros. The details and analysis of which are reported in the Appendix 8 of these Explanatory Notes.

30. Other current liabilities

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Current accrued expenses and deferred income	1,043	1,080
Other payables	19,047	18,986
Total Other current liabilities	20,090	20,066

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Accruals for emoluments to employees/directors	990	993
Deferred income for interests from clients	50	83
Other deferred income	3	4
Total Current accrued expenses and deferred income	1,043	1,080

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Inps/Inail and Other social security institutions	1,650	1,620
Enasarco/ FIRR	858	843
Payables to personnel for emoluments	4,588	4,714
Advances from customers, customers credit balances	10,395	10,746
Payables to Directors	597	345
Other sundry payables	959	718
Total Other payables	19,047	18,986

The item "*Payables to personnel for emoluments*" and "*Accrual for remuneration of employees/directors*" includes current salaries not yet paid as at 31 December 2019 and allocations for leave accrued but not taken, with relevant charges.

The item "*Advances from customers, customers credit balances"* includes the credit notes to be issued to customers for year-end bonuses and contributions.

Breakdown of payables by geographical area

The breakdown of payables by geographical area is as follows:

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial payables	101,704	35,714	29,375	166,793
Non-current lease liabilities (IFRS16)	36,235	0	0	36,235
Non current derivative financial instruments	66	0	0	66
Employee benefits	7,016	0	0	7,016
Provisions for risks and charges	5,170	0	0	5,170
Deferred tax liabilities	1,084	0	0	1,084
Other non-current liabilities	1,194	0	0	1,194
Current financial payables	159,420	7,424	9,715	176,559
Current lease liabilities (IFRS16)	7,599	0	0	7,599
Current derivative financial instruments	72	0	0	72
Current tax liabilities	4,035	0	34	4,069
Current trade liabilities	259,991	52,144	8,807	320,942
Other current liabilities	19,623	18	449	20,090
Total payables by geographical area	603,209	95,300	48,380	746,889

Guarantees, securities and commitments

These are guarantees granted by both third parties and our Company for debts and other obligations.

Guarantees (totalling 15,462 thousand Euros)
These refer to:

- guarantees issued on behalf of MARR S.p.A. in favour of third parties (amounting to 9,862 thousand Euros) and are guarantees granted on our request by credit institutions to guarantee the correct and punctual execution of tender and other contracts of a duration of either within the year or over the year;
- guarantees issued by MARR in favour of financial institutes in the interest of subsidiary companies. This item amounted to a total of 5,600 thousand Euros as at 31 December 2019 and refers to credit lines granted to the associate AS.CA.

(€thousand)	Balance at 31.12.19	Balance at 31.12.18
Guarantees		
AS.CA S.p.A.	5,600	5,600
Total Guarantees	5,600	5,600

Collaterals
Collaterals in favour of third parties refer mainly to mortgages on properties owned by the parent company and are analysed in detail in the comment on the items "Non-current financial payables" and "Tangible Assets".

Other risks and commitments
This item includes 7,926 thousand Euros referring to credit letters issued by certain credit institutes to guarantee obligations undertaken with our foreign suppliers.

Comments on the main items of the statement of profit or loss of MARR S.p.A.

31. Revenues

Revenues are composed of:

(€thousand)	31.12.2019	31.12.2018
- Net Revenues from sales of goods	1,574,972	1,545,621
- Revenues from services		
Advisory services to third parties	730	859
Manufacturing on behalf of third parties	32	54
Rent income (typical management)	40	59
Other services	2,309	2,260
Total	3,111	3,232
Total Revenues	1,578,083	1,548,853

See that described in the Directors' Report with regard to comments on the performance of revenues.

The revenues from services include revenues from companies in the Group for insurance consultancies and assistance, technical consultancies, administrative personnel management, administrative assistance, legal and commercial assistance, processing, transport and porterage duties and revenues for charging transport and similar costs to customers, the details of which are in Appendix 8 to these Explanatory Notes.

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

(€thousand)	31.12.2019	31.12.2018
Italy	1,472,056	1,450,941
European Union	58,243	64,579
Extra-EU countries	47,784	33,333
Total	1,578,083	1,548,853

The breakdown of revenues for sales of goods by category of activity is as follows:

(€thousand)	31.12.2019	31.12.2018
Foodstuff	684,213	666,282
Meat	289,455	282,718
Seafood	554,074	551,151
Fruit and vegetables	55,810	53,794
Hotel equipment	7,899	8,076
Sias Division	874	976
Trade discounts / year-end bonuses	(17,353)	(17,376)
Total Revenues from sales of goods	1,574,972	1,545,621

Revenues have been obtained nationwide, including from the islands. The following is a list of the total of net sales (in million Euros) realised during 2019 by the headquarters in Rimini and by each individual peripheral unit (distribution centres and divisions):

(million Euros)	31.12.2019	31.12.2018
Branch: Marr Napoli	54	52
Branch: Marr Milano	92	87
Branch: Marr Roma	72	76
Branch: Marr Venezia	56	53
Branch: Marr Supercash&carry - Rimini	27	28
Branch: Marr Sardegna	69	66
Branch: Marr Romagna - Rimini	72	70
Emiliani Division - Rimini	213	217
Carnemilia Division - Bologna	7	6
Branch: Marr Sicilia	53	52
Branch: Marr Sanremo	19	19
Branch: Marr Elba	7	7
Branch: Marr Genova	23	25
Branch: Marr Dolomiti	11	11
Branch: Marr Puglia	46	44
Branch: Marr Battistini	47	44
Branch: Marr Torino	53	53
Branch: Marr Calabria	55	51
Branch: Marr Sfera	54	48
Branch: Marr Arco	21	19
Branch: Marr Toscana	54	50
Branch: Marr Urbe	73	72
Branch: Marr Valdagno	1	10
Branch: Marr Scapa	235	232
Branch: Marr Bologna	83	79
Branch: Marr Adriatico	79	77
Branch: Marr Lago Maggiore	15	14
Sias Division	1	1
Others (trade discounts / year-end bonuses)	(17)	(17)
Total Revenues from sales of goods	1,575	1,546

Lastly, it should be noted that there are no customers capable of generating a significant concentration of revenues (10% of total revenues).

32. Other revenues

The Other revenues are broken down as follows:

(€thousand)	31.12.2019	31.12.2018
Contributions from suppliers and others	38,327	34,476
Other sundry earnings	2,350	2,098
Reimbursements for damages suffered	1,621	717
Reimbursement of expenses incurred	571	631
Recovery of legal fees	27	41
Capital gains on disposal of assets	128	51
Total Other revenues	43,024	38,014

The "Contributions from suppliers and others" consist mainly of contributions obtained from suppliers for the commercial promotion of their products with our customers; lastly, it should be recalled that a part of the contribution from suppliers, related contracts for the recognition of the end-of-year bonuses, has been included to reduce the cost of purchasing materials.

33. Purchase of goods for resale and consumables

This item is composed of:

(€thousand)	31.12.2019	31.12.2018
Purchases of goods	1,282,810	1,257,640
Purchases of packages and packing material	5,155	4,903
Purchase of stationery and printed paper	925	713
Purchase of promotional and sales materials, and catalogues	189	198
Purchase of various materials	506	427
Fuel for industrial motor vehicles and cars	271	253
Total Purchase of goods for resale and consumables	1,289,856	1,264,134

As regards the performance of the purchase cost of goods destined for commercialisation, see the Directors' Report and the relevant comments on the gross margin.
As highlighted in the previous paragraph, the item "Purchases of goods" benefits for some 7,237 migliaia di Euro (6,736 thousand Euros at 31 December 2018), of the part of contribution from suppliers identifiable as end-of year bonuses.

34. Personnel costs

This item includes all expenses for employed personnel, including holiday and additional monthly salaries as well as related social security charges, in addition to the severance provision and other costs provided contractually.

(€thousand)	31.12.2019	31.12.2018
Salaries and wages	25,911	25,478
Social security contributions	7,772	7,741
Staff Severance Provision	1,852	1,827
Other Costs	24	238
Total Personnel Costs	35,559	35,284

This item increased by about 0.3 million Euros compared to the same period last year.
Net of the "Other costs", which in 2018 included non-recurrent costs of 174 thousand Euros linked to the closure of the MARR Valdagno distribution centre (which ceased operations on 31 January 2019), the personnel costs showed an increase correlated, in addition to the different calendar of festivities, to a change in the composition of the workforce since the previous business year, with an increase in white collar workers and a decrease in blue collar workers (as a result of the hiring of new staff to enhance some of the company departments at headquarters and commercial departments).

The details of the Company workforce are as follows and show a slight reduction compared to last year, also as a result of the completion of the outsourcing process at some units.

	Workers	Employees	Managers	Total
Employees as of 31.12.18	215	544	8	767
Net increases and decreases	*(18)*	*14*	*0*	*(4)*
Employees as of 31.12.19	197	558	8	763
Average number of employees as of 31.12.19	219.5	553.7	7.6	780.7

35. Amortizations, depreciation and provisions

(€thousand)	31.12.2019	31.12.2018
Depreciation of tangible assets	6,432	6,422
Amortization of intangible assets	395	383
Depreciation of right of use assets	8,005	0
Adjustment IAS to provision for supplementary clientele severance indemnity	305	325
Total Amortizations, depreciations and provisions	15,137	7,130

As shown in the above table, it should be noted that the item "Amortizations" includes the amortization of the right of use (amounting to 8,005 thousand Euros) due to the application of the new IFRS 16.

As regards the allocations to provisions, see the movements highlighted in paragraph 22 "Provisions for risks and charges".

36. Losses due to impairment of financial assets

(€thousand)	31.12.2019	31.12.2018
Allocation of taxed provision for bad debts	10,800	9,710
Allocation of non-taxed provision for bad debts	2,090	2,080
Total Losses due to impairment of financial assets	12,890	11,790

As regards the allocations to the provisions, see the movements described in paragraph 13 "Current trade receivables" and that stated as regards the receivables in the paragraph "Credit risk".

37. Other operating costs

(€thousand)	31.12.2019	31.12.2018
Operating costs for services	181,763	173,598
Operating costs for leases and rentals	537	9,388
Operating costs for other operating charges	1,455	1,764
Total Other operating costs	183,755	184,750

(€thousand)	31.12.2019	31.12.2018
Sale expenses, distribution and logistic costs for our products	147,188	140,270
Energy consumption and utilities	10,204	10,390
Third-party production	4,828	4,313
Maintenance costs	4,977	4,630
Porterage and movement of goods	5,207	4,810
Advertising, promotion, exhibitions, sales (sundry items)	1,006	453
Directors' fees	810	808
Statutory auditors' fees	80	86
Insurance costs	938	931
Reimbursement of expenses, travels and sundry costs for personnel	528	432
General and other services	5,997	6,475
Total Operating costs for services	181,763	173,598

As regards the service costs, it should be noted that the increase is mainly correlated to the costs for the "sale, handling and distribution" mainly as a result of the sales mix.
For more details, see that described in the Directors' Report.

(€thousand)	31.12.2019	31.12.2018
Lease of industrial buildings	275	8,872
Lease of processors and other personal property	117	155
Lease of industrial vehicles	7	158
Lease of cars	2	10
Lease of plant, machinery and equipment	44	61
Lease fees (tangible / intangible)	0	8
Rentals and other charges paid on other personal property	92	124
Total Operating costs for leases and rentals	537	9,388

The costs for the lease of third-party assets totalled 537 thousand Euros and their decrease compared to last year is correlated to the application of IFRS 16. The amount recorded as at 31 December 2019 represents the lease contracts not within the scope of application of the new accounting standard.

As regards the lease fees for buildings, see that described in the paragraph "Organization and logistics" in the Directors' Report, with the specification that the relevant ongoing contracts are subject to Law 392/78 Chapter II (Lease contracts for use other than habitation).

(€thousand)	31.12.2019	31.12.2018
Other indirect taxes, duties and similar charges	648	679
Expenses for collection of debts	309	320
Other sundry charges	149	203
Capital losses on disposal of assets	21	235
IMU	271	273
Contributions and membership fees	57	54
Total Operating costs for other operating charges	1,455	1,764

The item "other indirect taxes, duties and similar charges" mainly includes: tax and register duties, local duties and taxes and car and vehicle ownership tax. It should be noted that this item last year included non-recurrent charges of 48 thousand Euros relating to the settlement of a fiscal dispute on register tax.

38. Financial income and charges

(€thousand)	31.12.2019	31.12.2018
Financial charges	6,469	5,545
Financial income	(1,105)	(2,246)
Foreign exchange (gains)/losses	(116)	8
Total Financial income and charges	5,248	3,307

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

The detail of financial charges and income is as follows:

(€thousand)	31.12.2019	31.12.2018
Interest payable on other loans, bills discount, hot money, import	3,220	3,132
Interest payable on loans	2	1
Interest payable on discounted bills, advances, export	302	394
Interest payable - Right of use	1,506	0
Other financial interest and charges	1,400	1,996
Interest and Other financial charges for Subsidiaries	39	22
Total Financial charges	6,469	5,545

The increase in financial charges is mainly correlated to the interest payable of 1,506 thousand Euros (of which 15 thousand Euros concerning lease contracts with the related company Le Cupole di Castelvetro (MO) for the rental of the properties in Via Spagna 20 – Rimini) deriving from the application of IFRS 16. Net of this amount, the financial charges decreased by 0.6 million Euros compared to last year, mainly as a result of the renegotiation of some loans and the trends in interest rate.

(€thousand)	31.12.2019	31.12.2018
Other sundry financial income (interest from customers, etc)	711	887
Interest from State coffers	28	990
Income interest from bank accounts	290	275
Other sundry financial income for Parent Companies	1	1
Other sundry financial income for Subsidiaries	75	93
Total Financial income	1,105	2,246

The other sundry financial income concerns the interests due from customers for payment delays; the decrease compared to the previous period is mainly due to the ending of some repayment plans during the year.

As regards the decrease registered, it should be noted that as at 31 December 2018, the item "Interest from the State coffers" included non-recurrent interest recognised and paid to MARR in the previous year regarding the final settlement of a fiscal dispute.

39. Income and charges from equity investments

This item is broken down as follows:

(€thousand)	31.12.2019	31.12.2018
Dividends by Subsidiaries	92	0
Write off investments in subsidiaries	(116)	(5)
Total Income (charge) from associated companies	(24)	(5)

It should be noted that in 2019, there was no distribution of dividends by the subsidiaries, as they had decided to carry forward their profits for 2018. The income indicated in the table is constituted by the dividends distributed by the associate SìFrutta S.r.l.

The charge for depreciation of equity investments is attributable to the Spanish subsidiary MARR Foodservice Iberica S.A.U. (for 6 thousand Euros) and the assessment of the shareholders' equity of the associate SìFrutta S.r.l. (110 thousand Euros).

40. Taxes

(€thousand)	31.12.2019	31.12.2018
Ires charge transferred to the Parent Company	21,980	19,778
Irap	4,500	4,397
Net Provision for deferred tax asset and liabilities	(749)	1,603
Previous years tax	(58)	(25)
Total taxes	25,673	25,753

The tax rate for the fiscal year, 28.6%, is in line with that for 2018.

Below is the reconciliation between theoretical and effective fiscal charges.

(€thousand)			
Profit before taxation			90,022
Theoretical tax rate			24.0%
Theoretical tax burden			21,605
Items in reconciliation	*Taxable amounts*		
IRAP			4,500
Car expenses deductible	300	24.0%	72
Write off investments	115	24.0%	28
Various expenses and fines	240	24.0%	58
Non deductible taxes	189	24.0%	45
Fiscal benefits on super-depreciation	(705)	24.0%	(169)
10% deduction IRAP on IRES	(448)	24.0%	(108)
ACE	(1,346)	24.0%	(323)
Other	96	24.0%	23
Total current and deferred taxes			25,731
Effective tax rate			*28.6%*

41. Earnings per share

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

(€)	2019	2018
EPS base	0.97	0.97
EPS diluted	0.97	0.97

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

Earnings:

(€thousand)	31.12.2019	31.12.2018
Profit for the period	64,349	64,649
Profit used to determine basic and diluted earnings per share	64,349	64,649

Numero di azioni:

(number of shares)	31.12.2019	31.12.2018
Weighted average number of ordinary shares used to determine basic earning per share	66,525,120	66,525,120
Adjustments for share options	0	0
Weighted average number of ordinary shares used to determine diluted earning per share	66,525,120	66,525,120

It should be noted that the application of the new accounting standard IFRS16, the impact of which on the equity, financial and economic situation of the Group are described analytically in the preceding paragraphs, has led to a decrease of 0.01 Euros in the earnings per share (EPS).

42. Other profits/losses

The other profits/losses accounted for in the statement of other comprehensive income consist of the effects produced and reflected in the period with reference to the following items:
- effective part of the operations for: hedging interest rate risk for certain variable-rate investments; hedging exchange risk rate related to the private bond placement in US dollars stipulated in July 2013; effective part of the exchange purchase transactions in foreign currency to hedge the underlying purchases and sales of goods. The value indicated amounted to a total profit of 990 thousand Euros (+156 thousand Euros in the year 2018) and is shown net of the taxation effect (that amounts to approximately -313 thousand Euros as at 31 December 2019);
- actuarial profits regarding the evaluation of Staff Severance Provision as required by amendments to IAS principle 19 "Employee Benefits"; the value indicated, amounting to a total loss of 203 thousand Euros (actuarial gain of 80 thousand Euros in 2018), is shown net of the taxation effect (amounting to about +64 thousand Euros as at 31 December 2019).

According to the IFRS these profits/losses have been entered in the net equity and highlighted (according to IAS 1 revised, in force from 1 January 2009) in the consolidated statement of profit and loss.

Net financial position[XIII]

As regards the comments on the components of the net financial position and the indication of the debt and credit positions with related parties, see that described in the Directors' Report.

	(€thousand)	Note	*31.12.19*	*31.12.18*
A.	Cash		10,581	9,217
	Bank accounts		168,532	160,248
	Postal accounts		90	261
B.	Cash equivalent		168,622	160,509
C.	Liquidity (A) + (B)	15	179,203	169,726
	Current financial receivable due to Subsidiaries		4,944	5,252
	Current financial receivable due to Parent Company		1,843	1,956
	Others financial receivable		1,798	918
D.	Current financial receivable	11/12	8,585	8,126
E.	Current Bank debt		(33,837)	(39,220)
F.	Current portion of non current debt		(130,076)	(77,196)
	Financial debt due to Parent Company		0	0
	Financial debt due to Subsidiaries		(2,716)	(2,406)
	Financial debt due to Related Companies		0	0
	Other financial debt		(10,003)	(1,350)
G.	Other current financial debt		(12,719)	(3,756)
H.	Current lease liabilities (IFRS16)	26	(7,599)	0
I.	Current financial debt (E) + (F) + (G) + (H)	25/26/27	(184,231)	(120,172)
J.	Net current financial indebtedness (C) + (D) + (I)		3,557	57,680
K.	Non current bank loans		(137,491)	(180,707)
L.	Other non current loans		(29,368)	(37,650)
M.	Non-current lease liabilities (IFRS16)	19	(36,235)	0
N.	Non current financial indebtedness (K) + (L) + (M)	18/19/20	(203,094)	(218,357)
O.	Net financial indebtedness (J) + (N)		(199,537)	(160,677)

It should be noted that the net financial indebtedness shown above does not include the long-term financial receivables from the assessment of the Cross Currency Swap contracts ongoing at the end of the year. Were these receivables to be included, the financial debt of the Group as at 31 December 2019 would amount to 196.1 million Euros (158.2 million Euros as at 31 December 2018).

[XIII] The "Note" column indicates the reference to the item in the consolidated statement of financial position for the accurate reconciliation with same.

Events after the closing of the year

It should be noted that, effective from 1 February 2020, the subsidiary AS.CA S.p.A. has eased its branch of business to the parent company, which manages it by integrating the activities with those of the MARR Bologna and MARR Romagna distribution centres.

On 11 March, MARR S.p.A. acquired 60% of the shares of SiFrutta S.r.l. from the companies Si Frutta S.r.l. and Vitali e Bagnoli Multiservice S.r.l. for a total price of 0.7 million Euros. Through this operation, MARR has acquired a controlling stake in the company.

The Covid-19 (Coronavirus) epidemic that has affected Italy since the end of February has led the Italian Government to introduce a series of measures aimed at containing the health emergency. These measures, initially adopted in limited regions and the extended to the whole country, have implied severe restrictions on people's movements and the progressive closure of industrial, commercial, recreational and school activities. Starting in the early weeks in March, these measures have caused a substantial "blocking" of activities for the majority of the clients in the Street Market segment which, although with a marked summer seasonality, represents a very significant portion of the sales of the Group.
In respect of the dispositions in force, the Company has adopted organizational measures to ensure services to all of its clients through its nationwide distribution network.

Outlook

The uncertainty as regards the spread of the Covid-19 epidemic at this time does not enable realistic forecasts to be made as regards the effects that the phenomenon may have on general consumption and, as regards MARR's business, on the foodservice market in Italy.
As regards out-of-home catering in Italy, we recorded an increase last year, confirming the resilience of the market, the measures implemented by the government and local administrations for containing the spread of the virus are affecting consumption in the catering sector, especially commercial catering, but also involving collective catering. The duration of these measures could have repercussions, which we believe could be temporary, on consumption in coming months. However, this country will return to being one of the preferred destinations of tourists from worldwide once conditions allow.

Although considering the complexity and scope of a rapidly developing context, the Company considers the presupposition of business continuity to be appropriate and correct, taking into account its capacity to deal with its obligations in the foreseeable future, and especially in the next 12 months, on the basis of the following considerations:

- the significant sources of liquidity currently available will enable the Group to overcome a period of several months with scarce operativity without having to use other sources of financing;
- assuming that the effects of the restrictions on catering activities and everyday consumption can be considered temporary and resolvable within a fairly short space of time, there do not appear to be any criticalities as regards the risk of overcoming the covenants associated to the loans with regard to the expiry dates provided in the contracts;
- the structure of the income statement of the Company and Group is characterised by a significant incidence of variable costs, also in the presence of significant reductions in turnover, and this enables the impacts on marginality to be limited;
- the MARR Group continues to guarantee services to its clients which are able to continue to operate while the restrictions are in force, including clinics hospitals, canteens and activities providing home delivery services;
- as at 31 December 2019, the Group had agreed credit lines ongoing and unused for a total amount of not less than 270 million Euros, and believes that it can count on the support if the main banks, on the basis of its leadership in the sector in which it operates.

In addition to these factors, the Group has acknowledged a commitment by the government institutions to support the operators and subjects most affected by Covic-19 through safeguarding measures which will implemented in coming months and which the Group intends to avail itself of if possible.

Thanks to its consolidated leadership and its distribution network, MARR is concentrating its efforts on adjusting the organizational measures and service management, which continue to be appreciated by its own clients who, with the support of this distribution system, can dedicate their own skills more effectively towards identifying possible areas for future development.
The Company is also placing great emphasis and attention on managing the trade receivables and operating costs, with the aim of ensuring continuity in terms of quality, products and services offered to the market, so as to help overcome the

contingent difficulties where possible and be completely ready to resume proper business activities when the current uncertainties are resolved.

Proposal for the allocation of the 2019 profits and distribution of the dividend

In submitting the 2019 annual financial statements for approval by the shareholders' meeting, the Board of Directors proposes to:

a) allocate the profits of 64,349,247 Euros as follows:

- dividend of 0.80 Euros or each ordinary share with rights;

- allocation of the residual amount to the extraordinary reserve.

b) pay out the dividend on 27 May 2020, with ex coupon (no. 16) on 25 May 2020 (record date on 26 May 2020), as regulated by Borsa Italiana.

° ° °

Rimini, 13 March 2020

For the Board of Directors

The Chairman

Paolo Ferrari

Appendices

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

- Appendix 1 – List of the main equity investments in subsidiary, associate and other companies as at 31 December 2019, indicating the criterion adopted for accounting.
- Appendix 2 – Table showing variations in Intangible Assets for the year ending 31 December 2019.
- Appendix 3 – Table showing variations in Tangible Assets for the year ending 31 December 2019.
- Appendix 4 – Table showing changes in the Right of use for the year ending 31 December 2019.
- Appendix 5 – Table showing the essential data from Cremonini S.p.A. and consolidated financial statements as at 31 December 2018.
- Appendix 6 – List of equity investments in subsidiary and associate companies as at 31 December 2019 (art. 2427, sub. 5 of the Civil Code)
- Appendix 7 – Information as per art. 149-duodecies of the Consob Issuers Regulation.
- Appendix 8 – Table summarising the relations with parent companies, subsidiaries, associates and other related parties.
- Appendix 9 – Reconciliation of liabilities deriving from financing activities as at 31 December 2019.
- Appendix 10 – Detail of lands and buildings owned by the Company.

Appendix 1

MARR GROUP
LIST OF EQUITY INVESTMENTS INCLUDING THOSE FALLING WITHIN THE SCOPE OF CONSOLIDATION AT 31 DECEMBER 2019

Company	Headquarters	Share capital (€thousand)	Direct control Marr SpA	Indirect control	
				Company	Share held
COMPANY CONSOLIDATED ON A LINE-BY-LINE BASIS					
- Parent Company:					
MARR S.p.A.	Rimini	33,263			
- Subsidiaries:					
AS.CA. S.p.A.	Santarcangelo di R. (RN)	518	100.0%		
Marr Foodservice Iberica S.A.u	Madrid (Spagna)	600	100.0%		
New Catering S.r.l.	Santarcangelo di R. (RN)	34	100.0%		
INVESTMENTS EVALUATED USING THE NET EQUITY METHOD					
SiFrutta S.r.l.	Cervia (RA)	210	40.0%		
Jolanda De Colò S.p.A.	Palmanova (UD)	846	34.0%		
EQUITY INVESTMENTS VALUED AT FAIR VALUE:					
- Other Company:					
Centro Agro-Alimentare Riminese S.p.A.	Rimini	11,798	1.66%		

Intangible fixed assets (in thousand of Euros)	Opening Balance			Changes during the year				Closing Balance		
	Original Cost	Provision for amortization	Balance 01/01/2019	Purchases/ reclassification	Other changes	Net decreases	Amortization	Original Cost	Provision for amortization	Balance 31/12/2019
Start-Up and expansion costs										
Cost of research, development and advertising										
Cost of industrial patents and rights for the use of intellectual property	6,425	(5,191)	1,234	357			(394)	6,782	(5,585)	1,197
Concessions, licences, brand names, and similar rights	172	(158)	14				(1)	172	(159)	13
Goodwill	137,086		137,086					137,086		137,086
Intangible fixed assets under development and advances	835		835	333				1,168		1,168
Other intangible fixed assets	70	(70)						70	(70)	
Total	**144,588**	**(5,419)**	**139,169**	**690**			**(395)**	**145,278**	**(5,814)**	**139,464**

Tangible fixed assets (in thousand of Euros)	Opening balance			Changes during the year				Closing balance		
	Original Cost	Provision for amortization	Balance 01/01/2019	Purchases/ reclassification	Decreases Original cost	Decreases Prov. for am.	Amortization	Original Cost	Provision for amortization	Balance 31/12/2019
Land and buildings	76,341	(26,950)	49,391	339	(1,452)	1,438	(2,196)	75,228	(27,708)	47,520
Improvements on leased facities				1,815			(52)	1,815	(52)	1,763
Plant and machinery	38,261	(31,129)	7,132	2,078			(2,534)	40,339	(33,663)	6,676
Industrial and commercial equipment	4,124	(3,018)	1,106	263	(6)	4	(203)	4,381	(3,217)	1,164
Other tangible assets	15,920	(12,748)	3,172	1,290	(785)	684	(1,452)	16,425	(13,516)	2,909
Tangible fixed assets under development and advances	2,421		2,421	3,448				5,869		5,869
Total	**137,067**	**(73,845)**	**63,222**	**9,233**	**(2,243)**	**2,126**	**(6,437)**	**144,057**	**(78,156)**	**65,901**

Tangible fixed assets (in thousand of Euros)	Opening balance			Changes during the year					Closing balance		
	Original Cost	Provision for amortization	Balance 01/01/2019	initial change	Purchases/ reclassification	Decreases Original cost	Decreases Prov. for am.	Amortization	Original Cost	Provision for amortization	Balance 31/12/2019
Right of use - Land and buildings				56,753	560	(6,526)		(7,957)	50,787	(7,957)	42,830
Right of use - Other assets				98				(48)	98	(48)	50
Total				**56,851**	**560**	**(6,526)**		**(8,005)**	**50,885**	**(8,005)**	**42,880**

Main figures' Statement of the last Cremonini S.p.A. financial statements and consolidated financial statements - MARR S.p.A. parent company -				
Financial Statements as at 31 December 2018				
Financial Statements		(in thousands of Euros)		Consolidated fianancial statements
		BALANCE SHEET		
		ASSETS		
82,033		Tangible assets		1,061,121
86		Goodwill and other intangible assets		230,375
258,191		Investments		23,847
43		Non-current assets		60,458
340,353		*Total non-current assets*		*1,375,801*
0		Inventories		483,857
16,904		Receivables and other current assets		696,531
162		Cash and cash equivalents		310,235
17,066		*Total current assets*		*1,490,623*
357,419		**Total assets**		**2,866,424**
		LIABILITIES		
275,125		Shareholders' equity:		*874,490*
	67,074	Share capital	67,074	
	183,485	Reserves	436,968	
	24,566	Net profit (loss)	51,590	
	0	Minority interest	318,858	
34,981		Non-current financial payables		617,564
350		Employee benefits		23,939
151		Provisions for risks and charges		17,483
3,833		Other non-current liabilities		59,686
39,315		*Total non-current liabilities*		*718,672*
32,133		Current financial payables		487,838
10,846		Current liabilities		785,424
42,979		*Total current liabilities*		*1,273,262*
357,419		**Total Liabilities**		**2,866,424**
		INCOME STATEMENT		
6,913		Revenues		4,120,763
834		Other revenues		63,415
0		Changes in inventories		28,297
0		Internal works performed		7,133
(48)		Purchase of goods		(2,881,921)
(5,716)		Other operating costs		(635,429)
(2,457)		Personnel costs		(413,808)
(2,673)		Amortization		(88,899)
0		Depreciation and Allocations		(33,331)
27,890		Income from investments		2,760
(711)		Financial income and charges		(15,450)
0		Profit from business aggregations		0
24,032		*Profit before taxes*		*153,530*
534		Taxes		(57,758)
24,566		Net profit (loss) before consolidation		95,772
0		Minority interest's profit (loss)		(44,182)
24,566		**Consolidated Net profit (loss)**		**51,590**

The essential data for the parent company Cremonini S.p.A. contained in the summary report required by Civil Code article 2497-bis have been extracted from the relevant financial statements for the business year closed on 31 December 2018. For an adequate and full understanding of the Cremonini S.p.A. financial situation as at 31 December 2018, and the economic result achieved by the company during the business year closed on that date, refer to the financial statements which, supplemented by the audit company's report, is available in the forms and methods provided by the law.

List of stockholdings in subsidiaries and associated companies as at December 31, 2019 (art. 2427 n.5 c.c.)
(€/thousands)

Company	Corporate Domicile	Capital Stock	Shareholder's equity Total Amount	Shareholder's equity Pro-rata Amount (A)	Net Profit (loss) Total Amount	Net Profit (loss) Pro-rata Amount	Percentage Held	Carrying Value (B)	Difference (B) - (A)	Last Financial Statements approved/ preliminary financial statements approved	Shareholders' equity pro-rata amount in accordance with art. 2426 n. 3 cc (C)	Difference (B) - (C)
- In subsidiares:												
Marr Foodservice Iberica S.A.U.	Madrid (Spagna)	600	401	401	(5)	(5)	100.00%	400	(1)	31/12/2019	401	(1)
AS.CA. S.p.a.	Santarcangelo di R.(RN)	518	6,890	6,890	204	204	100.00%	13,691	6,801 *	31/12/2019	15,522	(1,831)
New Catering S.r.l.	Santarcangelo di R.(RN)	34	9,190	9,190	2,157	2,157	100.00%	7,439	(1,751)	31/12/2019	12,900	(5,461)
Sì Frutta S.r.l.	Cervia (RA)	210	1,024	410	(262)	(105)	40.00%	406	(4)	31/12/2019	410	(4)
Jolanda De Colò S.p.A.	Palmanova (UD)	846	1,959	666	491	167	34.00%	2,046	1,380 *	31/12/2019	666	1,380

* See comment in the note to the financial statements

Appendix 7

The following table, drawn up in accordance with art. 149-duodecies of the Consob Issuers Regulation, shows the fees pertinent to business year 2019 for services rendered to the Group companies by Auditing Firms or entities belonging to the auditing firms' network:

(€thousands)	Service Company	Client	Fees pertinent to business year 2019
Auditing	PricewaterhouseCoopers S.p.A.	MARR S.p.A.	143
Certification service			0
Other services			0
Total			143

COMPANY	FINANCIAL RELATIONS						ECONOMIC RELATIONS								
	RECEIVABLES			PAYABLES			REVENUES				COSTS				
	Trade	Other*	Financial	Trade	Other*	Financial	Sale of goods	Performance of services	Other revenues	Financial Income	Purchase of goods	Services	Leases and rental	Other operating charges	Financial charges
From Parent Companies:															
Cremonini Spa (*)	679	11	1,843	2	2,213		11			1		1,246			
Total	679	11	1,843	2	2,213	0	11	0	0	1	0	1,246	0	0	0
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Jolanda De Colò											0				
Si' Frutta S.r.l.	12	4		215			0	23		92	1,941				
Total	12	4	0	215	0	0	0	23	0	92	1,941	0	0	0	0
From Affiliated Companies(**)															
Cremonini Group															
Chef Express S.p.A.	1,494	9		7			9,423					43			
Fiorani & C. S.p.a.		229		998			60		261		10,516				
Global Service S.r.l.		56		309							2	1,040			
Guardamiglio S.r.l.	3						21								
Inalca Food and Beverage S.r.l.	890	1		35	48		9,368	184	(2)		65			4	
Inalca S.p.a.	90	43		7,535			416		330		75,645	22			
Inter Inalca Angola Ltda	7														
Interjet S.r.l.				17								38			
Italia Alimentari S.p.a.		69		461			5		113		4,749				
Caio S.r.l.	38						171								
Casa Maioli S.r.l.	57						191								
Roadhouse S.p.A.	6,991			1	34		40,121	32				2			
Roadhouse Grill Roma S.r.l.	656						4,262								
Tecno-Star Due S.r.l.				1								1			
From not Affiliated Companies															
Farmservice S.r.l.	3				0		37								
Le Cupole S.r.l.						1,159									15
Time Vending S.r.l.		24							24						
Total	10,229	431	0	9,364	82	1,159	64,075	216	726	0	90,977	1,146	0	4	15

(*) The items in the Other Receivables columns relate to the residual IRES receivables for requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011, transferred to the Parent Company within the scope of of the National Consolidated tax base; the amount in the the other payables is related to the IRES balance of the year 2019. Trade receivables and payables include the net amount of VAT transferred to Cremonini within the scope of the Group VAT liquidation.

(**) The total amount of trade receivables and payables are reclassified under "Receivables from customer" and "Suppliers" respectively.

From Affiliated Companies															
Asca S.p.a.	1,623		4,944	663			3,285	288	5	76	971	2			
Marr Foodservice Iberica S.a.U.				117		281									4
New Catering S.r.l.	276			18		2,435	694	236	6		39	4			34
Total	1,899	0	4,944	798	0	2,716	3,979	524	11	76	1,010	6	0	0	38

From Oter Related Parties															
Members of top management team					597		3					804			
Total	0	0	0	0	597	0	3	0	0	0	0	804	0	0	0

RECONCILIATION OF LIABILITIES DERIVING FROM LOAN ACTIVITIES AS AT 31 DECEMBER 2019 AND 31 DECEMBER 2018

	31 December 2019	Cash flows	Other changes/ reclassifications	Non-financial changes Acquisition	Exchange rates variations	Fair value variation	31 December 2018
Current payables to bank	33,837	(5,383)	0	0	0	0	39,220
Current portion of non current debt	130,076	(61,267)	114,147	0	0	0	77,196
Current financial payables vs subsidiaries	2,716	310	0	0	0	0	2,406
Current financial payables for bond private placement in US dollars	9,659	(814)	9,553	0	168	0	752
Current financial payables fot IFRS 16 lease contracts	7,599	(7,051)	7,599	7,051	0	0	0
Current financial payables for leasing contracts	271	(235)	280	0	0	0	226
Current financial payables for purchase of quotas or shares	0	(2,407)	0	2,046	0	0	361
Total current financial payables	184,158	(76,847)	131,579	9,097	168	0	120,161
Current payables/(receivables) for hedging financial instruments	72	(10)	0	0	0	72	10
Total current financial instruments	72	(10)	0	0	0	72	10
Non-current payables to bank	137,491	70,951	(114,167)	0	0	0	180,707
Non-current financial payables for bond private placement in US dollars	29,246	0	(8,675)	0	554	0	37,367
Non-current financial payables fot IFRS 16 lease contracts	36,235	0	(13,565)	49,800	0	0	0
Non-current financial payables for leasing contracts	56	0	(227)	0	0	0	283
Non-current financial payables for purchase of quotas or shares	0	0	0	0	0	0	0
Total non-current financial payables	203,028	70,951	(136,634)	49,800	554	0	218,357
Non-current payables/(receivables) for hedging financial instruments	66	0	0	0	0	66	0
Total non-current financial instruments	66	0	0	0	0	66	0
Total liabilities arising from financial activities	**387,324**	**(5,906)**	**(5,055)**	**58,897**	**722**	**138**	**338,528**

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries)	(3,499)
Other changes/ reclassifications, included the acquisition	(5,055)
Exchange rates variations	722
Fair value variation	138
Total detailed variations in the table	**(7,694)**
Other changes in financial liabilities	(17,378)
New non-current loans received	89,500
Non current loans repayment	(79,816)
Total changes shown between financing activities in the Cash Flows Statement	**(7,694)**

	31 December 2018	Cash flows	Merger & Acquisition	Non-financial changes Other changes/ reclassifications	Exchange rates variations	Fair value variation	31 December 2017
Current payables to bank	39,220	(19,798)	0	0	0	0	59,018
Current portion of non current debt	77,196	6,070	75	26,258	0	0	44,793
Current financial payables vs subsidiaries	2,406	(80)	0	0	0	0	2,486
Current financial payables for bond private placement in US dollars	752	(755)	0	752	0	0	755
Current financial payables for leasing contracts	226	(219)	0	226	0	0	219
Current financial payables for purchase of quotas or shares	361	(10,729)	516	0	0	0	10,574
Total current financial payables	120,161	(25,511)	591	27,236	0	0	117,845
Current payables/(receivables) for hedging financial instruments	10	10	0	0	0	0	0
Total current financial instruments	10	10	0	0	0	0	0
Non-current payables to bank	180,707	47,382	0	(26,258)	0	0	159,583
Non-current financial payables for bond private placement in US dollars	37,367	0	0	64	1,700	0	35,603
Non-current financial payables for leasing contracts	283	0	0	(226)	0	0	509
Non-current financial payables for purchase of quotas or shares	0	0	0	0	0	0	0
Total non-current financial payables	218,357	47,382	0	(26,420)	1,700	0	195,695
Non-current payables/(receivables) for hedging financial instruments	0	0	0	0	0	0	0
Total non-current financial instruments	0	0	0	0	0	0	0
Total liabilities arising from financial activities	338,528	21,881	591	816	1,700	0	313,540

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries or merger)	33,124
Other changes/ reclassifications, included the acquisition	816
Exchange rates variations	1,700
Fair value variation	0
Total detailed variations in the table	35,640
Other changes in financial liabilities	(17,935)
New non-current loans received	123,548
Non current loans repayment	(69,973)
Total changes shown between financing activities in the Cash Flows Statement	35,640

Appendix 10

Detail of Lands and building own by the Group at 31 December 2019*

(Values in thousand Euros)

	Original Cost	Prov. For Am.	Net Book Value
Building in Spezzano Albanese (CS) - St.Prov.le 19	1,888	803	1,085
Land in Spezzano Albanese close to the building	125	0	125
Building in Pistoia (PT) - St F.Toni loc.Bottegone	5,318	2,046	3,272
Land of Building in Pistoia	1,000	0	1,000
Building in Santarcangelo of Romagna (RN) - St. dell'Acero 1/a	3,620	2,047	1,573
Land of Building St. dell'Acero 1/a	954	0	954
Building in Santarcangelo of Romagna (RN)- St. dell'Acero 2-4	5,265	2,510	2,755
Land of Building St. dell'Acero 2-4	2,422	0	2,422
Building in Opera (MI) - St. Cesare Pavese, 10	4,449	2,300	2,149
Land of Building Opera	2,800	0	2,800
Building in San Michele al Tagl.to (VE) - St. Plerote, 6	4,126	2,000	2,126
Land of Building San Michele	1,100	0	1,100
Building in Uta (CA) - Zona ind.le Macchiareddu	4,045	1,826	2,219
Land of Building Uta	1,531	0	1,531
Building in Portoferraio (LI) - Località Antiche Saline	1,502	778	725
Land of Building Portoferraio	990	0	990
Surface ownership Building in Bologna - St. Fantoni, 31	11,857	2,047	9,810
Land in Rimini loc. San Vito - St. Emilia Vecchia, 75	7,078	0	7,078
TOTAL	60,070	16,357	43,713

* The value given in the table represents only the land and buildings owned and does not consider the values of the enhancements to the buildings leased and minor construction, both classified under "Land and buildings".

Certification of the annual financial statements
Pursuant to art. 154-bis of Legislative Decree 58/98

1. The undersigned Francesco Ospitali in the quality of Chief Executive Officer, and Pierpaolo Rossi, in the quality of Manager responsible for the drafting of the corporate accounting documents of MARR S.p.A., hereby certify, also taking into account that provided by art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 dated 24 February 1998:

   - the adequacy in relation to the characteristics of the company and
   - the effective application,

   of the management and accounting procedures for the drafting of the annual financial statements during the year 2019.

2. The assessment of the adequacy of the management and accounting procedures for the drafting of the annual financial statement as at 31 December 2019 was based on a process defined by MARR S.p.A. in coherence with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is an internationally accepted general reference framework.

3. It is also certified that:

   3.1 The annual financial statements:

   a) are drawn up in compliance with the internationally applicable accounting principles recognised in the European Community pursuant to regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;

   b) correspond to the findings in the accounts books and documents;

   c) are suited to providing a truthful and correct representation of the equity, economic and financial situation of the author.

   3.2 The Directors' report on management includes a reliable analysis of performance levels and the management result, and also on the situation of the issuer, together with a description of the main risks and uncertainties it is exposed to.

Rimini, 13 March 2020

Francesco Ospitali	Pierpaolo Rossi
Chief Executive Officer	Manager responsible for the drafting of corporate accounts documents

Independent auditor's report

in accordance with article 14 of Legislative Decree 39 of 27 January 2010 and article 10 of Regulation (EU) 537/2014

To the shareholders of Marr SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Marr SpA (the Company), which comprise the statement of financial position as of 31 December 2019, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in the shareholders' equity, the cash flows statement for the year then ended, and explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2019, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 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 section *Auditor's Responsibilities for the Audit of the Financial Statements* of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon; therefore we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

www.pwc.com/it

Key Audit Matters	*Auditing procedures in response to key audit matters*
Goodwill recoverability	***Auditing procedures performed***
The accounting policies relating to the Goodwill are illustrated in the section "Accounting policies", paragraphs "Goodwill and other intangible assets" and " Losses in value of non-financial assets" and in the section "Main estimates adopted by management and discretional assessments" within the paragraph "Estimates an hypotheses used" of the explanatory Notes to the financial statements. As of 31 December 2019, goodwill amounts to Euro 137 million. We have identified an area of focus considering the significance of the above balance and the fact that the valuation process involves a high degree of professional judgement of management in developing estimates of cash flows related to the recoverability of goodwill and in making assumptions used in the calculation models. With reference to the year ended 31 December 2019, management carried out an impairment test on goodwill, based on the following approach: • determined the recoverable value of goodwill by calculating the value in use by Cash Generating Unit ("CGU") using the discounted cash flow method; • the model envisaged the use of explicit flows for the first four years of projection, using as a basis the information contained in the *Business Plan* 2020-2022 approved by the Board of Directors on 12 December 2019 (*Business Plan*), with the application of a terminal value applied to the last explicit year; • the cash flows of each CGU were discounted using the weighted average cost of capital ("WACC");	We have performed an understanding impairment testing procedure for assessing any impairment loss adopted by management approved by Board of Directors of the Company. We have assessed the adequacy of the CGUs used for the allocation of goodwill and their consistency with the Company organizational structure, with internal decision-making mechanisms and with management reporting. We have examined methodologies applied in developing cash flows projections used to determine the value in use and the approach adopted in applying the discounted cash flow mathematical model. We have assessed the reasonableness of the WACC calculation with the support of our valuation specialists. We have also verified the mathematical accuracy of the calculations and consistency of the information used with relevant data source. We have investigated and discussed with management the need for adjusting cash flows with the aim of isolating those elements not attributable to the assets in their present conditions. We have analyzed projections used for impairment testing and whether they were consistent with the Business Plan prepared by the Management. We also carried out a retrospective analysis by comparing the estimates made in previous years with the actual results or we performed alternative procedures, in order to validate the level of ability of management in developing reliable estimates.

- the recoverability of the carrying amounts was verified by comparing the carrying amounts of the individual CGUs to which the goodwill was allocated with their value in use;
- in addition, management carried out a sensitivity analysis to assess the impacts of changes to significant assumptions on the asset recoverable amount.

In addition, we have verified accuracy and completeness of disclosures included in note 3 'Goodwill' as part of the Notes to the financial statements as of 31 December 2019.

Trade receivables recoverability	*Auditing procedures performed*
The accounting policies relating to trade receivables are illustrated in section "Accounting policies", paragraph "Receivables and other financial assets" and in the section "Main estimates adopted by management and discretional assessments" paragraph "Estimates an hypotheses used" of the explanatory Notes to the financial statements. As of 31 December 2019 trade receivables amount to Euro 356 million. We have identified an area of focus considering the significance of the above balance and the fact that the valuation process involves a high degree of professional judgement of management in developing estimates on recovery of trade receivables and in particular in making assumptions used in the calculation models to determine expected cash flows from their collection.	We have performed, through specific investigations, an understanding and evaluating of the relevant controls implemented by the Company over the Trade receivables area, in order to assess the adequacy of their design. We have obtained the ageing list, validating the source data, in order to identify any significant past due balance, which was analysed and discussed with management with the aim of obtaining proof of evidence supporting estimates covering the risk of credit losses. We have sent confirmation letters to legals advisors handling doubtful accounts in litigation, assessing the consistency of the assessments made by external legal advisors with those reflected in the financial statements. We have carried out a retrospective analysis by comparing the estimates made in previous years with the actual results in order to validate the level of ability of management in determining the cash flows expected from the collection of trade receivables. In addition, we have verified accuracy and completeness of disclosures included in note 13 'Current trade receivables' and in note 36 'Losses due to impairment of financial assets' as part of the Notes to the financial statements as of 31 December 2019.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by 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, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the Directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 International Standards on Auditing (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 the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained 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;
- we obtained 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;

- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we concluded 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as 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 identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated 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 determined those matters that were of most significance in the audit of the financial statements of the reporting period under examination and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) 537/2014

We were appointed by the shareholders of Marr SpA at the general meeting held on 28 April 2016, to perform the audit of the Company consolidated and separate financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree 39/10 and Article 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Marr SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Marr SpA as of 31 December 2019, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree 58/98, with the financial statements of Marr SpA as of 31 December 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Marr SpA as of 31 December 2019 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Parma, 30 March 2020

PricewaterhouseCoopers SpA

Signed by

Christian Sartori
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

MARR S.p.A.

“Report on the 2019 Financial Statements by the Board of Statutory Auditors to the Shareholders’ Meeting of MARR S.p.A. pursuant to art. 153 of Legislative Decree 58/1998 (TUF) and art. 2429 of the Civil Code”

Dear Shareholders,

This Report focuses on the supervisory activities carried out by the Board of Statutory Auditors of MARR S.p.A. during the course of the 2019 business year, prepared pursuant to Legislative Decree 58/1998 (“*TUF*”) as subsequently amended, art 2429 of the Civil Code, the Code of Conduct for the Boards of Statutory Auditors of listed companies issued by the National Board of Chartered Accountants and Auditors, consistently with the instructions given in Consob Communication no. DEM/1025564 of 6 April 2001 and subsequent integrations.

1. **Appointment of the Board of Statutory Auditors**

The Board of Statutory Auditors in office was appointed by the Shareholders’ Meeting on 28 April 2017 on the basis of the provision of the laws and the Company by-laws and its term of office will end in the Shareholders’ Meeting for the approval of the financial statements for 2019.

On 1 March 2019, following the resignation due to the accumulation of similar positions of the member of the Board of Statutory Auditors Mr. Ezio Maria Simonelli, the post of standing auditor was taken over by Mrs. Simona Muratori, an alternate auditor appointed from the same list as the resigning member, as provided by art. 23, paragraph 9 of the By-Laws in force. The shareholders’ meeting on 18 April 2019 completed the Board of Statutory Auditors by appointing a standing auditor, Mr. Andrea Foschi, and an alternate auditor, Mrs. Simona Muratori, in respect of art. 148 of Legislative Decree 58/1998.

The Shareholders’ Meeting for the approval of the 2019 Financial Statements will thus appoint the Board of Statutory Auditors.

2. **Verification of the independence requirements of the Board of Statutory Auditors**

As occurs every year, on 14 March 2020, the Board of Statutory Auditors successfully performed the annual verification of the possession by all of the members of the independence and professionalism requirements provided by article 148, paragraph 3 of the TUF and also by articles 3 and 8 of the Rules of Self-Discipline of listed companies issued by Borsa Italiana S.p.A. (the "Rules of Self-Discipline") concerning the independence of the auditors of listed companies and the availability of time to dedicate to their office, also verifying the respect of the limits of numbers of positions provided, also on the basis of the certifications and information provided by each auditor.

3. **Supervisory activities carried out and information received**

During the course of the year, we carried out the supervisory activities reserved for us in respect of article 149 of Legislative Decree 58, the "*Code of Conduct for the Boards of Statutory Auditors of Listed Companies*" issued by the National Board of Chartered Accountants and Auditors concerning company audits and the activities of the Board of Statutory Auditors and the instructions given in the Rules of Self-Discipline. As regards the activities carried out in the 2019 business year and in early 2020, the Board of Statutory Auditors:

a) met 9 times in 2019 and 5 times in 2020 until today, with the average duration of the meetings being 120 minutes;

b) participated in:

- (i) 9 meetings of the Board of Directors in 2019 and 3 meetings in 2020;
- (ii) 5 meetings of the Remuneration and Nomination Committee in 2019 and 1 in 2020;
- (iii) 7 meetings of the Control and Risk Committee in 2019 (6 of them held jointly) and 2 joint meetings in 2020;

c) participated in the ordinary Shareholders' Meeting held on 18 April 2019;

d) met 4 times with the referents of the Independent Auditing Firm during the course of 2019 and another 3 times in 2020;

e) supervised over the observance of the law and the company by-laws, and also acquired information on and supervised, for matters of its competence, over the adequacy of the organizational structure of the Company, respect of the principles of proper administration and adequacy of the instructions given by the Company to its subsidiaries, pursuant to art. 114, paragraph 2 of the TUF;

f) obtained from the Chief Executive Officer, with the frequency provided by the laws in force and the company by-laws, the information due on the activities of the Company and its subsidiaries, general management performance and its outlook, and the operations of most relevance in economic, financial and equity terms deliberated and undertaken, which are described in the Directors' Report, which see for more details;

g) also acquired the information required for the performance of the activities of its competence through the collection of documents, data and information and through periodical meetings scheduled for the reciprocal exchange of relevant data and information with: *(i)* the Company management; *(ii)* the heads of the organizational departments of the Company; *(iii)* the Director responsible for drafting the company's accounts documents; *(iv)* the Supervisory Body provided by the organization, management and control model adopted by the Company in compliance with Legislative Decree 231/2001 (the "231 Model"); *(v)* the representatives of the independent auditing firm and *(vi)* the control bodies of its subsidiaries;

h) in the capacity of "*committee for internal control and auditing*", pursuant to art. 19 of Legislative Decree 39/2010, supervised over: *(i)* the company disclosure process; *(ii)* the effectiveness of the internal control, internal auditing and risk management systems; *(iii)* the legal auditing of the annual and consolidated accounts; *(iv)* the independence of the independent auditing firm;

i) supervised over the adequacy of the Internal Control and Risk Management system and the Administration and Accounting System and also the reliability of the latter in correctly representing management events through the competent company departments.

The Board examined the evaluation given by the Board of Directors as regards the adequacy and effectiveness of the internal Control and Risk Management System through:

- updating the Guidelines of the Internal Control and Risk Management System, within which the company has, through the ERM model logic, validated a new model for the integrated management of risks aimed at identifying, evaluating and monitoring the internal (operating), external and strategic business risks;
- the certification of the Annual Financial Statements and Consolidated Financial Statements by the Chief Executive Officer and the Director responsible for drafting the company's accounts documents, who provided the declarations provided by paragraph 5 of art. 154-bis of the TUF, taking into account art. 154-bis, paragraph 3 of Legislative Decree 58/98;
- the periodical meetings with the *Internal Audit Manager*, with regard to activities carried out;
- the examination of the corporate documents and results of the work of the independent auditing firm;
- relations with the control bodies of the subsidiaries, pursuant to art. 151, paragraphs 1 and 2 of the TUF;
- participation in the works of the Control and Risks Committee and, when the items being discussed so required, holding joint meetings with the same Committee;

l) received from the independent auditing firm disclosure concerning the regulatory novelties impacting the auditing of the accounts, and in particular on the annual report on the auditing of the accounts and confirmation of the independence of same, and the notification of the non-auditing services provided by the Company as highlighted in paragraph 10 below;
m) monitored the concrete methods of implementation of the rules of corporate governance provided by the Rules of Self-Discipline of listed companies approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., business associations (ABI, Ania, Assonime and Confindustria) and professional investor associations (Assogestioni);
n) in relation to the topic of corporate responsibility, monitored the application of data integration and information concerning sustainability that are part of the corporate processes and are described in the non-financial statement, an integral part of the 2019 Financial Report according to the international GRI standards and as a methodological reference, the consolidated set of GRI Sustainability Reporting Standards 2016.

4. **Consolidated Financial Statements and Draft 2019 Annual Financial Statements**

The Board of Statutory Auditors received, within the terms of the Law, the Report on Management drafted by the Directors, together with the "*consolidated*" Financial Statements of the Group of which MARR S.p.A. is the Parent Company and the draft annual financial statements closed at 31 December 2019.
The Financial Statements were drawn up according to the *IFRS* emanated by the *IASB* and adopted by the European Commission according to the procedure in art. 6 of EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002 and pursuant to art. 9 of Legislative Decree 38/2005. The IFRS include the *IAS* and the interpretative documents in force issued by the *IFRS IC*.
The independent auditing firm PricewaterhouseCoopers S.p.a., responsible for the legal auditing of the accounts, today released the reports pursuant to articles 14 of Legislative Decree 39/2010 and art. 10 of EU Regulation 537/2014 for the annual financial statements and consolidated financial statements of MARR S.p.A. as at 31 December 2019, expressing an opinion without reserves or recalling disclosure.
In particular, in these reports, the Independent Auditing Firm certifies that the consolidated and annual financial statements provide a truthful and correct representation of the equity and financial situation, the economic result and the cash flows for the business years closed on said date, in compliance with the IFRS and the procedures issued in implementation of art. 9 of Legislative Decree 38/2005 and that the Directors Report and some specific information in the Report on

corporate governance and ownership structure indicated in art. 123-bis, paragraph 4 of Legislative Decree 58 of 24 February 1998, for which the Directors of MARR S.p.A. are responsible, are consistent with the annual and consolidated financial statements of the MARR Group as at 31 December 2019 and are drafted in compliance with the law.

5. **Operations of most relevance in economic, financial and equity terms – related party transactions**

On 13 November 2019, the Company acquired 34% of the shares of the company Jolanda de Colò S.p.A. owned by the company Intrapresa S.r.l., and on 11 March 2020 acquired the remaining 60% of the holding in Si Frutta S.r.l..

As illustrated by the Chief Executive Officer, the infra-group operations for the exchange of goods and/or services occurred under normal market conditions, taking into account the characteristics of the goods sold and services provided. In this regard, we were not informed of, and none emerged, conflicts of interest or the carrying out of blatantly imprudent or risky operations, or operations capable of causing prejudice to the economic, equity and financial situation of the Company and/or of the Group.

On the basis of the information available to the Board of Statutory Auditors, there were no atypical and/or unusual operations.

6. **Meeting with the Boards of Statutory Auditors of the subsidiaries, article 151, paragraphs 1 and 2 of Legislative Decree 58 of 24.2.1998**

No aspects and/or facts of relevance emerged from the meetings held with the Boards of Statutory Auditors of the subsidiaries. The adequacy of the instructions given by the Parent Company was confirmed.

7. **Observations on the adequacy of the organizational structure**

On the basis of its own competences, the Board of Statutory Auditors supervised over the adequacy of the organizational structure of the Company, confirmed its adequacy with regard to the operational management and control requirements.

The Board of Statutory Auditors acknowledges that the organizational structure was updated in compliance with the organizational changes made.

8. **Observations on the adequacy of the internal control and risk management system**

In compliance with the provisions of art. 149 of the TUF, the Board of Statutory Auditors acknowledges that the supervisory activities carried out did not highlight any shortcomings or criticalities that may be considered as indicators of inadequacy of the internal control and risk management system (see paragraph 2).
It is acknowledged that the Board continued to monitor risk management, which from a methodological viewpoint, follows the logic of the ERM (Enterprise Risk Management) model.
During the course of 2019, the Board of Directors approved on several occasions modifications of the Organizational Model ex Legislative Decree 231/01 in order to include the new crimes provided by the laws in force.

9. **Observations on the adequacy of the administration and accounting system and its reliability in terms of properly representing management events**

The Board of Statutory Auditors has no observations to make on the adequacy of the administrative and accounting system and its reliability in terms of properly representing management events.

10. **Observations on relevant aspects emerging during the course of the meetings held with the independent auditing firm pursuant to art. 150, paragraph 2 of Legislative Decree 58/1998 and art. 19, paragraph 1 of Legislative Decree 39/2010**

During the course of the 2019 business year and also in 2020, the Board of Statutory Auditors held seven meetings and periodically exchanged information with the independent auditing firm. The exchanges of information with the auditors pursuant to article 150 of Legislative Decree 58/98 and art. 19, paragraph 1 of Legislative Decree 39/2010 did not highlight any criticalities.
The independent auditing firm PricewaterhouseCoopers S.p.a. did not make any findings and/or disclosure recalls or related observations or limitations in the Reports issued on 30 March 2020, pursuant to article 14 of Legislative Decree 39/2010 and EU Regulation 537/2014, for the annual financial statements and the consolidated financial statements of MARR S.p.A. as at 31 December 2019.

The independent auditing firm PricewaterhouseCoopers S.p.a. did not make any findings and/or disclosure recalls in the Report issued pursuant to article 11 of European Union Regulation 537/2014 on 30 March 2020.

In its Report for the purposes of which in art. 19 of Legislative Decree 39/2010, the independent auditing firm pointed out that no fundamental questions were raised during its audit and no significant shortcomings were found in the internal control system as regards the financial disclosure process.

Taking the above into account, and also the declaration of non-existence of reasons for incompatibility released by the independent auditing firm on 30 March 2020, pursuant to art. 6 of European Union Regulation 537/2014, the Board of Statutory Auditors believes that there are no critical aspects in terms of the independence of the auditing firm.

11. **Conferment of duties to the independent auditing firm**

The Company did not confer any other duties to the independent auditing firm during the course of the 2019 business year.

12. **Opinions given during the course of the business year**

The Board of Statutory Auditors gave the opinion of which in art. 2389, third paragraph of the Civil Code concerning the remuneration of the Chief Executive Officer during the course of the year.

13. **Indication of adhesion by the company to the Rules of Self-Discipline for the Corporate Governance Committees of listed companies**

In observance of the dispositions of article 149, no. 1, sub. c) bis of Legislative Decree 58/98, we acknowledge that the company adheres to and complies with the Rules of Self-Discipline of Italian listed companies, also in respect of the principle of prevalence of substance over form, applying its recommendations according to the criterion of “*comply or explain*”.

In this regard, the Board several tomes and on several occasions advised recommendations 3 and 4 of the Corporate Governance Committee of 19 December 2019.

Adhesion to the regulations provided by the aforementioned Rules of Self-Discipline was found and is the subject of the Report on Corporate Governance and the Ownership Structure drafted by the Board of Directors.

As provided by article 3, paragraph 2 of the Rules of Self-Discipline, during the course of the year, the Board of Directors verified the effective independence of the independent directors and the Board of Statutory Auditors verified the correct application of the criteria and procedures applied. Consistently with the dispositions of article 8, paragraph 1 of the same Code, we also verified the permanence of our independence.
Furthermore, the Board was informed on the remuneration policies in the Remuneration Report approved by the Board of Directors on 13 March 2020 pursuant to art. 123-ter of the TUF.
The Board of Statutory Auditors was updated as regards the evolution of the sector of business in which the company operates and the reference regulatory framework both during the periodical meetings of the Board and in the communications made pursuant to article 2.7 of the Rules of Self-Discipline.

14. **Non-financial declaration ex art. 4 of Legislative Decree 254/2016**

Having acknowledged art. 4 of Legislative Decree 254/2016 concerning the disclosure of non-financial information and the implementation regulation no. 20267 issued by CONSOB on 18 January 2018, pursuant to article 3, paragraph 7 of Legislative Decree 254/2016, the Board of Auditors monitored the compliance of the process which led to the preparation of said document and supervised over the observance of the dispositions established in this decree, which the independent auditing firm has certified the existence and compliance of, by the Board of Directors on 13 March 2020. The Board also met with both the department responsible for its drafting and the representatives of the independent auditing firm and examined the documentation made available. The Board acknowledges the Report by the independent auditing firm, issued on 30 March 2020, which shows the absence of elements, facts or circumstances that could imply that the NFD was not drafted in compliance with the reference regulations.

15. **Final evaluations of the supervisory activities carried out and on any omissions, censurable conduct or irregularities encountered during the course of same**

On the basis of the supervisory activities carried out by the Board of Statutory Auditors, as described above, no censurable conduct, omissions or irregularities emerged worthy of reporting to the competent supervisory and control bodies or mentioning in this Report and reports were received ex art. 2408 of the Civil Code or filed.

The Board of Statutory Auditors is not aware of other facts or episodes worthy of mentioning to the Shareholders' Meeting.

16. **<u>Proposals to be made to the shareholders' meeting pursuant to art. 153, paragraph 2 of Legislative Decree 58/1998</u>**

As stated above, the Board of Statutory Auditors, on the basis of the annual financial statements closed on 31 December 2019, submitted by the Board of Directors on 13 March 2020, sees no reason to prevent their approval and gives its favourable opinion as regards the proposal for the allocation of the profits and distribution of the dividend submitted by the Board of Directors and asks you to deliberate on the matter.

With the approval of the financial statements as at 31 December 2019, the term of office of the Board of Statutory Auditors appointed by the Shareholders' Meeting of MARR S.p.A. on 28 April 2017 comes to an end.

Lastly, the Board of Statutory Auditors carried out the self-evaluation of the Board on 30 March 2020, in compliance with Regulation Q.1.1. of the "*Code of conduct for the boards of statutory auditors of listed companies*" of the National Board of Chartered Accountants and Auditors (April 2018 version), preparing specific disclosure on the activities carried out during the course of 2019/2020 and has sent it to the Company. The outcome of this activity is kept in the official records of the Board of Statutory Auditors.

Lastly, the Board of Statutory Auditors would like to thank the shareholders of MARR S.p.A. for the trust given and also the Board of Directors of the Company and its management team for the successful collaboration during the course of the three years.

Rome, 30 March 2020

(Mr. Massimo Gatto) (Mrs. Paola Simonelli) (Mr. Andrea Foschi)