



GRUPPO  
ORSERO

# CONSOLIDATED HALF- YEARLY FINANCIAL REPORT AS AT JUNE 30, 2020

# Contents

<b>Contents</b> .....	<b>2</b>
Key economic, equity and financial data .....	5
Orsero S.p.A. corporate information .....	7
Composition of Orsero S.p.A. corporate bodies .....	8
Group Structure .....	9
Alternative performance indicators .....	9
<b>Interim directors' report on operations</b> .....	<b>11</b>
Introduction .....	12
Significant events during the first half of the year .....	12
Analysis of the economic and financial situation of Orsero Group .....	15
Commentary on performance of the business sectors .....	20
Other information .....	22
<b>Condensed consolidated half-yearly financial statements as at June 30, 2020</b>	
Consolidated financial statements .....	28
Certification pursuant to Art. 154-bis, par. 5 of the Consolidated Law on Finance of the condensed consolidated half-yearly financial statements pursuant to Art. 81-ter of Consob Regulation no. 11971 of May 14, 1999, as amended .....	32
Notes to the condensed consolidated half-yearly financial statements .....	33
Valuation criteria .....	39
Other information .....	40
Accounting standards, amendments and IFRS interpretations applied from January 1, 2020 .....	45
Accounting standards, IFRS and IFRIC amendments and interpretations not yet endorsed by the European Union at June 30, 2020 .....	46
Notes - disclosures on the statement of financial position and the income statement .....	47
<b>Independent Auditor's Report</b> .....	<b>84</b>

## OUR WORLD, AT A GLANCE



AROUND THE WORLD, OUR GROUP IS SEEN AS A SYMBOL OF **ITALIAN EXCELLENCE, TENACITY AND SUCCESS**. WE'RE KNOWN FOR DELICIOUS FRUIT AND VEGETABLE PRODUCTS, AS WELL AS OUR **AUTHENTICITY AND INTEGRITY**.



**80**  
YEARS OF  
ACTIVITY



**+ 1,500**  
EMPLOYEES



**+ 300**  
PRODUCT  
TYPES

**2** BUSINESS AREAS



**IMPORTS &  
DISTRIBUTION  
OF FRUIT AND  
VEGETABLES IN  
SOUTHERN EUROPE**



**SHIPPING  
OF BANANAS  
AND  
PINEAPPLES**

**59%**

LARGE RETAIL DISTRIBUTION  
IN THE MAIN EUROPEAN  
MARKETS



**+ 100**  
LARGE RETAIL  
CLIENTS



**+ 10,000**  
CLIENTS INCLUDING LARGE  
RETAIL CHAINS  
AND SMALL GREENGROCERS



PRESENT IN  
**8 COUNTRIES**

ITALY, SPAIN, FRANCE, PORTUGAL, GREECE,  
COSTA RICA, COLOMBIA, MEXICO



**165,000 sqm**  
TOTAL WORK  
SPACE



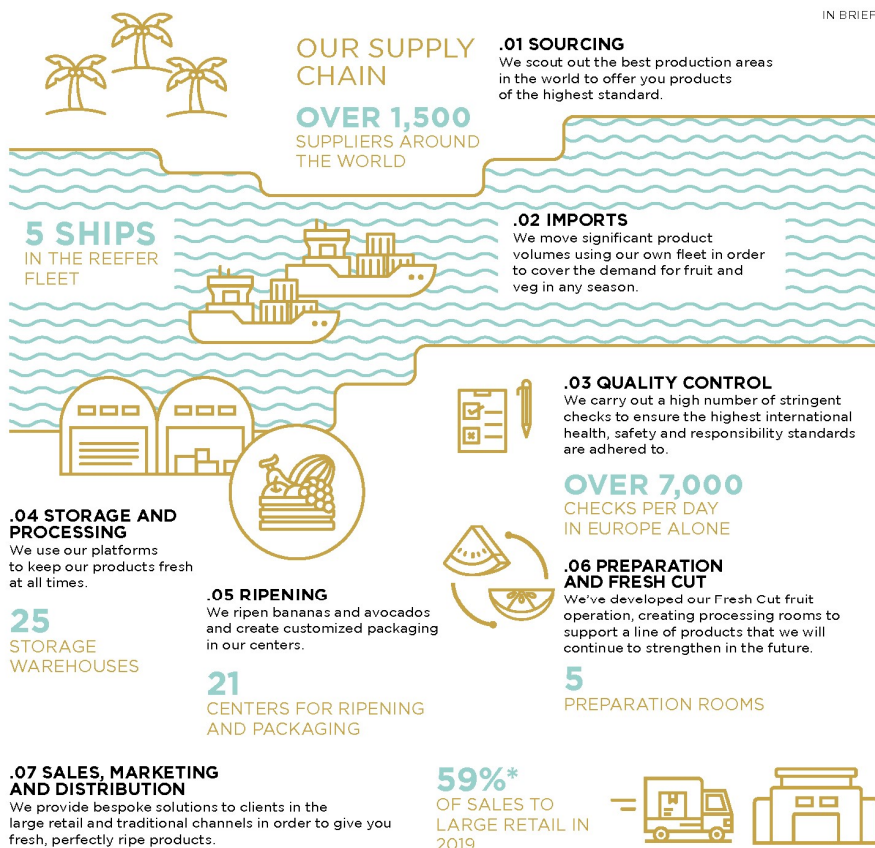
**MARKET  
LEADER**  
IN ITALY AND PORTUGAL

**SECOND**  
IN SPAIN

**THIRD**  
IN FRANCE

## FROM ALL FOUR CORNERS OF THE PLANET TO YOUR TABLE, IN EVERY SEASON

The world has changed since we first started working in the fresh fruit and veg section, but one **essential principle** has remained the same for us. Our **unerring focus on quality**. We now manage and monitor the entire **value chain**, allowing us to achieve excellence and ensure safety and security at every stage and thus maintain the freshness and quality of our products.



\*aggregate value of sales in the Group's European Distribution division.

## Key economic, equity and financial data

### Economic data:

Thousands of Euro	30.06.2020	30.06.2019
Net Sales	520,759	492,895
Adjusted Ebitda	23,499	19,259
% Adjusted Ebitda	4.51%	3.91%
Adjusted Ebit	10,922	7,673
Ebit	9,094	4,662
Net Profit from continuing operations	6,212	1,111
Net Profit	6,212	1,111
Net Profit attributable to non-controlling interests	200	198
Net Profit attributable to Parent Company	6,012	913
Adjusted net profit	7,462	3,999

### Equity data:

Thousands of Euro	30.06.2020	31.12.2019
Net Invested Capital	273,783	277,830
Capital and reserves attributable to Parent Company	153,986	150,221
Non-Controlling Interest	726	710
Total Shareholders' Equity	154,712	150,931
Net Financial Position	119,072	126,898

### Main indicators:

Thousands of Euro	30.06.2020	31.12.2019
Net Financial Position/Total Shareholders' Equity	0.77	0.84
Net Financial Position/Adjusted Ebitda*	2.77	3.28

#### Main indicators without IFRS 16 effect

Net Financial Position/Total Shareholders' Equity	0.57	0.44
Net Financial Position/Adjusted Ebitda*	2.63	2.31

\* Please note the Adjusted Ebitda of the half-year is determined "rolling", that is to say, considering the terminal figure from 1° July 2019 to 30 June 2020.

### Cash flow data:

Thousands of Euro	30.06.2020	30.06.2019
<b>Net Profit</b>	<b>6,212</b>	<b>1,111</b>
Net cash flows provided by (used for) operating activities	7,533	( 8,503)
Net cash flows provided by (used for) investing activities	2,726	( 22,502)
Net cash flows provided by (used for) financing activities	( 21,579)	5,830
Increase/ (decrease) of cash and cash equivalent	( 11,320)	( 25,175)
<b>Net cash and cash equivalents, at beginning of the period</b>	<b>56,562</b>	<b>76,285</b>
<b>Net cash and cash equivalents, at end of the period</b>	<b>45,242</b>	<b>51,110</b>

## Economic and equity data and indicators without the effect of IFRS 16:

A summary of the main indicators prior to the application of IFRS 16 is provided below.

Thousands of Euro	30.06.2020	30.06.2019
Adjusted Ebitda	19,406	14,781
% Adjusted Ebitda	3.73%	3.00%
Financial income and expenses (Without exchange rate differences)	( 1,440)	( 1,229)
Net Invested Capital	243,337	222,872
Total Shareholders' Equity	155,114	150,163
Net Financial Position	88,223	72,709
<b>Main indicators at 30.06.2020 vs year 2019</b>		
Net Financial Position/Total Shareholders' Equity	0.57	0.44
Net Financial Position/Adjusted Ebitda*	2.63	2.31

\* Please note the Adjusted Ebitda of the half-year is determined "rolling", that is to say, considering the terminal figure from 1° July 2019 to 30 June 2020.

The tables above provide initial preliminary details of the Group business trend in the first half of 2020, fully described later on in the dedicated sections of this interim report.

As concerns banana and pineapple import activities, until last year included in the "Import & Shipping" sector, the Group's Management has decided, as already noted in the Report to the 2019 Financial Statements, to include those activities in the "Distribution" sector as of January 1, 2020, given the increased interaction compared to the past of this activity, which is now almost entirely carried out with respect to Group distribution companies. Following this change, the "Distribution" sector changed name to "Import & Distribution", while the "Import & Shipping" sector changed name to "Shipping", insofar as it includes maritime transport only, and period reporting starting Q1 2020 is structured as follows, with a clear adjustment of 2019 data to allow for a consistent comparison.

## Orsero S.p.A. corporate information

### Registered Office:

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

### Representative office:

Corso Venezia 37,  
20121 Milan

### Administrative office:

Cime di Leca 30,  
17031 Albenga (SV)

### Legal data:

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

## Composition of Orsero S.p.A. corporate bodies

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

### Board of Directors<sup>1</sup>:

Paolo Prudenziati	Non-Executive Chair
Raffaella Orsero	Deputy Chair, Managing Director, Chief Executive Officer
Matteo Colombini	Managing Director, Chief Financial Officer
Carlos Fernández Ruiz	Director
Armando Rodolfo de Sanna <sup>2</sup>	Independent Director
Vera Tagliaferri <sup>2</sup>	Independent Director
Laura Soifer <sup>2</sup>	Independent Director
Elia Kuhnreich <sup>3-4</sup>	Independent Director
Riccardo Manfrini <sup>3-4</sup>	Independent Director

### Board of Auditors<sup>5</sup>:

Giorgio Grosso <sup>4</sup>	Chair
Michele Paolillo	Statutory Auditor
Elisabetta Barisone	Statutory Auditor
Michele Graziani <sup>4</sup>	Alternate Auditor
Paolo Rovella	Alternate Auditor

### Control and Risks Committee<sup>6</sup>:

Vera Tagliaferri	Chair
Armando Rodolfo de Sanna	Member
Riccardo Manfrini	Member

### Remuneration and Appointments Committee<sup>6</sup>:

Armando Rodolfo de Sanna	Chair
Vera Tagliaferri	Member
Paolo Prudenziati	Member

### Related Parties Committee<sup>6</sup>:

Laura Soifer	Chair
Vera Tagliaferri	Member
Elia Kuhnreich	Member

### Independent Auditors:

KPMG S.p.A.

<sup>(1)</sup> The Board of Directors, consisting of nine members, was appointed by the Shareholders' Meeting on April 30, 2020 and shall remain in office until the date of approval of the financial statements at December 31, 2022.

<sup>(2)</sup> Declared, on submission of the list for the appointment of the Board of Directors, that he/she meets the independence requirements set forth in Articles 147-ter, paragraph 4 and 148, paragraph 3 of the Consolidated Law on Finance (TUF) and Art. 3 of the Corporate Governance Code of listed companies.

<sup>(3)</sup> Declared, on submission of the list for the appointment of the Board of Directors, that he/she meets the independence requirements set forth by law and the articles of association.

<sup>(4)</sup> Taken from the list submitted jointly by funds managed by Praude Asset Management Limited.

<sup>(5)</sup> The Board of Statutory Auditors, consisting of 3 standing auditors and two alternates, was appointed by the Shareholders' Meeting on April 30, 2020 and shall remain in office until the date of approval of the financial statements at December 31, 2022.

<sup>(6)</sup> The members of the Remuneration and Appointments, Related Parties and Control and Risks committees were appointed by the Board of Directors on May 6, 2020 and shall remain in office until the date of approval of the financial statements at December 31, 2022.



## Group Structure



Summary representation of the Group.

## Alternative performance indicators

In this consolidated half-yearly financial report, certain economic and financial indicators that are not defined as accounting measures by IAS-IFRS, but which make it possible to discuss the Group's business are presented and analyzed. These figures, explained below, are used to comment on the performance of the Group's business in the sections "Key economic, equity and financial data", "Interim directors' report on operations" and in the "Notes", in compliance with the provisions of the Consob Communication of July 28, 2006 (DEM 6064293) and subsequent amendments and supplements (Consob Communication no. 0092543 of December 3, 2015 implementing the ESMA/2015/1415 guidelines).

The alternative performance indicators listed below should be used as a supplement to those provided in accordance with IAS-IFRS to assist users of the financial report in better understanding the Group's economic, equity and financial performance. It should be emphasized that the criterion used by the Group may not be the same as that adopted by other groups and thus the figure obtained may not be comparable with that determined by these other groups.

The definitions of the alternative performance indicators used in the Consolidated Half-Yearly Financial Report are as follows:

**Adjusted Ebitda:** refers to the operating result (EBIT) plus amortization/depreciation, provisions and non-recurring costs/income, including any costs (also notional) of incentive plans. Note that the parameter thus determined does not consider financial income, financial expenses and exchange rate differences, taxes, or pro-rata gains/losses arising from the application of the equity method for associated companies and joint ventures.

**Adjusted Ebit:** refers to the operating result (EBIT) net of non-recurring costs/income, including any costs (also notional) of incentive plans.

**Current result for the year:** used for a comparison in terms of total consolidated result, represents the result for the period net of non-recurring income and expense, inclusive of the relative taxes. As such, this indicator provides useful and immediate information on the profit trends for the period without considering non-recurring components.

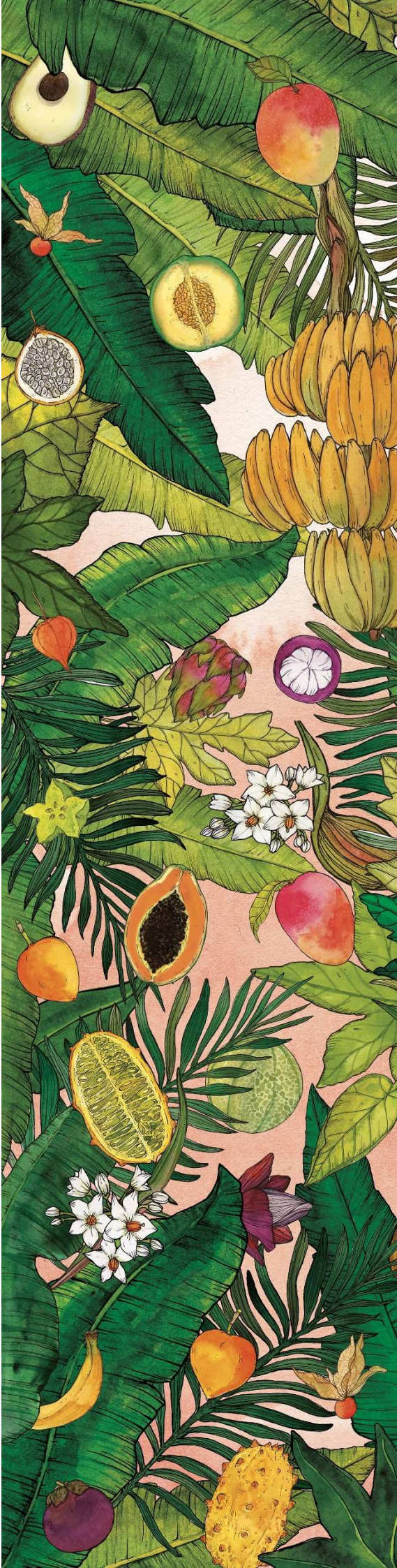
**Fixed assets:** calculated as the algebraic sum of the following items: goodwill, other intangible assets, tangible assets, financial investments, other fixed assets, and receivables for deferred tax assets. Any fair value of hedging derivatives, as well as non-current assets included in the item "other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

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

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

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

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



# Interim directors' report on operations

## Introduction

The Condensed consolidated half-yearly financial statements of Orsero relating to the Group of the same name ("Orsero Group") as at June 30, 2020 were prepared in accordance with international accounting standards (IAS/IFRS) pursuant to Regulation (EC) no. 1606/2002, issued by the International Accounting Standard Board (IASB) and endorsed by the European Union, including all International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and of the previous Standing Interpretations Committee (SIC). Additionally, these financial statements were drafted to comply with what is defined in Art. 154-ter of Italian Legislative Decree no. 58/1998 and in compliance with the provisions issued in implementation of Art. 9 of Italian Legislative Decree no. 38/2005, the indications have been considered as given in Consob Resolution no. 15519 of July 27, 2006, setting out "Provisions on financial statements", Consob Resolution no. 15520 of July 27, 2006, setting out "Amendments and supplements of the Issuers' Regulation adopted by Resolution no. 11971/99", Consob Communication no. 6064293 of July 28, 2006, setting out "Corporate disclosures required in compliance with Art. 114, paragraph 5 of Italian Legislative Decree no. 58/98", communication DEM/7042270 of May 10, 2007 and Bank of Italy/Consob/Isvap document no. 2 of February 6, 2009. This financial report was drafted according to IAS 34 "Interim financial reporting", applying the same consolidation principles and measurement criteria as adopted in drafting the financial statements as at December 31, 2019. This report was prepared in accordance with Art. 2428 of the Italian Civil Code; it provides the most significant information on the economic, equity, and financial situation as well as the performance of Orsero Group, as a whole and in the various sectors in which it operates.

Orsero S.p.A. (the "Parent Company" or the "Company" and, together with its subsidiaries, the "Group" or the "Orsero Group") is a company with its shares listed on the STAR segment of the telematic stock exchange (MTA) since December 23, 2019.

The scope of consolidation in the first half of 2020 changed compared to the same period of 2019, following the acquisition in July 2019 of the remaining 75% of the share capital of the company Fruttital Cagliari S.r.l., consolidated line by line as of July 1, 2019, the sale of the minor company Vado Container Services in December 2019 and the liquidation of the associated company Simba Spain S.L. In the first half of 2019, the company Fruttital Cagliari S.r.l. was consolidated with the equity method. Furthermore, the sub-holdings GF Distribuzione S.r.l. and GF Porterm S.r.l. were merged by incorporation into the Parent Company Orsero in the second half of 2019, an operation which was neutral in terms of its effects on the condensed consolidated half-yearly financial statements.

The Group's operations are, by their nature, subject to seasonal phenomena and therefore the results of the first half cannot be considered representative of performance for the entire year, although there is a certain offsetting between the Import & Distribution sector, which sees its highest volumes of revenues in the months from May to September, and the Shipping sector, which instead typically has the peak of its activities in the first half of the year.

## Significant events during the first half of the year

Below are the most significant events that took place in the first half of 2020, consisting mainly of the acquisition of warehouses previously leased by the Group in Milan, Verona, Rome and Molfetta from the related company Nuova Beni Immobiliari, the appointment of the members of the corporate bodies as decided by the Shareholders' Meeting on April 30 and events linked to the Covid-19 epidemic.

### Acquisition of Italian warehouses

As already mentioned in the report to the 2019 financial statements, on January 14, 2020 the deed of purchase was finalized for the Milan, Verona, Rome and Molfetta warehouses owned by the related company Nuova Beni Immobiliari S.r.l. for a total value of Euro 17 million. The acquisition of

the warehouses, which the Group was using under a lease stipulated through to end 2035, came as part of a Plan prepared pursuant to Art. 67 of the Bankruptcy Law, whereby the company Nuova Beni Immobiliari has reached an agreement with its financial creditors on how to repay its debt. The January acquisition of the Italian warehouses by Fruttital S.r.l. for a value of Euro 17.8 million, inclusive of taxes and accessory expenses, was partly financed through own funds and partly by a 10-year mortgage loan for Euro 15 million. Please note that, in terms of the application of the new IFRS 16 standard, with these transactions the warehouse value of Euro 17.8 million replaces the value of the IFRS 16 right of use on the same warehouses for a total of Euro 27.5 million, with a significant impact on the Net Financial Position. As this is classed as a related party transaction, the investment was first examined by the Related Parties Committee, which duly approved it.

### **Effects of the Coronavirus epidemic**

The beginning of the year 2020 was clearly dominated by the effects of the Covid-19 pandemic which, beginning around the end of 2019 in the Chinese province of Wuhan, gradually spread throughout most of the world. As concerns our Group, the initial effects taking place in Italy in March were followed with a delay of two to three weeks by similar effects in other main markets in which the Group operates such as Spain, France, Greece, Portugal and Mexico/USA.

Given the nature of the Group's activities, regarding the marketing of staple food products, the Covid-19 pandemic has not had particularly negative effects on the Group's activities to date, at least in terms of sales and results, as the drop in sales to the Ho.Re.Ca. (hotels, professional food service at bars and restaurants, canteens) channel was indeed offset by an increased volume in sales to mass distribution outlets.

Therefore, in the absence of significant impacts on the Group's accounts, it was not necessary to perform any impairment testing on the Group's assets and/or revise future forecasts as set forth in Consob note 8/20 of July 16, 2020 and in ESMA recommendation of May 20, 2020.

The most significant impacts instead were seen at operating level, due to the introduction and application of the required precautions with respect to employees and third parties in warehouses and markets as well as the offices. The companies thus implemented the safety protocols outlined by the Authorities to regulate entries and interpersonal contact within their operating platforms and offices, carry out the necessary sanitization activities and provide personal protection equipment. All personnel, both internal and external, have fully collaborated, to ensure the effective handling of our products within the warehouses. The majority of indirect personnel employed in commercial and administrative activities promptly began working remotely, optimizing the use of modern electronic technologies in order to maintain almost normal business activities.

In economic terms, until June 30, 2020 the costs linked to the acquisition of personal protection equipment, sanitation services and bonuses for internal and external personnel totaled Euro 620 thousand, partially offset by benefits totaling Euro 159 thousand, of which Euro 131 thousand linked to the relief on the 2019 IRAP balance established by the Italian authorities, from which the company Cosiarma was able to benefit.

The Group's management is also continuously monitoring the situation from the financial, commercial and organizational standpoint, also in light of the recent initiatives ordered by the governments of the countries in which it operates for a gradual resumption of normal economic activity, as well as the treasury situations relating in particular to the cycle of collections from customers.

In April, following issues taking place in the handling and packaging of goods by the cooperatives operating in the Milan warehouse, arising in March due to Covid-19, given the impossibility stated by such cooperatives to ensure the recovery of normal levels of activity, it was decided to stop all activities at the Milan warehouse and transfer all logistics to Verona, with no significant consequences on the efficiency of logistics operations. The operating structure thus obtained was deemed optimal by the management and therefore the resumption of activities at the Milan operating site is not planned.

## **Distribution of the ordinary dividend through the assignment of treasury shares**

On April 30, 2020, the Shareholders' Meeting approved the allocation of profit for the year in accordance with the proposal of the Board of Directors and in particular the distribution of a dividend in kind through the assignment of 246,298 treasury shares to the extent of 1 share for every 69 shares held by the Shareholders at the ex-dividend date with rounding down to the nearest unit. The ex-dividend date for coupon no. 5 was May 11, 2020, the record date was May 12 and payments began on May 13, 2020.

## **Resolution on the remuneration policy and fees paid**

The Shareholders' Meeting of April 30, 2020 approved with a binding vote pursuant to the law the remuneration policy for the next three years and the Report on Remuneration and on the compensation paid in 2019.

## **Board of Directors**

The Shareholders' Meeting of April 30, 2020 appointed the new Board of Directors of the Parent Company, consisting of 9 members, in office until the date of approval of the 2022 financial statements and determined in compliance with the voting by list procedure set forth in the articles of association, with 7 Directors elected from the list submitted jointly by the shareholders FIF Holding S.p.A. and Grupo Fernández, which came in first by number of votes, and 2 Directors taken from the list submitted jointly by funds managed by Praude Asset Management Limited. The Shareholders' Meeting also confirmed as Chair of the Board of Directors Mr Paolo Prudenziati, who was a candidate on the list submitted by the shareholders FIF Holding S.p.A. and Grupo Fernández.

## **Board of Statutory Auditors**

The Shareholders' Meeting of April 30, 2020 appointed the new Board of Statutory Auditors, in office until the date of approval of the financial statements at December 31, 2022, appointing the Chair of the Board of Statutory Auditors, pursuant to the law and the articles of association, who was the first candidate from the list submitted jointly by the funds managed by Praude Asset Management Limited, which was second by number of votes, and 2 standing auditors who were part of the list submitted by the shareholder FIF Holding S.p.A., which came in first by number of votes.

## **Remuneration and Appointments Committee, Control and Risks Committee, Related Parties Committee**

On May 6, 2020, the Board of Directors established the Remuneration and Appointments Committee, the Control and Risks Committee and the Related Parties Committee, which will remain in office until the date of approval of the financial statements at December 31, 2022. The Board of Directors approved a composition of the board committees in line with best practices with the representation of all independent directors on at least 1 board committee.

## **Authorization to purchase and dispose of treasury shares**

The Shareholders' Meeting of April 30 authorized the Board of Directors to purchase and dispose of ordinary treasury shares pursuant to Articles 2357 and 2357-ter of the Italian Civil Code. The purchase authorization was granted for a period of 18 months, including in several tranches, for a maximum number of shares which, taking account of the ordinary shares of the Company held in the portfolio from time to time, does not, on the whole, exceed a maximum of Euro 2 million. The authorization to dispose of treasury shares is requested with no time limitation. The authorization is meant to provide Orsero with a useful strategic investment opportunity for all purposes permitted by the applicable provisions, including therein the purposes set out in Art. 5 of Regulation (EU) no. 596/2014 and in the practices permitted by law under Art. 13 of that Regulation, when applicable,

including the purpose of purchasing treasury shares on the basis of their subsequent cancellation, in the terms and with the conditions approved by the competent corporate bodies. Purchases can be made at a unit consideration of no more than 20% lower and no more than 10% higher than the arithmetic mean of the official prices recorded by Orsero shares on the MTA market in the 10 open stock market days prior to the individual transaction. Between June 24 and 30 the Parent Company acquired a total of 30,000 treasury shares at an average price of Euro 6.52 per share for a total of Euro 195,677. At June 30, 2020, the company holds 219,339 treasury shares, equal to 1.24% of the share capital for a total of Euro 1,973,899.

### **Long-term variable remuneration - 2020-2022 LTI Plan**

In line with the best market practices adopted by listed companies at national and international level, the Company believes that remuneration plans linked to share performance are an effective incentive and loyalty tool for key players in order to maintain and improve performance and contribute to the growth and success of companies. The adoption of remuneration plans linked to share performance also responds to the recommendations of the Corporate Governance Code, Art. 6 of which recognizes that these types of plans represent a suitable instrument for aligning the interests of executive directors and managers with strategic responsibilities of listed companies with those of shareholders, allowing the priority objective of creating value over the medium to long term. The establishment of incentive remuneration mechanisms is expressly required by stock exchange regulation for companies belonging to the STAR segment of the MTA. The "2020-2022 Long-Term Monetary Incentive Plan" therefore aims to stimulate the maximum alignment of Beneficiaries' interests with the pursuit of the priority objective of sustainable creation of value for shareholders in the medium-long term. In particular, it makes it possible to pursue the following objectives: 1) to reward the short- and long-term performance of the Orsero Group as well as strengthen the alignment between the interests of management and those of shareholders, directing behavior towards the sustainability of performance and the achievement of defined objectives; 2) to develop retention policies aimed at retaining key corporate resources and encouraging them to remain with the Group; 3) to develop policies to attract talented managerial and professional figures. The Plan recognizes within the remuneration structure of the beneficiaries a monetary economic incentive related to the achievement of certain performance and value creation objectives for shareholders, subject to the fulfillment of the access conditions ("Gate") and the continuation of employment with the Orsero Group. Although the Plan does not provide for the assignment of financial instruments, but rather only the attribution of monetary incentives, it does establish that a part of these incentives shall be indexed to the return on the Company's securities, which is why the Plan itself is subject to the rules set out in Art. 114-bis of the Consolidated Law on Finance for plans that provide for the assignment of financial instruments, as applicable. For details about the Plan, please refer to the governance section of the website <https://www.orserogroup.it/governance/remunerazione/>.

In the context of the consolidated half-yearly balance sheet no allocations have been made related to this Plan due to the uncertainties linked to the achievement of targets as well as the measurement of share performance in future years. These bonuses will be determined only when drafting the annual financial statements, under the conditions laid down.

## **Analysis of the economic and financial situation of Orsero Group**

The condensed consolidated half-yearly financial statements posted a profit of Euro 6,212 thousand (as at June 30, 2019: Euro 1,111 thousand), of which Euro 6,012 thousand attributable to the Group (as at June 30, 2019: Euro 913 thousand), after having recorded amortization, depreciation and provisions of Euro 12,577 thousand (as at June 30, 2019: Euro 11,586 thousand), net non-recurring expenses of Euro 1,828 thousand (within which the Covid-19 component represents a net expense of Euro 592 thousand, plus the benefit of Euro 131 thousand due to the

lower IRAP outlay, mentioned above; for the other main components, please refer to the table below relating to the Adjusted Net Profit), the net income (loss) from equity investments of Euro 20 thousand and the pro-rata result of the companies consolidated at equity of Euro 522 thousand. Below is a breakdown of the main income statement items, almost all identifiable in the financial statements with the exception of the "Adjusted EBITDA", which is the main performance indicator used by the Group, and "Adjusted EBIT", both defined in the "Alternative performance indicators" section.

Thousands of Euro	30.06.2020	30.06.2019
Net Sales	520,759	492,895
Adjusted Ebitda	23,499	19,259
Adjusted Ebit	10,922	7,673
Operating Result (Ebit)	9,094	4,662
Financial income	78	153
Financial expenses and exchange rate differences	( 1,379)	( 2,249)
Net income (loss) from equity investments	20	1
Share of net profit of associates and joint ventures	522	32
Profit before tax	8,335	2,599
Net profit from continuing operations	6,212	1,111
Net profit	6,212	1,111
Net Profit attributable to non-controlling interests	200	198
Net Profit attributable to Parent Company	6,012	913
Adjusted net profit	7,462	3,999

The Group's overall performance in the first half of 2020 marked a good increase on the whole compared to the first half of 2019 thanks to the return of Import & Distribution and Shipping sector activities to regular levels of profitability. Adjusted EBITDA, totaling Euro 23,499 thousand, marked an increase of Euro 4,240 thousand compared to last June 30, and the profit for the period of Euro 6,212 thousand increased by Euro 5,102 thousand, essentially linked to the better operating performance expressed by Adjusted EBITDA<sup>1</sup>.

In terms of turnover, the overall increase in revenues came to Euro 27,864 thousand (+5.7%) compared to June 30, 2019 only in part - Euro 7,679 thousand - due to the companies acquired in 2019 and the disposal of the minor company Vado Container Services. Increases in revenue regarded all of the main Group companies, in the Import & Distribution sector as well as in Shipping activities. In particular, the European distribution companies overall increased their aggregate volumes sold in the first half of 2020 compared to the same period of 2019, on a like-for-like basis, by nearly 8,500 tons (+2.3%), with an increase of 6 eurocents in the average unit sale price.

Thousands of Euro	30.06.2020	30.06.2019
"Import & Distribution" Sector	487,950	462,837
"Shipping" Sector	52,720	45,115
"Services" Sector	5,640	6,321
Net Sales Inter-sector	( 25,551)	( 21,378)
<b>Net Sales</b>	<b>520,759</b>	<b>492,895</b>

### Geographical information

The analysis of the information by geographical area shows details of the Group's revenues, divided up into the main geographical areas (thereby meaning those in which the company that

<sup>1</sup> The improvement of Euro 5,102 thousand results from the better operating performance by Euro 4,240 thousand, higher amortization, depreciation and provisions by Euro 991 thousand, higher net financial expenses by Euro 283 thousand, the positive change in exchange differences from a loss of Euro 432 thousand in the first half of 2019 to a gain of Euro 648 thousand in the first half of 2020, higher taxes by Euro 635 thousand, the better equity result and non-recurring items by Euro 1,691 thousand.



generated the revenue is based) for the first half of 2020 and 2019, showing the Group's eurocentric nature.

Thousands of euro	30.06.2020	30.06.2019	Change
<b>Europe</b>	<b>497,973</b>	<b>465,804</b>	<b>32,169</b>
<i>of which Italy</i>	241,418	226,990	14,428
<i>of which France</i>	87,853	82,146	5,707
<i>o which Spain</i>	134,912	124,264	10,648
<b>Latin America and North America</b>	<b>22,786</b>	<b>27,091</b>	<b>( 4,305)</b>
<b>Total net sales</b>	<b>520,759</b>	<b>492,895</b>	<b>27,864</b>

As shown in the table, Europe represents the center of the Orsero Group's activities, while non-European revenue is linked to activities carried out in Mexico, relating to the production and marketing/export of avocados, and Costa Rica, to support the sourcing of bananas and pineapples and their transport to Europe.

Finally, please note that for Group revenues, the currency component is insignificant, given that the revenues of distributors, apart from the Mexican company, are all in euros.

The table below provides a reconciliation of the Adjusted EBITDA, used by the Group's management team as a performance indicator monitored on a consolidated level, with the period result presented in the income statement.

Thousands of euro	30.06.2020	30.06.2019	Change
<b>Net profit</b>	<b>6,212</b>	<b>1,111</b>	<b>5,102</b>
Tax expenses	2,123	1,488	635
Financial income	( 78)	( 153)	75
Financial expenses and exchange rate differences	1,379	2,249	( 871)
Net income (loss) from equity investments	( 20)	( 1)	( 18)
Share of net profit of associates and joint ventures	( 522)	( 32)	( 490)
<b>Operating result (Ebit)</b>	<b>9,094</b>	<b>4,662</b>	<b>4,432</b>
Amortization of intangible and depreciation tangible assets	11,791	10,683	1,107
Accruals of provision	786	902	( 116)
Non recurring income	( 41)	( 558)	517
Non recurring expenses	1,870	3,570	( 1,700)
<b>Adjusted Ebitda</b>	<b>23,499</b>	<b>19,259</b>	<b>4,240</b>

\* Please note that the Adjusted Ebitda at June 30, equal of Euro 23,499 thousand (Euro 19,259 thousand at June 30, 2019) increases by Euro 4,093 thousand (Euro 4,478 thousand at June 30, 2019) due to the adoption of IFRS 16 "leases", entered into force on January 1, 2019. This improving effect is almost completely offset by the higher depreciation Euro 3,611 thousand (Euro 4,077 thousand at June 30, 2019) and interest expensed Euro 508 thousand (Euro 436 thousand at June 30, 2019), due to the adoption of this new principle.

The following table shows the sector results in terms of Adjusted EBITDA, highlighting the above-mentioned improvement in the Import & Distribution sector as well as in Shipping, which improved their Adjusted EBITDAs by Euro 2 million and Euro 2.7 million, respectively, compared to the first half of 2019. Please note that the Adjusted EBITDA of Euro 23,499 thousand was impacted by the IFRS 16 reclassification of Euro 4,093 thousand, while in the first half of 2019, that impact amounted to Euro 4,478 thousand.

The Services segment is mainly represented by the Parent Company Orsero S.p.A., flanked on a lesser scale by the companies operating in customs services, most of which are provided to third parties, and IT services, mainly inter-company. The result measured by adjusted EBITDA is typically negative, as the Parent Company determines its result according to the dividends collected. Please note that, due to the change in the activity carried out by Simba S.p.A., starting from January 1 the Parent Company Orsero stopped charging this company royalties for the use of the

Fratelli Orsero trademark, with an impact of around Euro 700 thousand on Adjusted EBITDA in the first half of 2020.

Thousands of Euro	30.06.2020	30.06.2019
"Import & Distribution" Sector	16,305	14,253
"Shipping" Sector	10,165	7,411
"Services" Sector	( 2,971)	( 2,405)
<b>Adjusted Ebitda</b>	<b>23,499</b>	<b>19,259</b>

The following table instead shows a comparison between the Adjusted Net Profits of the two periods in question, highlighting the reduced impact of non-recurring components in 2020, net of the respective tax effects, the main items of which relate to Covid-19 and employee bonuses.

Thousands of Euro	30.06.2020	30.06.2019
<b>Net profit</b>	<b>6,212</b>	<b>1,111</b>
Non recurring costs related to MTA/Star listing process	-	170
Covid-19 costs	319	-
Litigation	185	1,600
Costs related to M&A activity	-	217
Costs related to workforce	450	405
Other non-recurring profit/loss, net of tax	295	496
<b>Adjusted Net Profit</b>	<b>7,462</b>	<b>3,999</b>

As regards the Statement of financial position, the main data used and reviewed periodically by Management for the purpose of making decisions regarding resources to be allocated and evaluation of results is presented.

Thousands of Euro	30.06.2020	31.12.2019
Fixed Assets	241,820	256,336
Net Working Capital	44,538	30,550
Other current assets/(liabilities)	( 12,575)	( 9,057)
Net Invested Capital	273,783	277,830
Total Shareholders' Equity	154,712	150,931
Net Financial Position	119,072	126,898

The main changes in the financial structure at June 30, 2020 compared to December 31, 2019 are primarily linked to:

- Decrease in fixed assets of Euro 14,516 thousand, due to investments for a total of Euro 27,320 thousand (of which Euro 17.8 million linked to the acquisition of the Fruttital warehouses), disposals of Euro 28,472 thousand (including the write-off of the value of the right of use pursuant to IFRS 16 for Euro 27.5 million on the warehouses acquired by Fruttital S.r.l.), depreciation and amortization of Euro 11,791 thousand and other changes of Euro 1,573 thousand;
- Increase in commercial Net Working Capital of Euro 13,988 thousand, with June 30 typically being the reporting date with the maximum working capital requirement for the distribution companies. It is also necessary to consider the impact of the significant revenue growth observed in the first half of 2020;
- improvement of Euro 7,827 thousand in the Net Financial Position, influenced by the above-mentioned write-off of the value of the liability pursuant to IFRS 16 of Euro 27.5 million for the four warehouses acquired by Fruttital against an investment of Euro 17.8 million.

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

Thousands of Euro	30.06.2020	31.12.2019
Net Financial Position/Total Shareholders' Equity	0.77	0.84
Net Financial Position/Adjusted Ebitda*	2.77	3.28
<b>Main indicators without IFRS 16 effect</b>		
Net Financial Position/Total Shareholders' Equity	0.57	0.44
Net Financial Position/Adjusted Ebitda*	2.63	2.31

\* Please note the Adjusted Ebitda of the half-year is determined "rolling", that is to say, considering the terminal figure from 1° July 2019 to 30 June 2020.

Note that the Net Financial Position is calculated in full compliance with the ESMA recommendation, as specified below:

Thousands of euro		30/06/2020	31/12/2019
A	Cash and cash equivalent	45,242	56,562
B	Other liquid assets	-	-
C	Current financial assets	74	19
<b>D</b>	<b>Liquidity (A+B+C)</b>	<b>45,316</b>	<b>56,581</b>
<b>E</b>	<b>Current financial receivables</b>	<b>-</b>	<b>-</b>
F	Current bank payables	( 27,619)	( 25,204)
G	Current portion of non-current debt	( 14,979)	( 13,894)
H	Other current financial payables *	( 11,811)	( 12,799)
<b>I</b>	<b>Current financial debt (F+G+H)</b>	<b>( 54,409)</b>	<b>( 51,897)</b>
<b>J</b>	<b>Net current financial debt (I-E-D)</b>	<b>( 9,094)</b>	<b>4,684</b>
K	Non-current bank payables	( 51,853)	( 44,737)
L	Bonds	( 30,000)	( 30,000)
M	Other non-current financial payables*	( 28,125)	( 56,846)
<b>N</b>	<b>Non-current financial debt (K+L+M)</b>	<b>( 109,978)</b>	<b>( 131,583)</b>
<b>O</b>	<b>Net financial debt in accordance with ESMA (J+N)</b>	<b>( 119,072)</b>	<b>( 126,898)</b>

\* Other current financial payables and other non-current financial payables include financial leases, factoring with recourse, payables for price balance on acquisitions, mark to market of liabilities for the derivatives, possible shareholder loan and debt one-off, in addition to debt ex IFRS 16 for the total Euro 30,849 thousand (Non-current Euro 24,454 thousand and Current Euro 6,394 thousand) at June 30, 2020 and for total Euro 59,988 thousand (Non-current Euro 51,907 thousand and Current Euro 8,081 thousand) at December 31, 2019.

## Shareholders' equity and Treasury shares

The share capital at June 30, 2020, fully paid in, consisted of 17,682,500 shares without par value for a value of Euro 69,163,340; there are no preference shares. Holders of ordinary shares have the right to receive the dividends as they are resolved and, for each share held, have a vote to be cast in the Company's Shareholders' Meetings. The shareholders' equity as at June 30, 2020 increased when compared to December 31, 2019 due essentially to the result achieved by the Group in the first half of 2020, also taking into account the method of paying the dividend in the form of shares already held by the Company which therefore has no effect on shareholders' equity. At June 30, 2020, Orsero held 219,339 ordinary shares for a value of Euro 1,973,899, shown as a direct decrease in shareholders' equity. Note that as part of the 2017-2019 Medium/long-term Management Incentive Plan, 320,000 shares were delivered to the beneficiaries after the Orsero Shareholders' Meeting on last April 30, which also approved the free assignment to the shareholders of 246,298 shares by way of the 2019 dividend. Between June 24 and 30 the Parent Company acquired a total of 30,000 treasury shares at an average price of Euro 6.5193 per share for a total of Euro 195,677. As at June 30, 2020, the Group does not hold, directly or indirectly, shares in parent companies and it did not acquire or sell shares in parent companies during the year.

## Commentary on performance of the business sectors

This section provides information on the Group's performance as a whole and in its various sectors by analyzing the main indicators represented by turnover and Adjusted EBITDA. The information required by IFRS 8 is provided below, broken down by "sector of activity". The operating areas identified by Orsero Group are defined as the sectors of activity that generate net sales and costs, the results of which are periodically reviewed by the highest decision-making level for assessment of performance and decisions regarding allocation of resources. As already noted, since January 1, 2020, the import of bananas and pineapples has been included in the Distribution sector, as the majority of the revenue from this activity flows to the Group's distribution companies. Following this change, the "Distribution" sector changed name to "Import & Distribution", while the "Import & Shipping" sector changed name to "Shipping", insofar as it includes maritime transport only, and period reporting will be structured as follows, with a clear adjustment of 2019 data to allow for a consistent comparison. The Group's business is divided into three main sectors:

- Import & Distribution Sector
- Shipping Sector
- Services Sector

The table below provides a general overview of the performance of the different sectors in the two-year period 2019-2020. Please note that the data and comments on the sectors given below show the results of only companies that are consolidated on a line-by-line basis; information is given on the performance of associates further on in the notes.

Thousands of euro	Import & Distribution	Shipping	Services	Orsero / eliminations	Total
Net sales 30.06.2020 [A]	487,950	52,720	5,640	( 25,551)	520,759
Net sales 30.06.2019 [B]	462,837	45,115	6,321	( 21,378)	492,895
Net sales change [A] - [B]	25,112	7,606	( 681)	( 4,173)	27,864
Adjusted Ebitda 30.06.2020 [A]	16,305	10,165	( 2,971)	-	23,499
Adjusted Ebitda 30.06.2019 [B]	14,253	7,411	( 2,405)	-	19,259
Adjusted Ebitda [A] - [B]	2,052	2,754	( 566)	-	4,240
NFP 30.06.2020 [A]	n.d.	n.d.	n.d.	n.d.	119,072
NFP 31.12.2019 [B]	n.d.	n.d.	n.d.	n.d.	126,898
NFP change [A]-[B]					( 7,826)

We would now like to comment on the trends of the individual operating sectors, referring to the Notes for all the details of the various investees and the consolidation criteria adopted.

### "Import & Distribution" Sector

Thousands of Euro	30.06.2020	30.06.2019
Net Sales	487,950	462,837
Contribution margin	54,160	51,913
% Contribution margin	11.10%	11.22%
Gross profit	33,743	31,851
Adjusted Ebitda	16,305	14,253
% Adjusted Ebitda	3.34%	3.08%
Net Profit	5,501	2,189

\* The "1st sales margin", also called the contribution margin, represents the difference between net sales and the direct costs of the products sold (meaning the purchase costs of the goods, plus in/out transport costs, customs duties and packaging costs).

In this sector of activity, companies are involved in the import and distribution of fresh fruits and vegetables from many countries around the world, at any time of the year, in the relevant regions,

in addition to the companies located in Mexico dedicated to the production and export of avocados. The Distribution sector companies are located and operate on the markets of Mediterranean Europe (Italy, France, Spain, Portugal and Greece) and Mexico. The widespread presence in the regions, with specialized platforms in the processing and storage of fresh products, allows the Company to serve both traditional wholesalers/markets and large retail distribution (GDO), with different mixes in different Countries depending on the higher (e.g. France) or lower (e.g. Spain) incidence of GDO on these markets. Overall, the impact of sales in the first half of the year to mass distribution accounts for around 62% of the aggregate value of European distribution companies, reflecting the impact of the Covid-19 pandemic which, with the restrictions imposed on Ho.Re.Ca activities (first and foremost professional food service), saw a significant shift - especially in the initial phase - in sales from the wholesaler/traditional markets (in part dedicated to the Ho.Re.Ca. market) sector to mass distribution in all countries in which the Group operates. The table above differs from the summary tables of the other sectors shown below in that it includes a specific indicator for the distribution sector, the "1st sales margin", also referred to as the contribution margin, which in distribution companies constitutes the main indicator used to monitor business activity. The "1st sales margin" represents the difference between net sales and the direct costs of the products sold (meaning the purchase costs of the goods, plus incoming and outgoing cargoes, customs duties and packaging costs) where it is considered that these costs represent most of the costs incurred by the company and therefore the positive or negative changes in the 1st margin tend to be reflected almost entirely on the profit or loss for the year.

The import and sale of bananas and pineapples is one of the Group's main activities as a whole because of the importance and weight of these items within the range of fruit and vegetables and the fact, not inconsiderable in terms of stability of the operational cycle, of their availability throughout the year. The Group supplies bananas and pineapples as a result of long-term relationships established with the most important producers based in the Central American countries and, for a portion of the banana product, in Africa. Bananas and pineapple are sold under the brands "F.lli Orsero" and "Simba", in addition to numerous private labels.

The result for this sector benefits from the increase recorded in turnover thanks to increased average unit sale prices, as well as the positive performance of the companies acquired in the previous year, for an effect of Euro 8.1 million relating to sales and Euro 0.8 million in terms of Adjusted EBITDA. Overall, business posted good performance in Italy and France, the latter showing a clear improvement compared to 2019 and approaching more normal levels of profitability, which more than offset the weaker performance of operations in Spain and Mexico. The import of Bananas and Pineapples had a negative impact on the result. In particular, pineapples were significantly penalized in this first half of 2020 by a low level of consumption due to the considerable slowdown in the Ho.Re.Ca. channel, the main market for this product. This reduction in consumption was further aggravated in terms of the operating result by a rather insufficient price trend. It can be affirmed that the negative impacts of Covid-19 are, from the business perspective, visible especially in Pineapples, Avocados and fresh-cut fruit. The net profit of the sector for the first half of 2020 showed a positive change of Euro 3,312 thousand<sup>2</sup>.

### "Shipping" Sector

Thousands of Euro	30.06.2020	30.06.2019
Net Sales	52,720	45,115
Adjusted Ebitda	10,165	7,411
% Adjusted Ebitda	19.28%	16.43%
Net Profit	3,899	2,055

<sup>2</sup> The change of Euro 3,312 thousand results from the better operating performance by Euro 2,052 thousand, higher amortization, depreciation and provisions by Euro 9 thousand, higher net financial expenses by Euro 388 thousand, the change in exchange differences from a loss of Euro 416 thousand to a gain of Euro 608 thousand, lower net non-recurring expenses of Euro 1,219 thousand and higher taxes by Euro 586 thousand.

Following the above-mentioned restructuring of the Group's operating segments, Shipping now reflects only the activities linked to the maritime transport of bananas and pineapples of Central American production, carried out mainly with owned ships, the four reefer units "Cala Rosse" which were joined by a fifth ship under a freight contract in 2019, which connect, on the basis of a 35-day travel schedule, Central America with the Mediterranean, thereby allowing punctual arrival of fresh fruit in European markets on a weekly basis.

The segment's income performance, as compared with the same period of the previous year, shows a clear improvement in Adjusted EBITDA, which amounted to Euro 10,165 thousand, or +37% compared to the previous year.

All cargo contracts have BAF (bunker adjustment factor) clauses which, by adjusting the value of the freight fees based on increases/decreases in the cost of fuel, protect from the cost of fuel variability, however thus limiting the benefit that could otherwise be achieved, like this year, from declining costs of oil and derivative products.

The positive results achieved by the ship-owning business derive from the good level of volumes transported, with a load factor of 95%, along with the effectiveness in the travel schedule which, with the use of 5 ships, allows for significant fuel savings and guarantees better asset maintenance, thanks to the lower traveling speeds required compared to the previous historical schedule using four ships. The improved operating profitability positively impacted the net profit, up by Euro 1,844 thousand.<sup>3</sup>

### "Services" Sector

Thousands of Euro	30.06.2020	30.06.2019
Net Sales	5,640	6,321
Adjusted Ebitda	( 2,971)	( 2,405)
Net Profit	( 3,057)	( 2,676)

This sector includes the activities related to the Parent Company as well as the activities of providing services in customs and in the IT sector, carried out by some smaller companies.

The Adjusted EBITDA of the sector typically has a negative sign, because, in view of the Parent Company's nature as a holding company, the income and ultimately the profit or loss for the year are tied to the dividends received from Group companies. In terms of Adjusted EBITDA, as noted above royalties were not charged in the first half of 2020 to the company Simba, quantifiable at around Euro 700 thousand, partially offset by a lower cost for promotional activities compared to the previous year.

## Other information

### Management of financial risk

In the first half of 2020, no market risks emerged aside from those described in the financial statements closed as at December 31, 2019 and therefore the financial risk management strategy has remained basically unchanged. An even greater focus has been dedicated to credit risk, without however any significant negative situations emerging. Note that the health emergency due to the spread of Covid-19 is having significant impacts on the global economy, but given the nature of the Group's activities, regarding the marketing of staple food products, it has not had particular effects on the Group's activities to date, at least in terms of sales and results, as the drop in sales to the Ho.Re.Ca. (hotels, professional food service at bars and restaurants, canteens) channel was indeed offset by an increased volume in sales to large retail distribution outlets. As already noted in the report, the most significant impacts instead were seen at operating level, due

<sup>3</sup> The change of Euro 1,844 thousand results from the better operating performance by Euro 2,754 thousand, higher amortization, depreciation and provisions by Euro 921 thousand, higher taxes by Euro 62 thousand, higher net financial income and non-recurring items for a total of Euro 73 thousand.

to the introduction and application of the required precautions with respect to employees and third parties in warehouses as well as the offices. The companies thus had to regulate entries and interpersonal contact within their operating platforms and offices, carry out the necessary sanitization activities and provide personal protection equipment. The Group will continue to monitor the evolution of the pandemic and take the due precautions and decisions.

### Main uncertainties and going concern assumption

No problems are noted with regard to the going concern assumption as the Group has adequate own funds and has no situations of uncertainty such so as to compromise its capacity to carry out operating activities.

### Significant shareholders

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

Shareholder's name <sup>(1)</sup>	Number of shares	% on the total share capital
FIF Holding S.p.A.	5,746,492	32.50%
Grupo Fernandez S.A.	1,115,942	6.31%
Praude Asset Management Ltd.	1,687,379	9.54%
Global Portfolio Investments S.L. <sup>(2)</sup>	1,014,440	5.74%
First Capital S.p.A.	896,811	5.07%

(1) Last update: August 17, 2020

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

### Financial disclosure and relations with shareholders

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

### Tax consolidation

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

### Workforce

The notes provide an indication of the staff employed by the Group in the first half of 2020 and in 2019. During the period in question, there were no accidents and serious injuries at work for personnel registered as employees of Group Companies.

### Safety and protection of the health of workers

As regards the environment, the Group has always adopted policies that are conducive to food safety and hygiene, respect for and protection of the environment and safety at work. The numerous certifications (such as HACCP, ISO 9001 and 14001, BRC, IFS, OHSAS 18001) obtained by the Group attest to this, as do the significant investments made in recent years to install several

photovoltaic plants that can satisfy a good portion of the energy needs of the relative operational sites. It should be noted that an excellent result was achieved on injury reduction due to training, supervision and awareness-raising activities, thus raising the focus on the subject.

### **Research & Development**

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

### **Transactions with related parties**

In accordance with the provisions of the Regulation adopted by Consob with resolution no. 17221 of March 12, 2010 and subsequent amendments, Orsero S.p.A. has adopted a Procedure for Transactions with Related Parties, approved by the Board of Directors on February 13, 2017, and available on the Group's website <https://www.orserogroup.it/governance/procedure-societarie/>. The main Group transactions, carried out at market prices with related companies, regard commercial relationships for the supply of fruits and vegetables and port services, as well as office leasing. Please note that during the first half of 2020, no related party transactions were implemented other than those implemented as part of the Group's core business and with the exception of the purchase, in January, by Fruttital S.r.l. of the Italian warehouses as described in the section "Significant events during the first half of the year 2020". With reference to dealings with related parties, please refer to the details provided in the notes.

### **Investments made in the first half of the year**

Group investments made in tangible and intangible assets in the first half of 2020 totaled Euro 26,797 thousand, inclusive of Euro 1,927 thousand for "rights of use" pursuant to IFRS 16, primarily relating to the rental of containers by the ship-owning company and concessions (some new, others to adjust the payments for inflation) relating to points of sale at general markets.

As already noted, within the figure of Euro 26.8 million, the most significant component regards the acquisition of the Italian warehouses for Euro 17.8 million, which, in application of IFRS 16, already appeared in the 2019 consolidated financial statements at a value of Euro 27.5 million. Taking into account, against the acquisition, the write-off of that value in the form of "right of use", as a result within an "IFRS 16 compliant" context, there was a value of investments for the period for Euro 9.0 million and a decreased value of tangible assets of Euro 9.7 million exactly equal to the difference between the value of the warehouses acquired (Euro 17.8 million) and the corresponding value as "right of use" at December 31, 2019 (Euro 27.5 million).

### **Transactions deriving from atypical and/or unusual transactions**

In compliance with the provisions of the Consob Communication of July 28, 2006, in the first half of 2020, the Company did not implement any atypical and/or unusual transactions as defined in that Communication, with the exception of the acquisitions of the former Nuova Beni Immobiliari warehouses formalized in January 2020.

### **Transactions deriving from non-recurring transactions**

In accordance with the Consob Communication of July 28, 2006, it is specified that in the first half of 2020, the Group benefited from and incurred costs relating to non-recurring transactions. In accordance with Consob Communication no. 15519 of July 27, 2006, please note that "Other revenues and costs" includes Euro 41 thousand and Euro 1,870 thousand respectively of non-recurring income and expenses, essentially referring to extraordinary costs incurred during the



Covid-19 pandemic and personnel costs for disputes, bonuses and due to profit-sharing (element required by French and Mexican laws), the details of which are provided in Note 26 "Other income and expenses" and Annex 1 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

### **Significant events after the first half of 2020**

On June 19, 2020, the deed was entered into for the merger by incorporation of the company Fruttital Cagliari S.r.l. into Fruttital S.r.l., a transaction legally effective as of July 1, 2020, and effective for accounting and tax purposes as of January 1, 2020. Likewise, in Spain, on July 1, but with accounting effects as of January 1, 2020, the company Sevimpor acquired in early 2019 was merged into Hermanos Fernández López. These transactions had neutral effects within the Group as they involved wholly owned companies. These mergers were part of the plan started in 2017 to simplify the corporate structure, with a view to reducing accounting complexity while increasing process efficiency, corporate governance and Group cash flow management.

In July, the acquisition was completed of the remaining 50% of the company Moncada Frutta s.r.l., which will be consolidated line-by-line as of July 1, 2020. In the first half of the year, the company was consolidated with the equity method due to the 50% shareholding. The price paid for the acquisition was Euro 1,525 thousand, settled for a fixed part through 176,825 owned Orsero shares, valued at Euro 5.80 each in light of the stock exchange listing on July 29, 2020, and for a variable part equal to Euro 499 thousand in cash, payable 12, 24 and 36 months from the transfer of the shares, subject to the positive achievement of results in the upcoming three-year period.

On July 10 and 24, 2020, the Orsero Group announced the initiation of two different treasury share purchase programs in execution of the resolutions of the Ordinary Shareholders' Meeting held on April 30, 2020. These programs, like the previous acquisitions, represent a strategic investment opportunity to obtain a stock of treasury shares, in order to possibly use such shares as consideration in extraordinary transactions. The first program called for acquisitions of up to 30,000 ordinary shares, for a maximum value of Euro 210,000, began on July 13 and lasted until July 31, 2020. The second program called for acquisitions of up to 50,000 ordinary shares, for a maximum value of Euro 330,000, began on July 27 and lasted until August 31. At the date of the last announcement relating to the Buy-Back Plan, the Parent Company has 299,339 shares in the portfolio, equal to 1.69% or also 122,514 correctly considering the transfer of shares linked to the Moncada Frutta acquisition.

### **Outlook for the Orsero Group**

With respect to Covid-19, the Group's priority will continue to be the sustainable growth of its business, while guaranteeing employee safety as a top priority. Indeed, as already noted, the Group has continued with its activities by very rapidly adopting all safety behaviors and measures specified by the authorities of the countries involved, therefore using new protocols and safety measures. During this pandemic, procurement from suppliers has to date been confirmed for the Group, as well as the logistics and goods transport activities that ensure its business continuity.

With reference to business trends for the year under way, given the nature of our activities linked to staple food products, the Covid-19 pandemic did not have particular effects on the Group's activities. If conditions remain consistent with the scenario currently forecasted, no particular elements are expected that could impact the Group in the short term. However, the considerable effects of the pandemic on the Eurozone economy could have an impact on consumption in the medium term, which is currently impossible to quantify, especially with regard to staple foods.

The Group's management will continue to continuously monitor the situation from the commercial, financial and organizational standpoint, also in light of the recent initiatives ordered by the governments for a gradual recovery in economic activity, as well as the treasury situations relating to the cycle of collections from customers and, lastly, any aid measures in favor of businesses. The Group is therefore taking all of the necessary decisions to seek to limit costs and maintain liquidity and its financial strength. The Group continues to be confident in the possibility of growing its

business thanks to its strong competitive positioning and solid financial structure. Furthermore, it will seek to improve on operating synergies and overhead costs. The Group confirms its commitment to taking all actions required to limit the effects of the Covid-19 pandemic and promptly providing any and all updates.



# Condensed consolidated half-yearly financial statements as at June 30, 2020

# Consolidated financial statements

## Consolidated statement of financial position <sup>(1) (2)</sup>

Thousands of euro	NOTES	30/06/2020	31/12/2019
<b>ASSETS</b>			
Goodwill	1	46,828	46,828
Other intangible assets	2	5,894	5,145
Tangible assets	3	167,677	181,722
Financial investments	4	7,588	8,117
Other fixed assets	5	5,123	5,401
Deferred tax assets	6	8,709	9,122
<b>NON-CURRENT ASSETS</b>		<b>241,820</b>	<b>256,336</b>
Inventories	7	40,545	36,634
Trade receivables	8	134,703	121,439
Current tax receivables	9	13,708	16,971
Other current assets	10	13,965	11,066
Cash and cash equivalent	11	45,242	56,562
<b>CURRENT ASSETS</b>		<b>248,162</b>	<b>242,672</b>
<b>Assets held for sale</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>489,982</b>	<b>499,008</b>
Share Capital		69,163	69,163
Reserves		78,811	79,036
Net profit		6,012	2,022
<b>Group equity</b>	<b>12</b>	<b>153,986</b>	<b>150,221</b>
<b>Minorities</b>	<b>13</b>	<b>726</b>	<b>710</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>154,712</b>	<b>150,931</b>
<b>LIABILITIES</b>			
Non-current financial liabilities	14	109,978	131,583
Other non-current liabilities	15	286	349
Deferred tax liabilities	16	5,249	5,216
Provisions for risks and charges	17	4,570	4,345
Employees benefits liabilities	18	9,433	9,422
<b>NON-CURRENT LIABILITIES</b>		<b>129,516</b>	<b>150,915</b>
Current financial liabilities	14	54,409	51,897
Trade payables	19	130,709	127,523
Current tax and social security contributions liabilities	20	6,991	6,400
Other current liabilities	21	13,644	11,343
<b>CURRENT LIABILITIES</b>		<b>205,754</b>	<b>197,162</b>
<b>Liabilities held for sale</b>		<b>-</b>	<b>-</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>489,982</b>	<b>499,008</b>

(1) the notes commenting on the individual items are an integral part of these condensed consolidated half-yearly financial statements.

(2) in accordance with Consob resolution no. 15519 of July 27, 2006, the effects of related party transactions are given in the explanatory notes to the condensed consolidated half-yearly financial statements and in Annex 1 "Financial statements tables stated in accordance with Consob Resolution 15519/2006"

## Consolidated income statement <sup>(1) (2)</sup>

Thousands of euro	NOTES	1st semester 2020	1st semester 2019
Net sales	22-23	520,759	492,895
Cost of goods sold	24	( 477,426)	( 453,353)
<b>Gross profit</b>		<b>43,333</b>	<b>39,542</b>
Overheads	25	( 33,311)	( 33,526)
Other income and expenses	26	( 929)	( 1,354)
<b>Operating result (Ebit)</b>		<b>9,094</b>	<b>4,662</b>
Financial income	27	78	153
Financial expenses and exchange rate differences	27	( 1,379)	( 2,249)
Net income (loss) from equity investments	28	20	1
Share of net profit of associates and joint ventures	28	522	32
<b>Profit before tax</b>		<b>8,335</b>	<b>2,599</b>
Tax expenses	29	( 2,123)	( 1,488)
<b>Net profit from continuing operations</b>		<b>6,212</b>	<b>1,111</b>
Net profit of "Discontinued operations"		-	-
<b>Net profit</b>		<b>6,212</b>	<b>1,111</b>
<b>attributable to non-controlling interests</b>		<b>200</b>	<b>198</b>
<b>attributable to parent company</b>		<b>6,012</b>	<b>913</b>
<b>Earnings per share "base" in euro</b>	31	<b>0.352</b>	<b>0.054</b>
<b>Earning per share "Fully Diluted" in euro</b>	31	<b>0.352</b>	<b>0.053</b>

(1) the notes commenting on the individual items are an integral part of these condensed consolidated half-yearly financial statements.

(2) In accordance with Consob resolution no. 15519 of July 27, 2006, the effects of related party transactions and the effects of non-recurring income and expenses are given in the explanatory notes to the condensed consolidated half-yearly financial statements and in Annex 1 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

## Consolidated statement of comprehensive income

Thousands of euro	NOTES	1st semester 2020	1st semester 2019
<b>Net profit</b>		<b>6,212</b>	<b>1,111</b>
Items that may not be subsequently reclassified to net profit or loss		-	-
Items that may be subsequently reclassified to net profit or loss	12-14	( 356)	868
Tax effect	12-14	53	21
<b>Total comprehensive income</b>		<b>5,909</b>	<b>2,000</b>
<b>attributable to non-controlling interests</b>		<b>200</b>	<b>198</b>
<b>attributable to parent company</b>		<b>5,709</b>	<b>1,802</b>

**Consolidated statement of cash flows <sup>(1)</sup> <sup>(2)</sup>**

Thousands of euro	Notes	1st semester 2020	1st semester 2019
<b>A. Net cash flows provided by (used for) operating activities</b>			
<b>Net profit</b>		<b>6,212</b>	<b>1,111</b>
Income taxes	29	2,123	1,488
Net financial expenses	27	1,301	2,095
<b>1. Net Profit before Tax, Interests, Dividends and (earnings)/losses from disposal of assets</b>		<b>9,636</b>	<b>4,694</b>
<b>Non-cash adjustments not related to working capital:</b>			
Provisions	24-25	786	902
Depreciations and Amortizations	24-25	11,791	10,683
<b>2. Cash flows before working capital changes</b>		<b>22,212</b>	<b>16,279</b>
<b>Changes in Working Capital:</b>			
Change in inventories	7	( 3,911)	( 1,440)
Change in trade receivables	8	( 14,050)	( 26,455)
Change in trade payables	19	3,187	8,400
Other working capital changes	9-10-15-16-17-18-20-21	3,519	( 1,704)
<b>3. Cash flows after working capital changes</b>		<b>10,957</b>	<b>( 4,920)</b>
<b>Other non-cash adjustments:</b>			
Net financial expenses	27	( 1,301)	( 2,095)
Income taxes	29	( 2,123)	( 1,488)
<b>4. Cash flows after other changes</b>		<b>7,533</b>	<b>( 8,503)</b>
<b>Net cash flows provided by (used for) operating activities (A)</b>		<b>7,533</b>	<b>( 8,503)</b>
<b>B. Net cash flows provided by (used for) investing activities</b>			
Tangible assets			
(Investment)	3	( 25,519)	( 15,012)
Disposals	3	28,303	322
Intangible assets			
(Investment)	1-2	( 1,278)	( 11,369)
Disposals	1-2	-	-
Financial Investments			
(Investment)	4	( 523)	( 32)
Disposals	4	1,052	756
Financial assets			
(Investment)	5-6	-	( 919)
Disposals	5-6	691	-
Disposals / (acquisitions) of investments in controlled companies, net of cash		-	3,752
<b>Net cash flows provided by (used for) investing activities (B)</b>		<b>2,726</b>	<b>( 22,502)</b>
<b>C. Net cash flows provided by (used for) financing activities</b>			
Financial loans			
Increase /(decrease) of short term financial debts	14	1,972	5,721
Drawdown of new medium-long loans	14	17,947	12,515
Pay back of medium-long loans	14	( 39,066)	( 11,247)
Equity			
Capital Increase and other changes in increase or decrease	12-13	( 2,236)	871
Disposal/ (aquisition) of own shares	12-13	( 196)	-
Dividends paid	28	-	( 2,031)
<b>Net cash flows provided by (used for) financing activities(C)</b>		<b>( 21,579)</b>	<b>5,830</b>
<b>Increase/ (decrease) of cash and cash equivalent (A ± B ± C)</b>		<b>( 11,320)</b>	<b>( 25,175)</b>
<b>Net cash and cash equivalents, at the beginning of the period</b>	<b>11</b>	<b>56,562</b>	<b>76,285</b>
<b>Net cash and cash equivalents, at the end of the period</b>	<b>11</b>	<b>45,242</b>	<b>51,110</b>

(1) the notes commenting on the individual items are an integral part of these condensed consolidated half-yearly financial statements.

(2) In accordance with Consob resolution no. 15519 of July 27, 2006, the effects of related party transactions and the effects of non-recurring income and expenses are given in the explanatory notes to the condensed consolidated half-yearly financial statements and in Annex 1 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

**Consolidated statement of changes in shareholders' equity <sup>(1)</sup>**

Thousands of euro - Notes 12-13	Share Capital*	Treasury shares**	Equity investments*cost reserve*	Legal reserve	Share premium reserve	Other reserves	Currency transition reserve	Remeasurement of defined benefit plans	Cash Flow Hedge reserve	Long-term incentive plan reserve	Retained earnings/(losses)	Net profit	Total Shareholders' equity
<b>December 31, 2018</b>	69,163	(7,405)	(153)	119	80,556	11,424	(1,628)	(465)	(1,340)	4,470	(13,011)	7,974	149,704
Allocation of reserves	-	-	-	202	-	7,772	-	-	-	-	-	(7,974)	-
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss allowance	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	(2,031)	-	-	-	-	-	-	(2,031)
Effect IAS 19	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of CFI derivatives (bunker)	-	-	-	-	-	-	-	-	1,138	-	-	-	1,138
Change in fair value of CFI derivatives (interest)	-	-	-	-	-	-	-	-	(249)	-	-	-	(249)
Purchasing treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term incentive plan	-	-	-	-	-	-	-	-	-	-	-	-	-
Change of consolidation scope	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	159	-	-	-	(220)	913	(61)
Net profit	-	-	-	-	-	-	-	-	-	-	-	913	913
<b>June 30, 2019</b>	69,163	(7,405)	(153)	321	80,556	17,165	(1,469)	(465)	(451)	4,470	(13,231)	913	149,414
<b>Thousands of euro - Notes 12-13</b>	<b>Share Capital*</b>	<b>Treasury shares**</b>	<b>Equity investments*cost reserve*</b>	<b>Legal reserve</b>	<b>Share premium reserve</b>	<b>Other reserves</b>	<b>Currency transition reserve</b>	<b>Remeasurement of defined benefit plans</b>	<b>Cash Flow Hedge reserve</b>	<b>Long-term incentive plan reserve</b>	<b>Retained earnings/(losses)</b>	<b>Net profit</b>	<b>Total Shareholders' equity</b>
<b>December 31, 2019</b>	69,163	(7,426)	(153)	321	80,556	(5,044)	(1,342)	(901)	(410)	4,470	8,965	2,022	150,221
Allocation of reserves	-	-	-	75	-	-	-	-	-	-	1,947	(2,022)	-
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss allowance	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend	-	2,456	-	-	(2,456)	-	-	-	-	-	-	-	-
Effect IAS 19	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of CFI derivatives (bunker)	-	-	-	-	-	-	-	-	(226)	-	-	-	(226)
Change in fair value of CFI derivatives (interest)	-	-	-	-	-	-	-	-	(132)	-	-	-	(132)
Change in fair value of CFI derivatives (exchange rate)	-	-	-	-	-	-	-	-	56	-	-	-	56
Purchasing treasury shares	-	(196)	-	-	-	-	-	-	-	-	-	-	(196)
Long-term incentive plan	-	3,191	-	-	-	-	-	-	-	(4,470)	1,279	-	-
Change of consolidation scope	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	(17)	(1,428)	1	-	-	(306)	-	(1,749)
Net profit	-	-	-	-	-	-	-	-	-	-	-	6,012	6,012
<b>June 30, 2020</b>	69,163	(1,974)	(153)	396	78,100	(5,040)	(2,770)	(900)	(712)	-	11,884	6,012	153,986

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

(\*\*) Expression of the share capital according to IAS 32, net of treasury shares for €/000 1,974 and equity investments/costs for €/000 153

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

## **Certification pursuant to Art. 154-bis, par. 5 of the Consolidated Law on Finance of the condensed consolidated half-yearly financial statements pursuant to Art. 81-ter of Consob Regulation no. 11971 of May 14, 1999, as amended**

1. The undersigned Matteo Colombini, Managing Director, and Giacomo Ricca, Corporate Accounting Reporting Officer of the Orsero Group, taking into account the provisions of Art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of February 24, 1998, hereby certify:
  - the adequacy, considering the Company's characteristics, and
  - the effective application of administrative and accounting procedures for the preparation of the condensed consolidated half-yearly financial statements during the first half of 2020.
2. The verification of the adequacy and effective application of administrative and accounting procedures for the preparation of the condensed consolidated half-yearly financial statements as at June 30, 2020 was performed taking as a reference the criteria laid out in the "Internal Controls – Integrated Framework" model generally accepted at international level.
3. It is further certified that:
  - 3.1 The condensed consolidated half-yearly financial statements:
    - a) are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
    - b) coincide with the underlying books and accounting records;
    - c) provide a true and correct representation of the financial position of the issuer and the group of companies included in the scope of consolidation.
  - 3.2 The interim directors' report includes a reliable analysis of references to the important events occurring in the first six months of the year and their impact on the condensed consolidated half-yearly financial statements, along with a description of the main risks and uncertainties to which the Group is exposed, as well as the significant events occurring after the end of the half year and the business outlook. The interim directors' report also includes a reliable analysis of information on significant transactions with related parties.

Milan, September 14, 2020

Matteo Colombini  
Managing Director



Giacomo Ricca  
The Reporting Officer





# Notes to the condensed consolidated half-yearly financial statements

## General information

Orsero S.p.A. (the "Parent Company" or the "Company" and, together with its subsidiaries, the "Group" or the "Orsero Group") is a company with its shares listed on the STAR segment of the telematic stock exchange (MTA) since December 23, 2019, with registered office at via Fantoli 6, Milan.

The Orsero Group has a consolidated presence both directly and indirectly through its subsidiaries and/or associates in Europe, Mexico and Latin America, although it mainly operates in Europe.

As at June 30, 2020, the Company's share capital totals Euro 69,163,340.00, divided up into 17,682,500 ordinary shares with no nominal value.

The Group's business is focused on the import and distribution of fruit and vegetables, identifying three business units: Import & Distribution, Shipping, and Services.

## Form and content of the condensed consolidated half-yearly financial statements and other general information

### Statement of compliance with the IFRS and preparation criteria

These Group condensed consolidated half-yearly financial statements as at June 30, 2020, drafted on the basis that the Parent Company and its subsidiaries will continue to operate as a going concern, were prepared in accordance with Articles 2, 3 and 9 of Italian Legislative Decree no. 38 of February 28, 2005 and in compliance with the International Financial Reporting Standards (IFRS), the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Commission and in force as at the reporting date, as well as with the previous International Accounting Standards (IAS). Hereinafter in the condensed consolidated half-yearly financial statements, to simplify matters, all these standards and interpretations will together be defined as "IFRS".

In preparing this document, consideration was given to the provisions of the Italian Civil Code, Consob Resolutions no. 15519 ("Provisions on the financial statements tables to be issued in implementation of Art. 9, paragraph 3 of Italian Legislative Decree no. 38 of February 28, 2005") and no. 15520 ("Amendments and supplements to the regulation setting out provisions implementing Italian Legislative Decree no. 58/1998"), both dated July 27, 2006, and those of Consob communication no. DEM/6064293 of July 28, 2006 ("Corporate disclosure of listed issuers and issuers with financial instruments disseminated amongst the public pursuant to Art. 116 of the TUF"), Art. 78 of the Issuers' Regulation and Art. 154-ter of Italian Legislative Decree no. 58/1998 as amended. It is specified that with reference to Consob Resolution no. 15519 of July 27, 2006 on the financial statements tables, specific additional tables have been added representing the statement of financial position, the income statement and statement of cash flows, highlighting significant related party transactions and the effects of non-recurring income and expense in order to avoid compromising the overall legibility of the financial statements tables. This information requested has been included in Notes 26 and 34 and in Annex 1 "Financial statements tables stated in accordance with Resolution 15519/2006".

The Group condensed consolidated half-yearly financial statements at June 30, 2020 were prepared in summary form in accordance with IAS 34 "Interim financial reporting". In accordance with IAS 34, the condensed consolidated half-yearly financial statements do not include all the supplementary information required for the annual financial statements for which, therefore, reference is made to the Group financial statements as at December 31, 2019. Although the condensed consolidated half-yearly financial statements do not include all information required for a complete financial statement disclosure pursuant to IFRS, it includes all specific notes to

explain the relevant events and transactions in order to understand the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated half-yearly financial statements consist of the statement of financial position, income statement (in which costs are presented by "destination"), comprehensive income statement, cash flow statement (presented with the indirect method) and the statement of changes in equity. The statements chosen allow the Group's equity, economic and financial situation to be represented in a truthful, correct, reliable and more relevant manner, in line with internal reporting and operating procedures.

The amounts indicated on the consolidated accounting schedules and the notes are stated in thousands of euros. These condensed consolidated half-yearly financial statements are compared with last year's consolidated financial statements, which were prepared applying the same criteria except for that described in the paragraph entitled "Accounting standards, amendments and IFRS interpretations applied starting January 1, 2020". It should be noted, in fact, that the accounting standards applied are in line with those adopted in preparing the consolidated statement of financial position at December 31, 2019, as well as the income statement for the first half of 2019, in accordance with IFRS. As regards data comparability, please note that in FY 2019, the following companies were consolidated on a line-by-line basis:

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

Please also note that in FY 2019, Vado Container Services S.r.l. was deconsolidated, insofar as it was sold.

The condensed consolidated half-yearly financial statements have been drawn up in accordance with the general historical cost principle, with the exception of financial assets, derivative instruments and inventories of fruit stock ripening, measured at fair value. Please also note that the directors have prepared the condensed consolidated half-yearly financial statements on a going concern basis in accordance with paragraphs 25 and 26 of IAS 1 due to the strong competitive position, high profitability, and soundness of the equity and financial structure achieved.

The condensed consolidated half-yearly financial statements as at June 30, 2020 were audited by KPMG S.p.A. and approved by the Board of Directors on September 14, 2020.

## **Consolidation principles and area**

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

Subsidiaries are consolidated from the date on which the Group effectively acquires control and cease to be consolidated from the date on which control is transferred outside the Group. The accounting positions consolidated are prepared as at June 30, and they are generally those specifically prepared and approved by the Boards of Directors of the individual companies, duly rectified, where necessary, to standardize them with the Parent Company's accounting standards and make them consistent with the international accounting standards IAS/IFRS. The consolidation method used is line-by-line and as regards the consolidation criteria, the same ones are used as those applied to prepare the financial statements as at December 31, 2019, which should be referred to for further details.

Equity investments in subsidiaries are detailed in the paragraph on "List of companies consolidated on a line-by-line basis" and "List of other companies", whilst any changes in investment shares are explained in the paragraph on "Changes to the consolidation area made during the first half of the year and thereafter".

The condensed consolidated half-yearly financial statements of Orsero are prepared in Euro as it represents the functional currency of the Parent Company Orsero and of all the companies included in the scope of consolidation, with the exception of:

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

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

	30/06/2020	1st semester 2020	31/12/2019	1st semester 2019
Argentine Peso	78.7860	71.0540	67.2750	46.8002
Costa Rican Colon	649.854	629.253	642.012	677.634
Colombian Peso	4.203.45	4.065.31	3.688.66	3.602.82
Chilean Peso	918.720	895.565	844.860	763.387
Mexican Peso	25.947	23.843	21.220	21.654

Associates are those over which the Group exerts significant influence, which is assumed to exist when the equity investment ranges between 20% and 50%. Associates, over which Orsero exercises significant influence, or companies in which it exercises joint control over financial and operating policies, have been valued using the equity method and are initially measured at cost. Profit or losses relating to the Group are recognized in the consolidated financial statements from the date on which the significant influence commences until the date on which it ends. For a description of the application of the equity method, please refer to the information already provided in the financial statements as at December 31, 2019.

Equity investments in associates and joint ventures have been detailed in the paragraph on "List of companies consolidated using the equity method" and "List of other companies", whilst any changes in investment shares are explained in the paragraph on "Changes to the consolidation area made during the first half of the year and thereafter".

There are no significant restrictions to the capacity of the associates to transfer funds to the investee, to pay dividends and repay loans or advances.

Finally, there is a residual category called "equity investments in other companies" that comprises companies in which the Group holds no more than 20% of the capital or over which no significant influence is exercised. Equity investments of immaterial value, as described above, are entered at purchase or subscription cost, which is considered representative of the related fair value that is reduced for any impairment losses. The original value is reinstated in subsequent years if the reasons for the write-down no longer apply.

## Scope of consolidation

The scope of consolidation is detailed specifically in compliance with IFRS 10 and 12 and Articles 38 and 39 of Italian Legislative Decree 127/91, reporting the lists of companies consolidated using the line-by-line method, those valued using the equity method and those valued at cost.

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

Name	Head office	Main business	Investment percentage		Share Capital	Currency
			Direct	Indirect		
AZ France S.A.S	Cavallion (France) - 56, Avenue JP Boitelet	Wholesale distribution of fruits and vegetables	100.00%		3,360,000	€
Bella Frutta S.A.	Athens (Greece) - 4 Tavrou Str., Ag. Ioannis Remis	Wholesale distribution of fruits and vegetables	100.00%		1,756,800	€
Comercializadora de Frutas S.A.C.V.	Tinguidin (Mexico) - Carretera Zamora-Los Reyes km. 37.5	Export of fruits (Avocado)	100.00%	AZ France S.A.	3,299,376	pesos
Costiarna S.p.A.	Genova (Italy) - via Opera 20	Maritime transport	100.00%		2,600,000	€
Eurofrutas S.A.**	Alverca (Portugal) - Estrada principal Casal das Azeias 205	Wholesale distribution of fruits and vegetables	100.00%		217,000	€
Eurofrutas LDA**	Enxara dos Cavalheiros (Portugal) 2665-054 Enxa do Bispo Estrada das Azenhas	Wholesale distribution of fruits and vegetables	100.00%	Eurofrutas S.A.	150,000	€
Fresco Ships A&F S.r.l.	Vado Ligure (Italy) - Via Trieste, 25	Customs and shipping agency	100.00%		258,000	€
Fruttica S.A.S.***	Cavallion (France) - 89, Chemin du Vieux Tallades	Wholesale distribution of fruits and vegetables	100.00%	Posifruits S.A.S.	100,000	€
Fruttital S.r.l.	Milano (Italy) - via C. Lombroso, 54	Wholesale distribution of fruits and vegetables	100.00%		5,000,000	€
Fruttital Cagliari S.r.l.	Sestu (Italy) - Strada provinciale 2km Mercato Alimentare della Sardegna	Wholesale distribution of fruits and vegetables	100.00%	Fruttital S.r.l.	39,000	€
Fruttital Espana S.A.	Barcelona (Spain) - MERCABARNA, Calle Longitudinal 7, 83	Wholesale distribution of fruits and vegetables	100.00%	Hermanos Fernández López S.A.	84,142	€
Fruttital Firenze S.p.A.	Firenze (Italy) - Via S. Allende 19 G1	Wholesale distribution of fruits and vegetables	100.00%		300,000	€
Galandi S.p.A.	Firenze (Italy) - Via S. Allende 19 G1	Wholesale distribution of fruits and vegetables	100.00%		500,000	€
GFB S.r.l.	Milano (Italy) - via Fantoli 6	Insurance brokerage company	100.00%		10,000	€
GF Produzione S.r.l.	Milano (Italy) - via Fantoli 6	Sub-holding	100.00%		100,000	€
Orsero Servizi S.r.l.	Milano (Italy) - via Fantoli 6	Information technology services	100.00%		100,000	€
GF Solventa S.L.	Barcelona (Spain) - MERCABARNA, Calle Longitudinal 7, 83	Service provider	99.96%	Hermanos Fernández López S.A.	50,000	€
GF Frutta S.r.l.***	Cantcaffi (Italy) - Via S. Sammartino 37	Export of fruits	100.00%	Posifruits S.A.S.	10,000	€
Hermanos Fernández López S.A.	Cox (Alicante) - Avenida de la Industria, s/n P.I. San Fernando	Wholesale distribution of fruits and vegetables	100.00%		258,911	€
Hermanos Fernández Chile S.p.A.	Los Condes (Chile) - Avenida Vitacura 2909	Logistics service and quality service provider	100.00%	Hermanos Fernández López S.A.	70,000,000	pesos
Iso Piatanos S.A.	La Laguna - Tenerife (Spain) - Los Rodeos Edificio Star	Wholesale distribution of fruits and vegetables	100.00%	Hermanos Fernández López S.A.	641,430	€
Kiwifol LDA**	Folgosa (Portugal) - Rua de Santo Ovidio 21	Wholesale distribution of fruits and vegetables	99.75%	Eurofrutas S.A.	523,738	€
M.G.P. Servizi Generali S.r.l.	Firenze (Italy) - Via S. Allende 19 G1	Information technology services	70.00%	Galandi S.p.A., Fruttital Firenze S.p.A.	50,000	€
Orsero Costa Rica S.r.l.	San Jose de Costa Rica - Oficentro Ejecutivo La Sabana Edificio torre 1	Shipping agency	100.00%	Costarica S.p.A.	215,001,000	colones
Posifruits S.A.S.***	Cavallion (France) - 89, Chemin du Vieux Tallades	Sub-holding	100.00%	AZ France S.A.	7,775	€
Productores Aguacate Jalisco S.A.C.V.	Ciudad Guzman (Mexico) - Constitucion 301 Centro C.P. 49000	Fruit production (avocado)	70.00%	Comercializadora de Frutas S.A.C.V.	12,646,666	pesos
R.O.S.T. Fruit S.A.	Buenos Aires (Argentina) - Corrientes 330 - 6º 612	Logistics service and quality service provider	80.00%	GF Produzione S.r.l.	24,096,320	pesos
Sevimpar Distribuidora de Frutas de Importación S.L.U.	Siviglia (Spain), Mercasevilla, Cámaras Generales	Wholesale distribution of fruits and vegetables	100.00%	Hermanos Fernández López S.A.	199,196	€
Simba S.p.A.	Milano (Italy) - via Fantoli 6	Imports of fruit	100.00%		3,100,000	€
Simbaco S.A.S.	Medellin (Colombia) - Carr. 25 1 A SUR 155 OF 1840	Logistics service and quality service provider	100.00%	Simba S.p.A.	50,172,500	pesos
Simbarca S.r.l.	San Jose de Costa Rica - Oficentro Ejecutivo La Sabana Edificio torre 1	Logistics service and quality service provider	100.00%	Simba S.p.A.	100,001,000	colones

\*\* Companies include in the Eurofrutas's consolidated reporting; please note that the net profits are in accordance to IFRS principles  
 \*\*\* Companies include in the Fruttica's consolidated reporting; please note that the net profits are in accordance to IFRS principles

## List of companies valued using the equity method

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

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

## List of other companies:

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

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

The subsidiaries and associates in the table above are inactive or with strictly marginal levels of business activity in relation to the Group's size. Equity investments of immaterial value are entered at purchase or subscription cost, which is considered representative of the related fair value that is reduced for any impairment losses.

## Business combinations

Business combinations are recognized in compliance with IFRS 3 according to the "acquisition method", which entail the recognition in the consolidated financial statements of assets and liabilities of the combined company as if they had been individually acquired. The consideration paid in a business combination is measured at fair value, determined as the sum of the fair values at the acquisition date, of the assets transferred by the acquiring company to the former shareholders of the acquired company, of the liabilities incurred by the acquiring company for these assets, and equity interests issued by the acquiring company. The costs related to the acquisition are recorded as expenses in the periods in which they are incurred.

In the event of business combinations that occur in stages, the investment previously held by the Group in the acquired company is restated at fair value on the date control is acquired, and any resulting profit or loss is recognized in the income statement.

Goodwill is recognized on the date the Group assumes control of the acquired entity and is measured as the difference between the sum of:

- the consideration paid, the amount of any minority equity interests in the acquired company valued in compliance with the rules envisaged in IFRS 3 (fair value of the pro-rata amount of net assets attributable to minority interests) in a business combination carried out in several stages, the fair value at the acquisition date of the equity interests previously held by the acquiring company;
- the net value, at the acquisition date, of the identifiable assets acquired and the liabilities assumed, measured at fair value.

If the fair value of the net identifiable asset acquired is greater than the consideration paid, the resulting difference is recognized in the income statement as income deriving from the transaction, on the acquisition date, after verifying if the fair value of the acquired assets and liabilities is correct. If, at the end of the year in which the business combination took place, the initial recognition of a business combination is incomplete, it must be recognized using provisional values. Adjustments to the provisional values recorded at the acquisition date are recognized retroactively to reflect the new information obtained on the facts and circumstances at the acquisition date that, had they been known, would have affected the measurement of the amounts recognized on that date. The measurement period lasts for 12 months from the acquisition date. Any contingent consideration defined in the business combination agreement is measured at the acquisition-date fair value and included in the value of the consideration transferred in the business combination for the purpose of the calculation of goodwill. Any subsequent changes to that fair value, which can be classified as adjustments occurring during the measurement period, are included in goodwill, retrospectively. After the initial recognition, goodwill is measured at cost, net of accumulated write-downs.

### Changes in the consolidation area made during the first half of the year and thereafter

With regard to changes taking place in 2020, note only the merger by incorporation of the company Fruttital Cagliari S.r.l., by deed dated June 19, 2020, with legal effects as of July 1, 2020; the merger by incorporation of Sevimpor into Hermanos Fernández López, by deed dated July 1, 2020, while both mergers are effective for accounting and tax purposes as of January 1, 2020. Moreover, these transactions were neutral at consolidated financial statements level and therefore have no effect on the area of consolidation.



## Valuation criteria

In the preparation of the condensed consolidated half-yearly financial statements as at June 30, 2020 the same consolidation principles and the same measurement criteria were applied as were used for the preparation of the consolidated financial statements as at December 31, 2019, to which reference is made for the sake of completeness.

### Use of estimates, risks and uncertainties

The preparation of the condensed consolidated half-yearly financial statements and related notes in accordance with IFRS requires management to make estimates and assumptions that have an impact on the value of net sales, costs of assets and liabilities of the financial statements and on the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience, other relevant factors and the information available. The estimates and assumptions may vary from one year to the next and they are therefore reviewed periodically; the effects of any changes made to them are reflected in the income statement in the period in which the estimate is reviewed if the review only concerns that period, or possibly in subsequent periods if the review concerns both the current and future periods. The main estimates for which the use of subjective valuations by the management is most required are used, inter alia, for:

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

For details on the composition and the relative recognition value of the items concerned by the estimates, reference is made to the specifications in the notes.

### Impairment test

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

For the financial statements as at June 30, 2020, the Group verified that there were no representative situations/indications of potential impairment of assets.

## Other information

### Segment reporting

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

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

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

### Management of financial risk

The Group operates in the trade of commodities that is impacted by various elements that can, in turn, affect the Group's economic, equity and financial performance. These factors are managed through hedges or corporate policies aimed at mitigating any impacts of such elements on corporate results. The Group is exposed to the following financial risks in going about its business:

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

Please note that said risks are constantly monitored, taking action with a view to dealing with and limiting the potential negative effects through the use of appropriate policies and, in general, where deemed necessary, also through specific hedges. This section provides qualitative and quantitative information of reference on the incidence of such risks on the Group. The quantitative data presented below are not predictions and cannot reflect the complexity and the related reactions of markets that could derive from each hypothetical change.

### Liquidity risk

The Group manages liquidity risk with a view to ensuring the presence, on a consolidated level, of a liability structure that matches the composition of financial statement assets, in order to maintain a solid level of capital. Credit facilities, even if negotiated on a Group level, are granted for individual companies. The Group has also financed its investments with medium/long-term credit facilities that guarantee a liquidity position that is adequate for its core business. There is plenty of opportunity to use short-term trade credit facilities if trade working capital is needed in connection with organic growth and development.

Please also note that the Group operates in a sector that is relatively protected in terms of liquidity, insofar as there is a specific European regulation (Art. 62 of Decree Law 1/2012), which requires payments of perishable assets to be made within 30 days of the end of the month in which said



assets are invoiced. This means that collection and payment terms are relatively short, precisely due to the type of assets marketed. If we then also add the fact that inventories have very rapid stock rotation times and, in any case, an average of 1 or 2 weeks, we can see that the working capital cycle is virtuous and does not entail any particular liquidity risk in normal market operations.

The table below offers an analysis of deadlines, based on contractual obligations for reimbursement, relative to financial, trade, tax and other payables in place as at June 30, 2020.

Thousands of euro	Balance at June 30, 2020	Within 1 year	Over 1 year and up to 5 years	Over 5 years
Bond payables	30,000	-	10,000	20,000
Medium- to long- term bank loans (Non - current/ current)	66,832	14,979	44,239	7,614
Other lenders (Non - current/ current)	3,408	1,129	2,279	-
Other lenders (Non - current/ current) ex IFRS 16	30,849	6,394	13,081	11,373
Non current liabilities for derivative (Non-current/ current)	938	288	650	-
Bank overdrafts	27,619	27,619	-	-
Other current lenders short term	1,749	1,749	-	-
Payables for price balance on acquisitions (Non - current/current)	2,993	2,250	743	-
Other non-current liabilities	286	-	286	-
Trade payables	130,709	130,709	-	-
Current tax and social security contributions liabilities	6,991	6,991	-	-
Other current liabilities	13,644	13,644	-	-
<b>Non-current/current liabilities at 30.06.2020</b>	<b>316,018</b>	<b>205,754</b>	<b>71,277</b>	<b>38,987</b>

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

### Foreign exchange risk

The Group operates, particularly in the Import & Distribution sector, purchasing goods in US dollars and then importing them and selling in euros on the South European markets. On the other hand, in the Shipping Sector, revenues in US dollars are higher than costs incurred in euros, thus limiting in part the Group's currency balance, which is in any event naturally exposed to the US dollar. The Group has decided to adopt hedges, with the forward purchase of dollars, relating to part of sales the price of which in euros is already defined, while for the remainder it has chosen not to adopt any hedges insofar as the prices of sale in euros are defined every day or every week with customers, and this significantly dilutes any effects deriving from the fluctuation of exchange rates and helps to maintain flexibility, a fundamental element in the fruit and vegetable marketing sector. The Group, for sales whose price has not been defined, believes that this operating procedure is consistent with the commercial dynamics of the sector and the most appropriate to minimize the impact of fluctuations in the EUR/USD exchange rate.

### Interest rate risk

The Group helps finance its medium/long-term investments and working capital through use of credit instruments. The Group mainly uses medium-term credit facilities in euros, part of which at fixed rate and part at variable rate; a suitable partial IRS plain vanilla hedge has been activated on the main ones (2018-2024 pool loan for an original figure of Euro 60 million and 2020-2029 pool loan originally for Euro 15 million), with a view to mitigating the risk of fluctuation of the reference rates (Euribor) over time; instead, in the case of the only debenture loan issued, the option was chosen for an entirely fixed rate structure. As at June 30, 2020, interest rate hedges adopted by the Group cover 67.7% of medium/long-term variable rate loans. It is stressed that, in the Group's opinion, such choices are today very prudent, also in view of the expected medium-term evolution of reference rates in Europe.

Please note that at June 30, 2020, two hedging contracts are in place, stipulated by the Parent Company with two banks in accordance with the Pool Loan Agreement, which contain a cross default clause that entitles the related bank to terminate and/or withdraw from (as applicable) the related hedging contract, in the event of significant default by subsidiaries, parents and/or joint ventures, with the concept of control regulated by the possession of the majority of votes.

### Sensitivity analysis on interest rates

In the first half of 2020, the Group's net financial position decreased from Euro 126,898 to Euro 119,072 thousand, of which the component recognized according to IFRS 16 is Euro 30,849 thousand. Below is the ratio of debt to equity as at June 30, 2020 and December 31, 2019. Please note that the financial covenants existing on the bond and pool loan must be counted, as envisaged by the related contracts, on a net financial position that excludes the application of the new standard IFRS 16 for the entire term of said loans.

Thousands of euro	30/06/2020	31/12/2019
Net financial debt	119,072	126,898
Total shareholders' equity	154,712	150,931
<b>Ratios</b>	<b>0.77</b>	<b>0.84</b>
<b>Ratios without IFRS 16 effect</b>		
Net financial debt	88,223	66,911
Total shareholders' equity	155,114	151,307
<b>Ratios</b>	<b>0.57</b>	<b>0.44</b>

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

Thousands of euro	30/06/2020	31/12/2019
<b>Total medium - to long- term bank loans</b>	<b>96,832</b>	<b>88,631</b>
of which fixed rate	76,519	71,528
Percentage - fixed rate	79.0%	80.7%
of which floating rate	20,313	17,103
Percentage - floating rate	21.0%	19.3%
<b>Total other indebtedness (B)</b>	<b>32,776</b>	<b>30,128</b>
<b>Total indebtedness</b>	<b>129,608</b>	<b>118,759</b>
Percentage - fixed rate	59.0%	60.2%
Percentage - floating rate	41.0%	39.8%

As at June 30, 2020, 59% of the value of onerous debt was hedged. Please note that this hedging is effective against interest rate rises but clearly does not cancel out the effect of any spread increases, envisaged contractually if the ratio between Net Financial Position and Adjusted EBITDA should take a turn for the worse.

At the same time, the variable-rate debt on the bank and medium-term bond payables has remained stable at around 20% as on total onerous debt, at around 40%. If there should be an increase on the market in reference rates, the Group should not suffer any particularly serious impacts as compared with the present situation.

Below is the sensitivity analysis on the effect of a greater value of interest rates on variable rate, medium-term debt. This table shows, in relation to the interest linked to medium/long-term loans,

the greater expenses that would be incurred, in the reference period, if interest rates should rise between 25 and 100 basis points:

Thousands of euro	30/06/2020	31/12/2019
<b>Evolution of financial charges</b>		
- on fixed rate bank loans	( 561)	( 1,131)
- on fixed rate bank loans related to liabilities for derivative	( 403)	( 803)
- on floating rate bank loans	( 212)	( 246)
- on bank overdrafts and other financial liabilities	( 240)	( 455)
- amortizing interests	( 90)	( 212)
<b>Total</b>	<b>( 1,506)</b>	<b>( 2,847)</b>

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

Thousands of euro	30/06/2020	31/12/2019
In the balance sheet	( 212)	( 246)
+ 25 bp	( 28)	( 37)
+ 50 bp	( 55)	( 74)
+ 75 bp	( 83)	( 111)
+ 100 bp	( 110)	( 148)

#### Price volatility risk of fruit and vegetable commodities

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

#### Price volatility risk of fuels for owned ships

The bunker (fuel) used for the owned ships is the main commodity subject to pricing volatility, to which the Group - and more specifically the Shipping Sector - is exposed, with consequent potential fallout (negative or positive) on the Group's economic results. Considering the high degree of volatility of the oil and derivatives (including those used as fuel for the owned ships) market reference indexes, the Group employs two forms of hedging: financial, forward purchasing the commodity over a six-monthly or annual time frame for a percentage that varies between 30% and 60% of the estimated fuel consumption (corresponding substantively to the transport service provided to Group companies. Indeed, it should be recalled that ships are used approximately 50% for imports of volumes of bananas and pineapples marketed directly by the Group, referred to as "captive use"). The remainder is managed through the definition of commercial contracts with third party customers, which include a "BAF" ("Bunker Adjustment Factor") clause aimed at restoring balance to fluctuations of the commodity, adding or taking away from the tariff agreed

annually with the shipping service customer, an economic value that neutralizes or in any case mitigates fuel price fluctuations. In thus doing, the fuel price evolution has a less significant impact on the Group's results and such as to be able to be kept under control. The market context has historically seen the application of BAF clauses in refrigerated shipping and there are no suggestions that the possibility of stipulating such contracts with third party customers should cease to apply nor that it may become difficult to find suitable financial hedges on the oil market. Below is an analysis that shows how the ship fuel price impacts the results of the Shipping Sector in the reference period.

Thousands of euro	30/06/2020	%	30/06/2019	%
Total bunker's cost	13,436	25.48%	13,363	29.62%
<b>Net sales Shipping sector</b>	<b>52,720</b>		<b>45,115</b>	

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

### Credit risk

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

The table below provides a breakdown of trade receivables as at June 30, 2020, grouped by past-due, net of the provision for bad debts:

Thousands of euro	30/06/2020	To expire	Overdue within 30 days	Overdue between 31 and 90 days	Overdue between 91 and 120 days	Overdue over 120 days
Gross Trade receivables	147,557	108,509	14,159	8,806	1,402	14,681
Provision for bad debts	( 12,854)	( 88)	( 28)	( 43)	( 18)	( 12,677)
<b>Trade receivables</b>	<b>134,703</b>	<b>108,421</b>	<b>14,131</b>	<b>8,763</b>	<b>1,384</b>	<b>2,004</b>

The high amount of the provisions for bad debts stems from the specific tax need not to derecognize receivables that are now "lost" and written-off entirely until completion of the related bankruptcy proceedings (insolvency, arrangements with creditors), as otherwise the tax deductibility of the losses, ceases.

### **Transactions deriving from non-recurring transactions**

In accordance with the Consob Communication of July 28, 2006, it is specified that in the first half of 2020, the Group incurred costs relating to non-recurring transactions.

In accordance with Consob Communication no. 15519 of July 27, 2006, please note that "Other income and expenses" includes Euro 41 thousand and Euro 1,870 thousand respectively of non-recurring income and expenses; for details, please refer to Note 26 "Other income and expenses" and Annex 1 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

### **Transactions deriving from atypical and/or unusual transactions**

In accordance with the Consob Communication of July 28, 2006, it is specified that in the first half of 2020, the Group did not implement any atypical and/or unusual transactions, with the exception of the purchases of the former Nuova Beni Immobiliari warehouses, formalized in January 2020, as extensively described in the main body of this report and the related notes.

## **Accounting standards, amendments and IFRS interpretations applied from January 1, 2020**

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group starting from January 1, 2020:

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

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

January 1, 2020. There were no effects and no significant effects are expected on the Group's consolidated financial statements from the adoption of that amendment.

On March 29, 2018, the IASB published an amendment to "References to the Conceptual Framework in IFRS Standards". The amendment is effective for periods beginning on or after January 1, 2020. The Conceptual Framework defines the fundamental concepts for financial reporting and guides the Board in the development of IFRS standards. The document helps to guarantee that the Standards are conceptually consistent and that similar transactions are treated in the same manner, so as to provide useful information to investors, lenders and other creditors. The Conceptual Framework supports companies in the development of accounting standards when no IFRS standard is applicable to a particular transaction and, more generally, helps the parties concerned to understand and interpret the Standards. This amendment had no significant effects for the Group.

On September 26, 2019, the IASB published the document "Amendments to IFRS 9, IAS 39 and IFRS 7: interest rate benchmark reform", endorsed by the European Union on January 16, 2020 with Regulation no. 34. The objective of the document is to enable entities that draft financial statements not to suspend hedging transactions until the completion of the reform which is still under way at global level of the financial benchmarks for the calculation of index rates. Specifically, this reform has created uncertainties with regard to the timing and amount of future cash flows connected to certain financial instruments, with the resulting risk of needing to suspend hedging relationships designated in accordance with IAS 39 or IFRS 9. According to the IASB, suspending hedging relationships as a result of such uncertainties does not provide useful information to users of the financial statements; therefore, the document in question made specific amendments to IAS 39, IFRS 9 and IFRS 7, introducing temporary exemptions to the application of the specific provisions on the recognition of hedging transactions (hedge accounting) of IFRS 9 and IAS 39, to be applied on a compulsory basis to all hedging transactions directly impacted by the reform of benchmarks for the determination of interest rates. This amendment entailed no modifications for the Group.

## **Accounting standards, IFRS and IFRIC amendments and interpretations not yet endorsed by the European Union at June 30, 2020**

On May 18, 2017 the IASB published the standard IFRS 17 - Insurance Contracts, which is intended to replace IFRS 4 - Insurance Contracts. The goal of the new standard is to guarantee that an entity provides pertinent information that faithfully represents the rights and obligations deriving from insurance contracts issued. This standard will enter into force on January 1, 2021 and, moreover, it is not applicable to the Group.

On January 23, 2020, the IASB published several amendments to IFRS 1. The document "Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current" establishes that a liability is classified as current or non-current on the basis of the rights existing at the reporting date. Furthermore, it establishes that the classification is not impacted by the entity's expectation of exercising its rights to defer the settlement of the liability. Lastly, it is clarified that this settlement refers to the transfer to the counterparty of cash, capital instruments, other assets or services. The amendments are applicable to financial statements relating to years starting on January 1, 2022. Early application is permitted.

On May 14, 2020, the IASB published the document "Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020" with a view to making some specific improvements to

those standards. The amendments are applicable to financial statements relating to years starting on January 1, 2022.

On May 28, 2020, the IASB published the document "Lease Covid-19 – Related Rent Concessions", amending IFRS 16 Leases, including a practical expedient to simplify the accounting by lessees of rent concessions obtained due to the Covid-19 pandemic. This practical expedient is optional and does not apply to lessors. The amendments to IFRS 16 enter into force as of financial statements beginning on or after June 1, 2020, but in any event early application is permitted for financial statements of previous years (including the relative interim financial statements) the publication of which has not yet been authorized. The endorsement process is expected to take place in the coming months.

On June 25, 2020, the IASB published the document "Amendments to IFRS 4 Contracts – deferral of IFRS 9" with a view to clarifying several application aspects of IFRS 9 pending the definitive application of IFRS 17. The amendments are applicable to financial statements relating to years starting on January 1, 2021.

Any impacts that the accounting standards, amendments and interpretations that will soon be applied may have on the Group's financial reporting are currently being analyzed and assessed.

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

This chapter provides useful information to explain the most significant changes compared to the previous year in the items of the financial statements, indicating, where appropriate, any possible effects of changes in the scope of consolidation.

### NOTE 1. Goodwill

Goodwill was recorded for Euro 46,828 thousand (Euro 46,828 thousand at December 31, 2019).

Thousands of euro	Goodwill
<b>Carrying amount at December 31, 2019</b>	<b>46,828</b>
<i>Change of year:</i>	
Investments	-
Disposal	-
Reclassification and impairment losses	-
Changes of consolidated companies	-
Translation differences	-
<b>Carrying amount at June 30, 2020</b>	<b>46,828</b>

Goodwill at June 30, 2020, amounting to Euro 46,828 thousand, did not change compared to December 31, 2019. In accordance with IAS 36, this item is not subject to amortization, but to an impairment test on annual basis, or more frequently, if specific events and circumstances occur which may indicate impairment (Impairment Testing). The Group verified that there were no internal or external indicators of possible impairment; as a result, this item was not tested for impairment.

## NOTE 2. Intangible assets

Thousands of euro	Intellectual property rights	Concessions, licenses and trademarks	Assets in progress and advances	Other intangible assets	Total
<b>Carrying amount</b>	<b>5,561</b>	<b>8,544</b>	<b>1,354</b>	<b>879</b>	<b>16,337</b>
<b>Accumulated amortization</b>	<b>( 3,720)</b>	<b>( 6,640)</b>	-	<b>( 832)</b>	<b>( 11,192)</b>
<b>Carrying amount at December 31, 2019</b>	<b>1,841</b>	<b>1,904</b>	<b>1,354</b>	<b>47</b>	<b>5,145</b>
<i>Change of year</i>					
Investments	29	70	1,167	13	1,278
Disposal - Carrying amount	( 178)	-	-	-	( 178)
Disposal - accumulated amortization	178	-	-	-	178
Reclassification - Carrying amount	-	-	-	-	-
Reclassification- accumulated amortization	-	-	-	-	-
Changes of consolidated companies - Carrying amount	-	-	-	-	-
Changes of consolidated companies - accumulated amortization	-	-	-	-	-
Amortizations	( 324)	( 194)	-	( 11)	( 529)
<b>Carrying amount</b>	<b>5,412</b>	<b>8,613</b>	<b>2,520</b>	<b>892</b>	<b>17,437</b>
<b>Accumulated amortization</b>	<b>( 3,865)</b>	<b>( 6,834)</b>	-	<b>( 844)</b>	<b>( 11,543)</b>
<b>Carrying amount at June 30, 2020</b>	<b>1,547</b>	<b>1,779</b>	<b>2,520</b>	<b>48</b>	<b>5,894</b>

In the first half of 2020, intangible assets increased by Euro 749 thousand primarily as a result of investments of Euro 1,278 thousand, partially offset by amortization of Euro 529 thousand.

It should be noted that in the period in question, no changes in estimates were made in assessing the useful life of intangible assets or in the choice of the amortization method and no internal or external indicators of impairment of intangible assets were identified.

The item Industrial patents and intellectual property rights shows costs incurred in connection with the software programs and the licenses the Group has obtained; the negative net change of Euro 294 thousand essentially refers to amortization of Euro 324 thousand, partially offset by investments of Euro 29 thousand.

The item Concessions, licenses and trademarks essentially reflects the amount paid as concession for the exercise of commercial activities (warehouses and points of sale) located within general markets, amortized based on the duration of the concession, as well as the costs of using licensed software programs, amortized on average over a three-year period, and commercial trademarks, amortized over 10 years. The decrease by Euro 125 thousand reflects amortization of Euro 194 thousand, partially offset by investments of Euro 70 thousand.

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

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



### NOTE 3. Tangible assets

Thousands of euro	Lands and buildings	Plantations	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets in progress and advances	Total
<b>Carrying amount</b>	<b>128,902</b>	<b>2,250</b>	<b>268,543</b>	<b>13,397</b>	<b>22,697</b>	<b>6,127</b>	<b>441,916</b>
<b>Accumulated depreciation</b>	<b>( 38,667)</b>	<b>( 417)</b>	<b>( 200,216)</b>	<b>( 4,541)</b>	<b>( 16,354)</b>	<b>-</b>	<b>( 260,194)</b>
<b>Balance at December 31, 2019</b>	<b>90,235</b>	<b>1,833</b>	<b>68,328</b>	<b>8,856</b>	<b>6,343</b>	<b>6,127</b>	<b>181,722</b>
<i>Change of year:</i>							
Investments	19,819	-	3,307	556	1,090	747	25,519
Disposal - Carrying amount	( 29,246)	-	( 1,687)	( 970)	( 1,553)	-	( 33,457)
Disposal - accumulated depreciation	1,907	-	1,620	817	1,399	-	5,744
Reclassification - carrying amount	2,061	-	2,562	12	9	( 4,696)	( 53)
Reclassification - accumulated depreciation	62	-	9	-	( 2)	-	68
Changes of consolidated companies - Carrying amount	-	-	-	-	-	-	-
Changes of consolidated companies - accumulated depreciation	-	-	-	-	-	-	-
Translation differences - Carrying amount	( 277)	( 35)	( 651)	( 9)	( 52)	-	( 1,024)
Translation differences - accumulated depreciation	110	11	249	9	41	-	419
Depreciation	( 2,796)	( 94)	( 5,767)	( 1,531)	( 1,072)	-	( 11,261)
<b>Carrying amount</b>	<b>121,260</b>	<b>2,215</b>	<b>272,073</b>	<b>12,987</b>	<b>22,190</b>	<b>2,177</b>	<b>432,902</b>
<b>Accumulated depreciation</b>	<b>( 39,385)</b>	<b>( 500)</b>	<b>( 204,105)</b>	<b>( 5,246)</b>	<b>( 15,988)</b>	<b>-</b>	<b>( 265,225)</b>
<b>Balance at June 30, 2020</b>	<b>81,874</b>	<b>1,715</b>	<b>67,968</b>	<b>7,741</b>	<b>6,202</b>	<b>2,177</b>	<b>167,677</b>

At June 30, 2020, tangible assets totaled Euro 167,677 thousand, down by Euro 14,045 thousand compared to the balance as at December 31, 2019 as a result of:

- investments of Euro 25,519 thousand, broken down as follows: "Import & Distribution" for Euro 24,387 thousand (of which Euro 1,341 thousand for rights of use), "Shipping" for Euro 917 thousand (of which Euro 545 thousand for rights of use), "Services" for Euro 215 thousand (of which Euro 41 thousand for rights of use);
- depreciation for the period, Euro 11,261 thousand;
- reclassifications for a net amount of Euro 15 thousand essentially due to the conclusion of works for the renovation of the banana and avocado rooms in France, and the conclusion of part of the works relating to the expansion of the warehouse in Verona,
- asset disposals for a net Euro 27,713 thousand, essentially represented by the disposal of rights of use relating to the lease agreement on the Italian warehouses used for business purposes, acquired by the Company Fruttital S.r.l. and entered as increases during the first half in the item Land and buildings,
- decrease due to exchange rate effect for a net value of Euro 604 thousand, essentially referring to the assets of the Mexico-based companies due to the Mexican Peso which went from 21.220 Pesos/Euro in December 2019 to 25.947 Pesos/Euro as at June 30, 2020.

#### Land and buildings

The change in the period recorded a total net decrease of Euro 8,360 thousand, resulting from investments for Euro 19,819 thousand, reclassifications from work in progress of Euro 2,122 thousand, offset by the decrease due to depreciation for Euro 2,796 thousand, disposals for Euro 27,339 thousand and exchange rate differences for Euro 167 thousand. Investments of Euro 19.8 million essentially regarded the above-mentioned acquisition of the Italian warehouses for business use by Fruttital as well as increases for rights of use pursuant to IFRS 16 for new concessions/payment adjustments on outstanding contracts.

The value of land amounted to Euro 14,824 thousand, stated on the basis of the original sale and purchase deeds where existing or separated from the general purchase price of the building on the basis of percentages up to 20%.

### Plantations

The item in question saw a decrease of Euro 118 thousand, linked primarily to period depreciation of Euro 94 thousand.

### Plant and machinery

This line item includes cold rooms, banana ripening rooms, plants for product calibration and packaging, fruit storage and packaging facilities (Import & Distribution sector) and ships (Shipping sector).

There was a net decrease for the year of Euro 359 thousand primarily referring to investments for Euro 3,307 thousand, all relating to the Import & Distribution sector, mainly relating to the expansion of the Verona warehouse and the upgrade of the cold rooms in nearly all of the distribution companies in addition to normal equipment upgrades. Furthermore, there were increases for reclassifications of Euro 2,570 thousand and decreases relating to depreciation accrued during the period amounting to Euro 5,767 thousand, disposals of assets for Euro 67 thousand and exchange rate effect for a net amount of Euro 402 thousand.

### Industrial and commercial equipment

In this sector (essentially consisting of the container fleet of the Shipping company), the change is essentially related to increases for the period of Euro 556 thousand, offset by depreciation in the period of Euro 1,531 thousand.

### Other tangible assets

The item includes the assets owned by the Group such as furniture and furnishings, computer and electronic equipment, car fleet, etc. The decrease in the period totaling Euro 141 thousand principally reflects investments for Euro 1,090 thousand, reclassifications of Euro 7 thousand, offset by depreciation of Euro 1,072 thousand, disposals for a net amount of Euro 154 thousand and exchange rate differences for Euro 11 thousand.

### Assets in progress and advances

The decrease in this item of Euro 3,950 thousand mainly reflects the reclassification, to the appropriate categories, due to the entry into operation of assets linked to the modernization of plants and machinery at the Verona warehouse and in the French and Spanish sites for Euro 4,696 thousand, offset by increases of Euro 747 thousand relating to the first half of 2020.

At June 30, 2020, the Group verified that there were no internal or external indicators of possible impairment for its tangible assets. Consequently, the value of tangible assets has not been subject to impairment testing.

## NOTE 4. Investments

Thousands of euro	Investments in unconsolidated subsidiaries	Investments in Joint ventures	Investments in associates	Investments in other companies	Total
<b>Balance at December 31, 2019</b>	-	-	<b>7,594</b>	<b>523</b>	<b>8,117</b>
<i>Change of year:</i>					
Additional/Capital increase	-	-	-	-	-
Divestments and disposals	-	-	-	( 106)	( 106)
Impairment losses/Using fund to cover losses	-	-	-	-	-
Dividends received	-	-	( 653)	-	( 653)
Valuation using the equity method	-	-	522	-	522
Other changes included foreign exchange movements	-	-	( 292)	-	( 292)
Changes from consolidation scope	-	-	-	-	-
<b>Balance at June 30, 2020</b>	-	-	<b>7,171</b>	<b>417</b>	<b>7,588</b>

Equity investments totaled Euro 7,588 thousand at June 30, 2020, with a net decrease of Euro 529 thousand due to the changes detailed above. The increase of Euro 522 thousand generated by

the valuation of companies with the equity method is due to the results of the investees for the period.

As at June 30, 2020, the dividends received from associates amounted to Euro 653 thousand, paid by the associate Fruport Tarragona S.L.

The following table summarizes the information related to the results of investments valued with the equity method:

Thousands of euro	30.06.2020	31.12.2019	Change
Associates	522	751	( 229)

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

Thousands of euro	Associates		Change 1st semester 2020				Associates
	Balance at December 31, 2019	Net profit	Investments	Disposals	Dividend	Other changes	Balance at June 30, 2020
Moncada Frutta S.r.l.	820	155	-	-	-	-	975
Moño Azul S.A.	3,186	111	-	-	-	( 297)	3,000
Bonaoro S.L.U.	804	103	-	-	-	-	907
Fruport Tarragona S.L.	2,467	154	-	-	( 653)	5	1,973
<b>Total investments recorded using the equity method</b>	<b>7,278</b>	<b>522</b>	<b>-</b>	<b>-</b>	<b>( 653)</b>	<b>( 292)</b>	<b>6,855</b>
Citrumed S.A.	300	-	-	-	-	-	300
Decofruit Bcn S.A.	16	-	-	-	-	-	16
<b>Other equity investments</b>	<b>316</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>316</b>

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

## NOTE 5. Other fixed assets

Thousands of euro	30.06.2020	31.12.2019	Change
<b>Other fixed assets</b>	<b>5,123</b>	<b>5,401</b>	<b>( 278)</b>

At June 30, 2020, the item essentially shows security deposits and other medium-term loans to third parties. The item "Other fixed assets" includes Euro 1,231 thousand related to associated companies. For further details, reference is made to Note 34. The reduction as compared with 2019 is mainly connected with the reduction in security deposits for Euro 97 thousand and the collection of credit positions for Euro 219 thousand.

## NOTE 6. Deferred tax assets

Thousands of euro	30.06.2020	31.12.2019	Change
<b>Deferred tax assets</b>	<b>8,709</b>	<b>9,122</b>	<b>( 413)</b>

Deferred tax assets at June 30, 2020, equal to Euro 8,709 thousand, consist of the items shown in the table below, while as concerns changes in the first half of the year, please refer to the table below and Note 29 "Tax expenses".

Thousands of Euro	30.06.2020	31.12.2019
Previous tax losses	5,369	5,140
Effect IAS 19	852	832
Depreciation/Goodwill/trademarks	792	780
Indirect taxes	85	94
Reductions in value and provisions	1,257	1,231
Financial expenses/ACE/Exchange differences	134	134
Costs deductible in the future (Stock Grant)	-	730
Financial derivatives	170	117
Others	51	63
<b>Deferred tax assets</b>	<b>8,709</b>	<b>9,122</b>

## NOTE 7. Inventories

Thousands of euro	30.06.2020	31.12.2019	Change
Raw materials, supplies and consumables	8,194	10,556	( 2,362)
Biological Assets	1,266	134	1,132
Finished products and goods for resale	31,085	25,944	5,141
<b>Inventories</b>	<b>40,545</b>	<b>36,634</b>	<b>3,911</b>

At June 30, 2020, the value of inventories increased compared to the previous year by Euro 3,911 thousand and this is due mainly to the increase in finished products and goods linked to the normal dynamics of the business, which typically sees on June 30 the point of greater demand in terms of working capital (inventory plus trade receivables minus trade payables).

## NOTE 8. Trade receivables

Thousands of euro	30.06.2020	31.12.2019	Change
Trade receivables from third parties	144,000	131,328	12,672
Receivables from subsidiaries and associates of the Group not fully consolidated	3,247	2,170	1,077
Receivables from related parties	310	478	( 169)
Provision for bad debts	( 12,854)	( 12,537)	( 317)
<b>Trade receivables</b>	<b>134,703</b>	<b>121,439</b>	<b>13,263</b>

All trade receivables are due within one year and derive from normal sales conditions. There are no receivables due beyond five years. It is believed that the provision for bad debts is appropriate to cope with the risk of potential non-collection of past due receivables.

At June 30, 2020, the item "Receivables from customers" increased by Euro 12,672 thousand linked especially to the increase in the receivables of the distributor companies connected with the normal dynamics of the business which sees June 30 as the time of greatest increase in working capital.

The balance of receivables due from related and associated Group companies mainly refers to normal trade receivables; an analysis of the positions is given in Note 34 on related parties.

The change in the provision for bad debts is reported below, which the Group prepares based on a realistic view of the actual recoverability of the individual receivables, as governed by IFRS 9 "Expected losses" and which is also inclusive of an amount of Euro 50 thousand relating to the more generic risk of non-collection of all financial assets posted to the financial statements.

Thousands of euro	Provision for bad debts
<b>Balance at December 31, 2019</b>	<b>( 12,537)</b>
<i>Change of the period</i>	
Accruals	( 486)
Utilizations	169
Others/Change of consolidation	-
<b>Balance at June 30, 2020</b>	<b>( 12,854)</b>

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

Thousands of euro	30.06.2020	31.12.2019	Change
Italy	66,407	59,670	6,738
EU countries	65,255	58,370	6,885
Non-EU countries	3,040	3,399	( 359)
<b>Trade receivables</b>	<b>134,703</b>	<b>121,439</b>	<b>13,263</b>

## NOTE 9. Current tax receivables

Thousands of euro	30.06.2020	31.12.2019	Change
For value added tax	10,564	12,028	( 1,464)
For income tax	3,144	4,942	( 1,799)
<b>Current tax receivables</b>	<b>13,708</b>	<b>16,971</b>	<b>( 3,263)</b>

As at June 30, 2020, tax receivables booked an overall decrease of Euro 3,263 thousand, essentially linked to the different VAT receivable and the change in income taxes.

## NOTE 10. Other current assets

Thousands of euro	30.06.2020	31.12.2019	Change
Advances to suppliers	3,367	3,706	( 339)
Other receivables	7,991	4,669	3,322
Accrued income and deferred expenses	2,532	2,672	( 140)
Current financial assets	74	19	56
<b>Other current assets</b>	<b>13,965</b>	<b>11,066</b>	<b>2,899</b>

As at June 30, 2020, the item records an overall increase of Euro 2,899 thousand, due to the rise in Other receivables for Euro 3,322 thousand, mainly due to the increase in receivables for insurance reimbursements to be collected and the increase in current receivables for guarantee deposits, the increase in the item Current financial assets of Euro 56 thousand due to the recognition of the mark-to-market on exchange rates, partially offset by the reduction in Advances to suppliers for Euro 339 thousand and in accrued income and deferred expenses for Euro 140 thousand.

As already noted in the 2017 financial statements, the balance of "Other receivables" was not affected by the receivable from the related party, Argentina S.r.l., for Euro 8,000 thousand, as it has been entirely written off (Note 34).

## NOTE 11. Cash and cash equivalents

Thousands of euro	30.06.2020	31.12.2019	Change
<b>Cash and cash equivalent</b>	<b>45,242</b>	<b>56,562</b>	<b>( 11,321)</b>

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

## NOTE 12. Group shareholders' equity

The share capital at June 30, 2020, fully paid in, consisted of 17,682,500 shares without par value for a value of Euro 69,163,340; there are no preference shares. The shareholders' equity as at June 30, 2020 increased when compared to December 31, 2019 due essentially to the result achieved by the Group in the first six months.

At June 30, 2020, Orsero still owns 219,339 ordinary treasury shares, down compared to 755,637 treasury shares held at December 31, 2019; this decrease is due to the delivery free of charge of the 320,000 shares serving the medium/long-term management incentive plan following the achievement of the 2017 and 2018 objectives, and the free assignment to shareholders of 246,298 shares by way of the 2019 dividend, partially offset by the acquisition of 30,000 treasury shares between June 24 and June 30, 2020, at an average price of Euro 6.5193 and for a total value of Euro 195,677. With respect to the above-mentioned dividend, this entailed the assignment of 1 share for every 69 shares held by the shareholders at the ex-dividend date, with rounding down to the nearest unit. The ex-dividend date for coupon no. 5 was May 11, 2020, the record date was May 12 and payments began on May 13, 2020. Therefore, the amount of treasury shares recorded as a direct reduction of shareholders' equity amounts to Euro 1,973,899.

The share premium reserve comes to Euro 78,100 thousand at June 30, 2020, whilst the legal reserve is Euro 396 thousand.

The conversion reserve incorporates all the foreign exchange differences deriving from the conversion of the financial statements of the foreign operations.

The cash flow hedging reserve, recognized for Euro 712 thousand (negative), exposes the change relating to the adjustment to negative fair value as at June 30, 2020 net of the tax effect with indication thereof in the statement of comprehensive income of the derivative on the bunker, for Euro 274 thousand, the derivative on interest rates for Euro 494 thousand and the derivative on exchange rates for Euro 56 thousand (positive), all accounted for with the cash flow hedging method.

The reserve from the remeasuring of Defined benefits plans, established in compliance with the application of IAS 19, has not changed compared to December 31, 2019.

The consolidated statement of changes in shareholders' equity, included in the consolidated financial statements to which reference is made, illustrates the changes between December 31, 2018 and June 30, 2019 and between December 31, 2019 and June 30, 2020, of the individual reserve items. The reconciliation as at June 30, 2020 between the Shareholders' Equity of the Parent Company and the Shareholders' Equity of the Group, and between the Net Profit of the Parent Company and the Net Profit of the Group, is presented below.

Thousands of euro	Share capital and reserves at 30.06.2020	Net profit 30.06.2020	Total Shareholders' equity at 30.06.2020
<b>Orsero S.p.A. (Parent company)</b>	<b>142,476</b>	<b>( 3,122)</b>	<b>139,354</b>
The difference between the carrying amount and the corresponding equity	( 47,118)	-	( 47,118)
Pro-quota gains/losses achieved by subsidiaries	-	10,642	10,642
Pro-quota recognition of associated companies consolidated using the equity method	( 654)	522	( 132)
Dividends distributed by consolidated companies to the Parent company	1,853	( 1,853)	-
Consolidation differences	45,938	-	45,938
Elimination of capital gain and/or other transactions carried out by subsidiaries	5,478	( 177)	5,302
<b>Total Group equity and net profit attributable to Parent company</b>	<b>147,974</b>	<b>6,012</b>	<b>153,986</b>
Minority interests and net profit attributable to non controlling interests	526	200	726
<b>Total shareholders' equity and net profit</b>	<b>148,500</b>	<b>6,212</b>	<b>154,712</b>

### NOTE 13. Minorities' shareholders' equity

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

Consolidated company (thousands of euro)	% non-controlling interests	Capital and reserves	Profit/(Loss)	Equity non-controlling interests
M.a.p. Servizi Generali S.r.l.	30.00%	42	2	44
Productores Aguacate Jalisco S.A.C.V.	30.00%	480	199	678
Kiwisol LDA	0.25%	4	-	4

### NOTE 14. Financial liabilities

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

The financial exposure is as follows:

Thousands of euro	30.06.2020	31.12.2019	Change
Bond payables (over 12 months)	30,000	30,000	-
Non - current medium term bank loans (over 12 months)	51,853	44,737	7,116
Non - current other lenders (over 12 months)	2,279	2,520	( 241)
Non - current other lenders (over 12 months) ex IFRS 16	24,454	51,907	( 27,453)
Non current liabilities for derivative (over 12 months)	650	476	174
Non current payables for price balance on acquisitions (over 12 months)	743	1,943	( 1,200)
<b>Non - current financial liabilities</b>	<b>109,978</b>	<b>131,583</b>	<b>( 21,605)</b>
Bond payables (current)	-	-	-
Current medium term bank loans	14,979	13,894	1,086
Bank overdrafts	27,619	25,204	2,416
Current other lenders	1,129	1,064	65
Current other lenders ex IFRS 16	6,394	8,081	( 1,687)
Other current lenders short term	1,749	1,340	409
Current liabilities for the derivatives	288	50	238
Current payables for price balance on acquisitions	2,250	2,264	( 14)
<b>Current financial liabilities</b>	<b>54,409</b>	<b>51,897</b>	<b>2,513</b>

The change in the half year by a total of Euro 19,092 thousand (between non-current and current) reflects the main components mostly related to medium-term loans as detailed below:

- the payment by the Parent Company of the June 30 installment of Euro 5,455 thousand on the pool loan, along with Euro 90 thousand accounted for as implicit interest deriving from the recognition of the item with the amortized cost method. Please recall that at June 30, a hedge is in place on 77.3% of that loan against interest rate fluctuations, for which the negative mark to market value is Euro 480 thousand. This loan is subject to respect for financial covenants, verified on an annual basis;
- the payment of Euro 555 thousand in interest on the debenture loan of Euro 30,000 thousand (remember that the first installment on capital account will be due in October 2023). Please also note that the debenture loan calls for compliance with the financial covenants, such as the ratio between the net financial position and Adjusted EBITDA and the net financial position and shareholders' equity at the reporting date; as at this date, full compliance was noted;
- the disbursement to the company Fruttital of a 10-year loan of Euro 15,000 thousand gross of notional interest relating to the recognition of the loan at amortized cost for Euro 187

- thousand, requested for the acquisition of the Italian warehouses and on the other hand the regular repayment by the company Fruttital S.r.l. of loan installments falling due for Euro 1,444 thousand. This Euro 15,000 thousand loan is subject to respect for financial covenants, verified on an annual basis;
- the disbursement to the company AZ France of a 5-year loan for Euro 800 thousand and on the other hand the regular repayment of loan installments falling due for a total of Euro 252 thousand;
  - the payment by GFB S.r.l. of the amounts due for maturing loan installment of Euro 19 thousand;
  - the repayments at maturity of loans by Hermanos Fernández López S.A. for Euro 145 thousand;
  - new finance leases taken out by Hermanos Fernández López S.A. amounting to Euro 386 thousand against payments on finance leases outstanding totaling Euro 493 thousand;
  - the repayment of medium-term loans by Sevimpor for Euro 66 thousand and finance leases for Euro 12 thousand;
  - the repayment of the installments set forth in the lease agreement by Fruttital Cagliari for Euro 33 thousand;
  - the payment of Euro 121 thousand by the Mexican company for maturing installments on outstanding loans;
  - the stipulation of a new lease agreement of the Mexican company Productores Aguacate Jalisco S.A.C.V. for Euro 21 thousand and repayments for Euro 1 thousand;
  - the payment of finance leases for the company Eurofrutas for Euro 43 thousand;
  - within the item Other financial payables, the IFRS 16 component equal respectively to Euro 30,849 thousand, of which Euro 1,927 thousand due to new contracts entered into in the first half of 2020, net of payments in the reporting period for Euro 3,452 thousand and the write-off following the acquisition of the Italian warehouses of Euro 27,468 thousand;
  - financial payables also include the changes of Euro 411 thousand in the mark-to-markets of the hedging derivatives on interest rates (negative mark-to-market equal to Euro 170 thousand for the company Fruttital S.r.l. and negative for Euro 480 thousand for Orsero S.p.A.) and the bunker (negative mark-to-market of Euro 288 thousand);
  - the payment of Euro 1,000 thousand due for the purchase of the Fruttica Group;
  - the payment of Euro 214 thousand for the acquisition of Sevimpor.

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

- Orsero debenture loan for an original Euro 30 million, falling due in 2028;
- Orsero pool loan for an original Euro 60 million, falling due in 2024;
- Fruttital pool mortgage loan for an original Euro 15 million, falling due in 2029;
- La Caixa loan in Fruttital for an original Euro 2.6 million, falling due in 2023;
- Banque Populaire loans in AZ France for an original Euro 1.3 million, falling due in 2023 and 2024;
- Credit Lyonnais loan in AZ France for an original Euro 1 million, falling due in 2023;
- Credit Lyonnais mortgage in AZ France for an original Euro 1.65 million, falling due in 2029;
- Credit Lyonnais loan in AZ France for an original Euro 0.8 million, falling due in 2022;
- La Caixa loan in Hermanos Fernández López for Euro 1.8 million, falling due in 2022;
- Comercializadora de Frutas loans for an original USD 1.5 million, falling due in April and August 2022.

The schedule of medium-term debt to banks and other lenders at December 31, 2019 and June 30, 2020 is detailed in the following table, organized in two columns (due by June 30, 2021 and due beyond June 30, 2021, the latter in turn broken down by amounts due by June 30, 2025 and amount due after said date) to provide a better comparison with the previous table.

The table below shows the breakdown of payables to banks for loans and payables to other lenders for medium to long-term financial payables for the current and non-current portions; the latter is further broken down by due within/beyond five years.



Thousands of euro	Total	30.06.21	> 30.06.21		30.06.21-30.06.25	> 30.06.25
Bond payables (Non-current/current)	30,000	-	30,000	as follows:	10,000	20,000
Medium term bank loans (Non - current/ current)	66,832	14,979	51,853		44,239	7,614
Other lenders (Non - current/ current)	3,408	1,129	2,279		2,279	-
Other lenders (Non - current/ current) ex IFRS 16	30,849	6,394	24,454		13,081	11,373
Liabilities for the derivatives (Non-current/current)	938	288	650		650	-
Bank overdrafts	27,619	27,619	-		-	-
Other current lenders short term	1,749	1,749	-		-	-
Payables for price balance on acquisitions (Non-current/current)	2,993	2,250	743		743	-
<b>Non current/Current Financial liabilities at 30.06.2020</b>	<b>164,388</b>	<b>54,409</b>	<b>109,978</b>		<b>70,992</b>	<b>38,987</b>

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

At June 30, 2020, the following are in place: (i) a hedge on part of bunker consumption of the ship-owning company, the mark-to-market of which at the reporting date is negative and equal to Euro 288 thousand; (ii) a hedge on interest rates on the pool loan of Euro 60 million, the mark-to-market of which is negative and equal to Euro 480 thousand at the reporting date and another hedge on interest rates on the loan of Euro 15,000 thousand, taken out by Fruttital S.r.l., the mark-to-market of which at the reporting date is negative and equal to Euro 170 thousand; (iii) a hedge on purchases in USD, the mark-to-market of which is positive and equal to Euro 56 thousand.

Please note that in view of the loans granted, as at June 30, 2020, mortgages were posted on corporate assets, as follows:

Fruttital S.r.l.: mortgage on four former NBI warehouses acquired in January 2020 for an amount equal to the residual value of the loan;

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

GFB S.r.l.: mortgage on the property in the favor of the bank Carige S.p.A. – Cassa di risparmio di Genova e Imperia for an amount of Euro 710 thousand, equal to twice the residual debt.

Hermanos Fernández López: mortgage on the land and building in the favor of Caixabank S.A. for an amount of Euro 470 thousand, equal to the residual value of the loan.

Comercializadora de Frutas Acapulco: mortgage on the land and building and pledge on specific plants acquired in connection with the loan, for a total of USD 1,500 thousand in the favor of Banamex, and mortgage on land and building relative to the opening of credit facilities on a Banamex revolving mortgage current account, for USD 1,600 thousand.

Please note that some loan contracts and the debenture loan envisage compliance with financial and equity covenants, summarized in the table below. In the majority of cases, a verification of respect for the covenants is required at the annual reporting date. Please note that the financial covenants existing on the bond and pool loan must be counted, as envisaged by the related contracts, on a net financial position that excludes the application of the new standard IFRS 16 for the entire term of said loans. The debenture loan also calls for respect for the financial parameters at June 30; the latter, at June 30, 2020, were respected in full.

Thousands of euro	Duration	Period	Parameter	Limit	Respected
Bond payables 30 M€ - Parent company	2018-2028	Annually/ Half-yearly	Net financial position / Total Shareholders' Equity	<1.25	Yes
Bond payables 30 M€ - Parent company	2018-2028	Annually/ Half-yearly	Net Financial Position / Adjusted Ebitda	<3/4*	Yes
Bond payables 30 M€ - Parent company	2018-2028	Annually/ Half-yearly	Adjusted Ebitda/ Net financial expenses	>5	Yes
Pool loan 60 M€ - Parent company	2018-2024	Annually	Net financial position / Total Shareholders' Equity	<1.5	Yes
Pool loan 60 M€ - Parent company	2018-2024	Annually	Net Financial Position / Adjusted Ebitda	<3.0	Yes
Medium term loan 15 M€ - Fruttital	2020-2029	Annually	Net financial position / Total Shareholders' Equity	<1.5	Yes
Medium term loan 15 M€ - Fruttital	2020-2029	Annually	Net Financial Position / Adjusted Ebitda	<3.0	Yes
Medium term loan Banamex 1,5 M\$ - Comercializadora de Frutas	2020-2022	Annually	Net financial position / Total Shareholders' Equity	>5	Yes
Medium term loan Banamex 1,5 M\$ - Comercializadora de Frutas	2020-2022	Annually	Net Financial Position / Adjusted Ebitda	<2	Yes
Medium term loan Banamex 1,5 M\$ - Comercializadora de Frutas	2020-2022	Annually	Current assets/ Current liabilities	>1.2	Yes

\* The first parameter must be respected in the annual verification and the second on a half-yearly basis

According to that required by Consob communication no. 6064293 dated July 28, 2006 and in compliance with the CESR Recommendation of February 10, 2005 "Recommendation for the standardized implementation of the European Commission Regulation on information prospectuses", below is the net financial debt of the Group as at June 30, 2020.

	Thousands of euro	30/06/2020	31/12/2019
A	Cash and cash equivalent	45,242	56,562
B	Other liquid assets	-	-
C	Current financial assets	74	19
<b>D</b>	<b>Liquidity (A+B+C)</b>	<b>45,316</b>	<b>56,581</b>
<b>E</b>	<b>Current financial receivables</b>	<b>-</b>	<b>-</b>
F	Current bank payables	( 27,619)	( 25,204)
G	Current portion of non-current debt	( 14,979)	( 13,894)
H	Other current financial payables *	( 11,811)	( 12,799)
<b>I</b>	<b>Current financial debt (F+G+H)</b>	<b>( 54,409)</b>	<b>( 51,897)</b>
<b>J</b>	<b>Net current financial debt (I-E-D)</b>	<b>( 9,094)</b>	<b>4,684</b>
K	Non-current bank payables	( 51,853)	( 44,737)
L	Bonds	( 30,000)	( 30,000)
M	Other non-current financial payables*	( 28,125)	( 56,846)
<b>N</b>	<b>Non-current financial debt (K+L+M)</b>	<b>( 109,978)</b>	<b>( 131,583)</b>
<b>O</b>	<b>Net financial debt in accordance with ESMA (J+N)</b>	<b>( 119,072)</b>	<b>( 126,898)</b>

\* Other current financial payables and other non-current financial payables include financial leases, factoring with recourse, payables for price balance on acquisitions, mark to market of liabilities for the derivatives, possible shareholder loan and debt one-off, in addition to debt ex IFRS 16 for the total Euro 30,849 thousand (Non-current Euro 24,454 thousand and Current Euro 6,394 thousand) at June 30, 2020 and for total Euro 59,988 thousand (Non-current Euro 51,907 thousand and Current Euro 8,081 thousand at December 31, 2019).

The table below shows how the decline in cash originates from cash flows for the period, characterized by the above-mentioned investment in warehouses for Euro 17.8 million against a medium-term loan of Euro 15 million with the simultaneous write-off of the right of use pursuant to IFRS 16 relating to them, which meant a "disposal" of assets for Euro 27.5 million and an equal "write-off" (and therefore repayment) of third party funds.

Thousands of Euro	30.06.2020	31.12.2019	30.06.2019
Net cash flows provided by (used for) operating activities	7,533	25,468	( 8,503)
Net cash flows provided by (used for) investing activities	2,726	( 42,134)	( 22,502)
Net cash flows provided by (used for) financing activities	( 21,579)	( 3,056)	5,830
Increase/ (decrease) of cash and cash equivalent	( 11,320)	( 19,722)	( 25,175)
<b>Net cash and cash equivalents, at beginning of the period</b>	<b>56,562</b>	<b>76,285</b>	<b>76,285</b>
<b>Net cash and cash equivalents, at end of the period</b>	<b>45,242</b>	<b>56,562</b>	<b>51,110</b>

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

Liabilities provided by financing activities	31/12/2019	New loans	Payments/ Decreases	Cash Flow	Derivatives	Changes of consolidation scope	Changes of exchange rate	30/06/2020
Bond payables (over 12 months)	30,000	-	-	-	-	-	-	30,000
Non-current medium term bank loans	58,631	15,613	( 7,412)	-	-	-	-	66,833
Non-current other lenders (over 12 months)	3,584	407	( 583)	-	-	-	-	3,408
IFRS 16 Effect	59,988	1,927	( 31,072)	-	-	-	7	30,849
Factor*	1,068	1,749	( 1,068)	-	-	-	-	1,749
Current other lenders short term*	272	-	( 272)	-	-	-	-	-
Current liabilities for the derivatives	526	-	-	-	411	-	-	937
Bank overdrafts	25,204	-	-	2,415	-	-	-	27,619
Payables for price balance on acquisitions (Non current-current)	4,207	-	( 1,214)	-	-	-	-	2,993
Current financial assets	( 19)	-	-	-	( 56)	-	-	( 74)
<b>Total</b>	<b>183,462</b>	<b>19,696</b>	<b>( 41,621)</b>	<b>2,415</b>	<b>356</b>	<b>-</b>	<b>7</b>	<b>164,315</b>

\* Included in the "Other current lenders short term"

## NOTE 15. Other non-current liabilities

Thousands of euro	30.06.2020	31.12.2019	Change
<b>Other non - current liabilities</b>	<b>286</b>	<b>349</b>	<b>( 63)</b>

The item "Other non-current liabilities" amounted to Euro 286 thousand as at June 30, 2020, with a decrease of Euro 63 thousand relative to December 31, 2019, due mainly to the decrease of deferred income relating to investment contributions that will be recognized in the income statement in future years in correlation with the amortization calculated on such investments.

## NOTE 16. Deferred tax liabilities

Thousands of euro	30.06.2020	31.12.2019	Change
<b>Deferred tax liabilities</b>	<b>5,249</b>	<b>5,216</b>	<b>33</b>

At June 30, 2020, the item decreased by Euro 33 thousand. For further details, reference is made to Note 29 "Tax expenses".

## NOTE 17. Provisions for risks and charges

Thousands of euro	30.06.2020	31.12.2019	Change
<b>Provisions for risks and charges</b>	<b>4,570</b>	<b>4,345</b>	<b>225</b>

The item "Provisions for risks and charges" includes the allocations made on the basis of litigation at June 30, 2020 in various Group companies, as a result of accurate estimates by the Directors; of note is an increase during the first half of 2020 following an update of the estimates of potential liabilities, in this case essentially represented by the allocation relating to the amount of the expected provision for the period for the future return of containers. The allocations recognized in the provisions, which represent the estimate of future cash outflows prepared also based on historical experience, were not subject to actuarial valuation since the effect was considered negligible in the consolidated financial statements. Please note that there are no updates with regard to the tax dispute of Simba S.p.A.

The item "Provision for risks and charges", with a balance of Euro 4,570 thousand as at June 30, 2020, increased by Euro 225 thousand. It should also be noted that the Group recognized Euro 2,123 thousand to the provision for the return of containers of the ship-owning company, with an allocation for the first half of 2020 of Euro 300 thousand. There is no news relating to outstanding disputes compared to the situation already described in the financial statements at December 31, 2019.

### NOTE 18 Employees benefits liabilities

A statement of changes in the liabilities of the Employees benefits liabilities at June 30, 2020, is attached.

Thousands of euro	Employees benefits liabilities
<b>Balance at December 31, 2019</b>	<b>9,422</b>
<i>Change of year:</i>	
Accruals	382
Benefits paid and transferred	( 379)
Interest cost	( 6)
Gain/(losses) resulting from changes in actuarial assumptions	-
Other changes	14
<b>Balance at June 30, 2020</b>	<b>9,433</b>

The liability relative to the provision for employee benefits refers to the Italian and foreign companies of the Group, in accordance with the various national regulations, and essentially includes employee severance indemnity accrued by employees in service at June 30, net of advances paid to employees. In accordance with IAS 19, the Provision for employee benefits is measured using the actuarial valuation methodology.

The main financial and demographic assumptions utilized in determining the present value of the liability relating to the Provision for employee benefits are described below; for the preparation of the condensed consolidated half-yearly financial statements, the financial and demographic assumptions used for the financial statements as at December 31, 2019 were deemed adequate and therefore utilized.

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

## NOTE 19. Trade payables

Thousands of euro	30.06.2020	31.12.2019	Change
Payables to suppliers	129,253	125,760	3,492
Payables to subsidiaries and associates of the Group not fully consolidated	1,234	827	407
Payables to related parties	223	935	( 712)
<b>Trade payables</b>	<b>130,709</b>	<b>127,523</b>	<b>3,187</b>

There are no trade payables with a residual maturity of more than 5 years recognized in the financial statements. As at June 30, 2020, there are no past-due payables of significant value.

At June 30, 2020, the net increase of the item amounted to Euro 3,187 thousand as a result of the increase of Euro 3,492 thousand in the value of payables to suppliers and Euro 407 thousand in payables to Group companies that are not consolidated on a line-by-line basis; this increase was partially offset by the reduction of Euro 712 thousand in payables to related companies.

The change in payables to suppliers in the first half of 2020 compared to December 31, 2019 reflects the increase in turnover and, furthermore, is linked to the normal dynamics of the business, which typically sees June 30 as the point of greatest demand in terms of working capital.

The geographic breakdown of the payables is as follows:

Thousands of euro	30.06.2020	31.12.2019	Change
Italy	76,500	73,658	2,843
EU countries	52,075	50,985	1,090
Non-Eu countries	2,134	2,880	( 746)
<b>Trade payables</b>	<b>130,709</b>	<b>127,523</b>	<b>3,187</b>

## NOTE 20. Current tax and social security contributions liabilities

Thousands of euro	30.06.2020	31.12.2019	Change
For value added tax (VAT)	465	187	279
For income tax of the year	2,031	1,337	693
For withholding tax	1,021	1,184	( 164)
For indirect taxes	366	387	( 21)
Other payables	4	135	( 131)
Social security contributions	3,105	3,170	( 65)
<b>Current tax and social security contributions liabilities</b>	<b>6,991</b>	<b>6,400</b>	<b>591</b>

At June 30, 2020, this item had a balance of Euro 6,991 thousand, up compared to the balance at December 31, 2019 by a total of Euro 591 thousand, of which Euro 279 thousand for higher VAT payable and Euro 693 thousand for a higher payable for the provision for income taxes for the year. The positive change is partially offset by Euro 21 thousand for indirect taxes, Euro 164 thousand for payables for withholding tax to be paid, Euro 131 thousand for other payables and for Euro 65 thousand for contributions.

There are currently no past due amounts related to the item in question.

## NOTE 21. Other current liabilities

Thousands of euro	30.06.2020	31.12.2019	Change
Payables to personnel	6,991	6,880	110
Payables relating to operations on behalf of third parties	2,310	1,519	791
Other current payables	3,254	2,359	894
Accrued expenses and deferred income	1,090	584	506
<b>Other current liabilities</b>	<b>13,644</b>	<b>11,343</b>	<b>2,302</b>

At June 30, 2020, the item "Other current liabilities" increased by Euro 2,302 thousand, mainly due to the increase in payables to employees for Euro 110 thousand, payables related to transactions on behalf of third parties of Euro 791 thousand, the item Other payables for Euro 894 thousand and the item Accrued liabilities and deferred income for Euro 506 thousand.

Payables to personnel relate to current items for June, as well as accrued and unused holidays and 13th month accruals.

## NOTE 22. Segment reporting

Based on the current organizational structure of the Orsero Group and with reference to the internal reporting system, the information required by IFRS 8, broken down by "business segment", is shown below.

Thousands of euro	30.06.2020				
	Import & Distribution	Shipping	Services	Eliminations/ Consolidated adjustments	Total
Net sales to third parties	487,947	30,468	2,344	-	520,759
Inter-segment net sales	3	22,252	3,295	( 25,551)	-
<b>Net sales of the sector</b>	<b>487,950</b>	<b>52,720</b>	<b>5,640</b>	<b>( 25,551)</b>	<b>520,759</b>
<b>Adjusted Ebitda</b>	<b>16,305</b>	<b>10,165</b>	<b>( 2,971)</b>	-	<b>23,499</b>
<b>Adjusted Ebit</b>	<b>9,707</b>	<b>4,628</b>	<b>( 3,412)</b>	-	<b>10,922</b>
Amortization of intangible and depreciation tangible assets	( 6,112)	( 5,237)	( 441)	-	( 11,791)
Accruals of provision	( 486)	( 300)	-	-	( 786)
Non recurring income	41	-	-	-	41
Non recurring expenses	( 1,553)	( 19)	( 297)	-	( 1,870)
Financial income	66	5	106	( 99)	78
Financial expenses	( 839)	( 185)	( 1,102)	99	( 2,027)
Exchange rate differences	608	16	24	-	648
Share of profit from companies consolidated at equity	-	-	-	522	522
Revaluations of securities and investments	-	-	-	-	-
Devaluations of securities and investments	-	-	-	-	-
Intra-group dividends	-	-	653	( 653)	-
Result of securities and investments negotiation	20	-	-	-	20
<b>Profit before tax</b>	<b>8,050</b>	<b>4,444</b>	<b>( 4,028)</b>	<b>( 131)</b>	<b>8,335</b>
Tax expenses	( 2,548)	( 546)	971	-	( 2,123)
<b>Net profit</b>	<b>5,501</b>	<b>3,899</b>	<b>( 3,057)</b>	<b>( 131)</b>	<b>6,212</b>

Thousands of euro	30.06.2020			
	Import & Distribution	Shipping	Services	Total
Total assets without investments in Joint ventures and associates	361,322	76,460	245,171	682,953
Investments in Joint ventures and associates	4,519	-	2,783	7,302
<b>Total aggregate assets</b>	<b>365,841</b>	<b>76,460</b>	<b>247,954</b>	<b>690,256</b>
<b>Total aggregate liabilities</b>	<b>265,020</b>	<b>26,999</b>	<b>105,091</b>	<b>397,111</b>
<b>Total aggregate shareholders' equity</b>	<b>100,821</b>	<b>49,461</b>	<b>142,863</b>	<b>293,145</b>

Thousands of euro	30.06.2019				
	Import & Distribution	Shipping	Services	Eliminations/ Consolidated adjustments	Total
Net sales to third parties	462,765	27,426	2,704	-	492,895
Inter-segment net sales	72	17,689	3,617	( 21,378)	-
<b>Net sales of the sector</b>	<b>462,837</b>	<b>45,115</b>	<b>6,321</b>	<b>( 21,378)</b>	<b>492,895</b>
<b>Adjusted Ebitda</b>	<b>14,253</b>	<b>7,411</b>	<b>( 2,405)</b>	-	<b>19,259</b>
<b>Adjusted Ebit</b>	<b>7,664</b>	<b>2,795</b>	<b>( 2,786)</b>	-	<b>7,673</b>
Amortization of intangible and depreciation tangible assets	( 5,987)	( 4,316)	( 381)	-	( 10,683)
Accruals of provision	( 602)	( 300)	-	-	( 902)
Non recurring income	41	-	517	-	558
Non recurring expenses	( 2,753)	( 61)	( 755)	-	( 3,570)
Financial income	117	-	42	( 6)	153
Financial expenses	( 502)	( 164)	( 1,157)	6	( 1,818)
Exchange rate differences	( 416)	( 31)	16	-	( 432)
Share of profit from companies consolidated at equity	-	-	-	32	32
Revaluations of securities and investments	-	-	-	-	-
Devaluations of securities and investments	-	-	-	-	-
Intra-group dividends	-	-	490	( 490)	-
Result of securities and investments negotiation	1	-	-	-	1
<b>Profit before tax</b>	<b>4,151</b>	<b>2,539</b>	<b>( 3,634)</b>	<b>( 457)</b>	<b>2,599</b>
Tax expenses	( 1,962)	( 484)	958	-	( 1,488)
<b>Net profit</b>	<b>2,189</b>	<b>2,055</b>	<b>( 2,676)</b>	<b>( 457)</b>	<b>1,111</b>

Thousands of euro	30.06.2019			
	Import & Distribution	Shipping	Services	Total
Total assets without investments in Joint ventures and associates	356,962	89,124	346,346	792,433
Investments in Joint ventures and associates	4,939	-	2,588	7,528
<b>Total aggregate assets</b>	<b>361,902</b>	<b>89,124</b>	<b>348,935</b>	<b>799,960</b>
<b>Total aggregate liabilities</b>	<b>264,886</b>	<b>28,839</b>	<b>115,375</b>	<b>409,100</b>
<b>Total aggregate shareholders' equity</b>	<b>97,016</b>	<b>60,285</b>	<b>233,560</b>	<b>390,860</b>

In compliance with what is indicated in IFRS 8, in the table above a disclosure is given on total assets, total liabilities, the amount of the investment in associates and joint ventures and, lastly, aggregate shareholders' equity by sector. It is specified that the sector data indicated in the notes should be read together with the performance indicators expressed in the interim report on operations.

### Main customer

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

### NOTE 23. Net sales

Thousands of euro	30.06.2020	30.06.2019	Change
Revenues from sales	490,556	461,533	29,023
Revenues from services	30,203	31,362	( 1,159)
<b>Net Sales</b>	<b>520,759</b>	<b>492,895</b>	<b>27,864</b>



At June 30, 2020, turnover was Euro 520,759 thousand, an increase of Euro 27,864 thousand compared to June 30, 2019. For a detailed analysis of sales, please refer to the interim report on operations, in the section "Commentary on performance of the business sectors". Please note that Group revenues mainly derive from the sale of fresh fruit and vegetables from many of the world's countries, on the territories under its purview.

### Geographical information

The analysis of the information by geographical area shows details of the Group's revenues, divided up into the main geographical areas (thereby meaning those in which the related Orsero Group company is based that generated the revenue) for the first half of 2020 and 2019, showing the Group's substantially eurocentric nature.

Thousands of euro	30.06.2020	30.06.2019	Change
<b>Europe</b>	<b>497,973</b>	<b>465,804</b>	<b>32,169</b>
<i>of which Italy</i>	241,418	226,990	14,428
<i>of which France</i>	87,853	82,146	5,707
<i>o which Spain</i>	134,912	124,264	10,648
<b>Latin America and North America</b>	<b>22,786</b>	<b>27,091</b>	<b>( 4,305)</b>
<b>Total net sales</b>	<b>520,759</b>	<b>492,895</b>	<b>27,864</b>

As shown in the table above, the Eurozone constituted the real heart of the Orsero Group business, whilst the revenues achieved in America derive from the activities carried out in Mexico, as well as those carried out in Costa Rica, Chile, Argentina and Colombia. Finally, please note that for Group revenues, the currency component is insignificant, given that the revenues of distributors, apart from the Mexican company, are all in euros.

### NOTE 24. Cost of goods sold

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

Thousands of euro	30.06.2020	30.06.2019	Change
Raw materials and finished goods costs	353,734	332,313	21,421
Cost of commissions on purchases and sales	968	964	5
Transport and handling costs	68,972	67,119	1,853
Personnel costs	13,711	13,213	498
Depreciation and amortization	9,611	8,964	647
Accruals of provision	300	300	-
External production and maintenance costs	13,091	11,928	1,163
Utilities	3,326	3,250	75
Bunker cost	13,436	13,363	73
Rental costs for ships and containers	3,417	4,044	( 627)
Leases and rentals	526	684	( 158)
Other costs	498	389	109
Other operating revenues and cost recoveries	( 4,163)	( 3,178)	( 985)
<b>Cost of goods sold</b>	<b>477,426</b>	<b>453,353</b>	<b>24,073</b>

The increase in the cost of goods sold is linked to revenue growth, with a change which is less than proportional to the growth of revenues. For further details, please refer to what has already been commented on in the interim report on operations. Also note the increase in costs following the contribution made by the companies acquired in 2019 for Euro 6,405 thousand (the Fruttica Group for one quarter at June 30, 2019 and Fruttital Cagliari acquired effective on July 1, 2019). Aside from this, the bunker cost is in line with the corresponding period of the previous year. Note that the item "Raw material and finished goods costs" comprises Euro 4,137 thousand of costs due to associates,

valued at market value and included in the balances indicated in Note 34, to which reference is made. Instead, the item "Transport and handling costs" comprises Euro 2,436 thousand to associated companies of the Group; this balance is also included in the details provided in Note 34. Instead, "Rents and leases" comprises Euro 78 thousand to associated companies of the Group; this balance is also included in the details provided in Note 34. The item "Other operating revenues and cost recoveries" comprises Euro 97 thousand in revenues from associates of the Group. For further details, reference is made to Note 34.

## NOTE 25. Overheads and administrative costs

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

Thousands of euro	30.06.2020	30.06.2019	Change
Corporate bodies fees	704	950	( 246)
Costs for notary, tax, legal and other professional services	2,165	2,137	29
Commercial, advertising, promotional, representation expenses	567	825	( 258)
Personnel costs	18,876	18,921	( 45)
Depreciation and amortization	2,180	1,719	461
Accruals for provision	486	602	( 116)
Costs for maintenance, external labor and various other services	3,548	3,196	352
Insurance expenses	807	801	6
Utilities	866	840	25
Travel expenses	399	787	( 388)
Costs of company car fleet	381	511	( 129)
Rental costs and various rentals	291	307	( 15)
Charges for purchase and services to associates and related companies	48	10	38
Other costs	1,335	1,195	141
Acquisition costs of stationery and material of consumption	193	269	( 76)
Fees, commissions, bank guarantees charges and factoring	463	458	5
<b>Overheads</b>	<b>33,311</b>	<b>67,016</b>	<b>( 216)</b>

The table shows overheads and administrative costs down compared to the same period of the previous year; please note that the 2019 scope effect had no impact as the increase in costs due to the acquisition of the Fruttica Group and Fruttital Cagliari was offset by the disposal of the company Vado Container Services S.r.l. at the end of 2019.

The item "Charges for purchases and intercompany services to associates and related companies" comprises Euro 9 thousand to associated companies and Euro 39 thousand to related companies. For further details, reference is made to Note 34.

## NOTE 26. Other income and expenses

Thousands of euro	30.06.2020	30.06.2019	Change
Other operating income	1,715	2,871	( 1,156)
Other operating expenses	( 2,643)	( 4,225)	1,581
<b>Total other income and expenses</b>	<b>( 929)</b>	<b>( 1,354)</b>	<b>425</b>

Annexed are details of the items "Other operating income" and "Other operating expenses" for the first half of 2020 and 2019 with a separate indication of ordinary items with respect to "non-recurring" ones.

Thousands of euro	30.06.2020	30.06.2019	Change
Revenues from recovery of costs and insurance reimbursements	134	188	( 54)
Plus values and contingent revenues in ordinary course of business	619	1,145	( 525)
Others	920	980	( 60)
<b>Other ordinary operating income</b>	<b>1,673</b>	<b>2,313</b>	<b>( 639)</b>
Covid-19 revenues	28	-	28
Others	14	558	( 544)
<b>Other non-recurring operating income</b>	<b>41</b>	<b>558</b>	<b>( 517)</b>

Other ordinary revenue, like the item "Other ordinary expenses" below, includes cost and revenue elements not already classified in the above sections of the income statement and elements such as contingent assets and liabilities of costs and revenues linked to previous years due to differences in estimates, which as such recur every year (for example, reversals of premiums received from and/or given to customers and suppliers, differences on insurance reimbursements collected compared to forecasts, etc.). They also include any contributions for operating expenses, capital gains and capital losses on current disposals of assets and the capitalization of costs linked to investment initiatives. In the first half of 2020, in particular, capitalization was recorded with reference to the progress status of the new ERP system implementation for Euro 319 thousand. In terms of non-recurring revenues for the first half of 2020, please note that the Group recognized Euro 28 thousand in income linked to the measures taken following the spread of the Covid-19 epidemic.

"Other operating income" includes Euro 20 thousand in regard to related companies.

Thousands of euro	30.06.2020	30.06.2019	Change
Penalties, sanctions and costs for damage to third parties	( 26)	( 34)	8
Minus values and contingent losses in ordinary course of business	( 748)	( 621)	( 126)
<b>Other ordinary operating expenses</b>	<b>( 774)</b>	<b>( 655)</b>	<b>( 119)</b>
Covid-19 costs	( 620)	-	( 620)
MTA/STAR listing costs	-	( 224)	224
Costs related to employees	( 611)	( 554)	( 57)
Significant costs for civil, tax, customs litigations, etc.	( 244)	( 1,761)	1,517
Others	( 396)	( 1,031)	635
<b>Other non - recurring operating expenses</b>	<b>( 1,870)</b>	<b>( 3,570)</b>	<b>1,700</b>

Given what is noted above with respect to the nature of the operating costs shown in this table, there were no significant deviations in the first half of 2020 with respect to the same period of the previous year. Instead, as regards non-recurring components, at June 30, 2019, the Group recognized Euro 1,600 thousand against the customs dispute involving the importing company.

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

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

The item "Financial income, financial expenses and exchange differences" is broken down as follows:

Thousands of euro	30.06.2020	30.06.2019	Change
Financial income	78	153	( 75)
Financial expenses	( 2,027)	( 1,818)	( 209)
Exchange rate differences	648	( 432)	1,080
<b>Financial income, financial expenses and exchange differences</b>	<b>( 1,301)</b>	<b>( 2,097)</b>	<b>796</b>

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

Thousands of euro	30.06.2020	30.06.2019	Change
Interest income to third parties	69	126	( 58)
Interest income to associates and joint ventures	4	17	( 13)
Interest for IAS 19	6	10	( 4)
<b>Financial income</b>	<b>78</b>	<b>153</b>	<b>( 75)</b>

Thousands of euro	30.06.2020	30.06.2019	Change
Interest expenses from bank/bond	( 1,506)	( 1,382)	( 124)
Interest expenses to third parties	( 12)	-	( 12)
Interest expenses IFRS 16	( 508)	( 436)	( 72)
<b>Financial expenses</b>	<b>( 2,027)</b>	<b>( 1,818)</b>	<b>( 209)</b>

Thousands of euro	30.06.2020	30.06.2019	Change
Realized exchange rate differences	696	( 410)	1,106
Unrealized exchange rate differences	( 48)	( 21)	( 27)
<b>Exchange rate differences</b>	<b>648</b>	<b>( 432)</b>	<b>1,080</b>

Note that Euro 508 thousand has been recognized in interest expense to third parties due to the application of IFRS 16 and the effect of interest on the debenture loan 3.70%. Also note that the majority of the increase in realized exchange differences is linked to the significant change in the Peso/Euro exchange rate in Mexico during the first half of 2020.

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

Thousands of euro	30.06.2020	30.06.2019	Change
Dividends	3	1	1
Share of profit from companies consolidated at equity	522	32	490
Result of securities and investments negotiation	17	-	17
<b>Net income/(loss) from equity investments and share of net profit of associates and joint ventures</b>	<b>542</b>	<b>34</b>	<b>508</b>

The change in the amount of the Net income (loss) from equity investments and share of associates and joint ventures is essentially related to the pro-quota recognition of the results of associated companies consolidated using the equity method. This result shows an increase compared to the same period of the previous year due to the net improvement in the result achieved during the year by the investees, also taking into account Euro 265 thousand linked to the results of Moncada and Moño Azul, whose results were not available at June 30 of last year.

## NOTE 29. Tax expenses

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

Thousands of euro	30.06.2020	30.06.2019	Change
Current taxes for the year	( 3,849)	( 3,402)	( 447)
Deferred taxes = from statutory tax consolidation	2,052	1,191	861
Deferred taxes incomes and liabilities	( 326)	723	( 1,049)
<b>Tax expenses</b>	<b>( 2,123)</b>	<b>( 1,488)</b>	<b>( 635)</b>

The comparison with the same period of the previous year shows the higher level of current taxes linked to the increase in the result for the period and the release of deferred tax assets, essentially carried out by the Parent Company as a result of the conclusion of the medium/long-term management incentive plan.

Thousands of euro	30.06.2020 -Rate 24%		30.06.2019 -Rate 24%	
	Taxable	Tax	Taxable	Tax
<b>Profit before tax</b>	<b>8,335</b>		<b>2,599</b>	
<b>Theoretical tax</b>		<b>( 2,000)</b>		<b>( 624)</b>
Simba duty litigation		-	1,600	( 384)
International register Cosiarma		675		244
Share of profit from companies consolidated at equity ( 522)		125	( 31)	8
Foreign companies for different tax rate		( 44)		( 135)
Taxed dividends from companies of Group ( 1,853)		( 11)	490	( 6)
Non imposable items/recoveries		( 323)		( 206)
<b>Effective tax</b>		<b>( 1,579)</b>		<b>( 1,103)</b>
Irap/Cvae taxes		( 545)		( 385)
<b>Taxes expenses in the consolidated financial statement</b>		<b>( 2,123)</b>		<b>( 1,488)</b>
Effective rate		25.5%		57.3%

The table above details the reconciliation of theoretical and actual tax for the two years, clearly showing the differences; the higher impact of taxation of the international register of Cosiarma (register that envisages an 80% reduction in the amount of taxable income) is linked to the increase in profitability. A separate line shows the Irap and Cvae (France) taxes calculated on a different tax base.

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

Thousands of euro	Statement of financial position		Income statement	Comprehensive income statement
	30.06.2020	31.12.2019	30.06.2020	30.06.2020
Previous tax losses	5,369	5,140	229	-
Effect IAS 19	852	832	21	-
Depreciation/Goodwill/trademarks	792	780	31	-
Indirect taxes	85	94	( 9)	-
Reductions in value and provisions	1,257	1,231	25	-
Financial expenses/ACE/Exchange differences	134	134	-	-
Cost deductible in the future*	-	730	( 730)	-
Financial derivatives	170	117	-	53
Other	51	63	( 13)	-
<b>Deferred tax assets</b>	<b>8,709</b>	<b>9,122</b>	<b>( 445)</b>	<b>53</b>

\* Related to medium/long term incentivisation plan for management

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

Thousands of euro	Statement of financial position		Income statement	Comprehensive income statement
	30.06.2020	31.12.2019	30.06.2020	30.06.2020
Leasing	( 1,487)	( 1,524)	37	-
Warehouse revaluation	( 228)	( 228)	-	-
On J-entries FV Magazzini Fernández	( 1,917)	( 1,950)	33	-
Ships depreciation	( 1,587)	( 1,481)	50	-
Others	( 29)	( 33)	-	-
<b>Deferred tax liabilities</b>	<b>( 5,249)</b>	<b>( 5,216)</b>	<b>119</b>	<b>-</b>

As at June 30, 2020, there are no significant tax disputes in progress, apart from those mentioned previously in the annual report at December 31, 2019.

There are no other significant amendments to the tax legislation between the first half of 2020 and the same period of 2019.

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

A reconciliation is provided of the Adjusted EBITDA, used by the Group's management team as a performance indicator monitored on a consolidated level, with the period result presented in the income statement.

Thousands of euro	30.06.2020	30.06.2019	Change
<b>Net profit</b>	<b>6,212</b>	<b>1,111</b>	<b>5,102</b>
Tax expenses	2,123	1,488	635
Financial income	( 78)	( 153)	75
Financial expenses and exchange rate differences	1,379	2,249	( 871)
Net income (loss) from equity investments	( 20)	( 1)	( 18)
Share of net profit of associates and joint ventures	( 522)	( 32)	( 490)
<b>Operating result (Ebit)</b>	<b>9,094</b>	<b>4,662</b>	<b>4,432</b>
Amortization of intangible and depreciation tangible assets	11,791	10,683	1,107
Accruals of provision	786	902	( 116)
Non recurring income	( 41)	( 558)	517
Non recurring expenses	1,870	3,570	( 1,700)
<b>Adjusted Ebitda*</b>	<b>23,499</b>	<b>19,259</b>	<b>4,240</b>

\* Please note that the Adjusted Ebitda at June 30, equal of Euro 23,499 thousand (Euro 19,259 thousand at June 30, 2019) increases by Euro 4,093 thousand (Euro 4,478 thousand at June 30, 2019) due to the adoption of IFRS 16 "leases", entered into force on January 1, 2019. This improving effect is almost completely offset by the higher depreciation Euro 3,611 thousand (Euro 4,077 thousand at June 30, 2019) and interest expensed Euro 508 thousand (Euro 436 thousand at June 30, 2019), due to the adoption of this new principle.

### NOTE 31. Earnings per share

The basic earnings per share are calculated by dividing the Group's portion of the profit by the average number of shares outstanding during the period. The "Fully Diluted" earnings per share are calculated by dividing the net profit of the Group by the average number of outstanding shares, excluding treasury shares in the portfolio. The average number of outstanding shares used to calculate the "Fully Diluted" earnings per share at June 30, 2019 includes the treasury shares assigned following the achievement of the 2017 and 2018 targets envisaged in the previous medium/long-term management incentive plan.

Euro	30.06.2020	30.06.2019
<b>Net profit - Group share (in Euro)</b>	<b>6,011,666</b>	<b>912,864</b>
<b>Average number of outstanding shares during the period</b>	<b>17,077,225</b>	<b>16,930,113</b>
<b>Base earning per share - ordinary shares</b>	<b>0.352</b>	<b>0.054</b>
Average number of outstanding shares during the period	17,077,225	16,930,113
Average number of outstanding shares granted for "medium/long term incentivisation plan for management" during the period	-	320,002
<b>Diluted average number of outstanding shares during the period</b>	<b>17,077,225</b>	<b>17,250,115</b>
<b>Diluted earnings per share - ordinary shares</b>	<b>0.352</b>	<b>0.053</b>

### NOTE 32. Disclosures on financial instruments - additional disclosures

The table below shows a detailed analysis of the assets and liabilities envisaged by IFRS 7, in accordance with the categories envisaged by IFRS 9 for the first half of 2020 and for the year 2019.

Thousands of euro	Balance at 30.06.20	Assets measured at amortized cost	Assets at fair value with changes recognized in the PL*	Liabilities measured at amortized cost	Liabilities at fair value with changes recognized in the CI *
<b>Financial assets</b>					
Investments in other companies	417	417	-	-	-
Other fixed assets	5,123	5,123	-	-	-
Trade receivables	134,703	134,703	-	-	-
Current tax receivables	13,708	13,708	-	-	-
Other current assets	13,965	13,891	74	-	-
Cash and cash equivalent	45,242	45,242	-	-	-
<b>Financial assets</b>	<b>213,158</b>	<b>213,083</b>	<b>74</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>					
Financial liabilities of which:					
Bond payables	( 30,000)	-	-	( 30,000)	-
Non-current medium term bank loans (over 12 months)	( 51,853)	-	-	( 51,853)	-
Non-current other lenders (over 12 months)	( 2,279)	-	-	( 2,279)	-
Non-current other lenders (over 12 months) ex IFRS 16	( 24,454)	-	-	( 24,454)	-
Non-current liabilities for derivative (over 12 months)	( 650)	-	-	-	( 650)
Non-current payables for price balance on acquisition (over 12 months)	( 743)	-	-	( 743)	-
Current medium term bank loans	( 14,979)	-	-	( 14,979)	-
Bank overdraft	( 27,619)	-	-	( 27,619)	-
Current other lenders	( 1,129)	-	-	( 1,129)	-
Current other lenders ex IFRS 16	( 6,394)	-	-	( 6,394)	-
Other current lenders short term	( 1,749)	-	-	( 1,749)	-
Current liabilities for derivative	( 288)	-	-	-	( 288)
Current payables for price balance on acquisition	( 2,250)	-	-	( 2,250)	-
Other non-current liabilities	( 286)	-	-	( 286)	-
Trade payables	( 130,709)	-	-	( 130,709)	-
Current tax and social security contributions liabilities	( 6,991)	-	-	( 6,991)	-
Other current liabilities	( 13,644)	-	-	( 13,644)	-
<b>Financial liabilities</b>	<b>( 316,018)</b>	<b>-</b>	<b>-</b>	<b>( 315,081)</b>	<b>( 938)</b>
* CI=Comprehensive income; PL=Income Statement					

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

It is noted that only "Other current assets" of all financial assets include securities, i.e. financial instruments that are valued at fair value with impact on the income statement. Trade and other receivables are measured at the nominal value that, considering the speed of collection, coincides with the value determined by the application of amortized cost, in compliance with IFRS 9. Among financial liabilities, hedging derivatives are recorded at fair value; the related change is accounted for in a shareholders' equity reserve that constitutes the comprehensive income statement. In this regard, it is noted that the Group has derivative contracts outstanding as at June 30, 2020 related to interest rate and exchange rate hedges and the bunker hedge as reported in Note 14.

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

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



Fair value of financial instruments:

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

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

Fair value of non-financial instruments:

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

It should be noted that, when third party information is used to determine the fair value, such as the prices of brokers or pricing services, the Group evaluates and documents the information obtained from third parties to support the fact that these evaluations comply with the provisions of IFRS, including the fair value hierarchy level in which to reclassify the associated valuation.

In the fair value measurement of an asset or liability, the Group uses observable market data as much as possible. Fair value is divided up into various hierarchical levels according to the input data used in the measurement techniques, as explained below.

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

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

### **Financial instruments**

Derivatives, valued using techniques based on market data, are swaps on bunkers and exchange rates and IRSs on interest rates whose purpose is to hedge both the fair value of underlying instruments and cash flows. The most frequently applied valuation techniques include “forward pricing” and “swap” models, which use the calculations of the present value. The following table analyzes financial instruments measured at fair value based on three different levels of valuation.

Thousands of euro	30.06.2020			30.06.2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Current financial assets	19	-	-	19	-	-
Hedging derivatives	-	56	-	-	81	-
<b>Financial liabilities</b>						
Speculative derivatives	-	-	-	-	-	-
Hedging derivatives	-	( 938)	-	-	( 695)	-

Level 1 valuation was used for non-significant securities.

Level 2 valuation, used for financial instruments measured at fair value, is based on parameters such as bunker, interest rates and exchange rates that are quoted in active or observable markets on official rate curves. The liability valued with Level 2 at June 30, 2020 relates to the negative fair values of the derivative on interest rates and the bunker, while as concerns the derivative on exchange rates, the mark-to-market is positive.

#### Non-financial instruments

It is noted that there are non-financial instruments measured at fair value as at June 30, 2020, represented by biological assets of the Mexican production company.

#### NOTE 34. Transactions with related parties

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

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

In addition, there is a fiscal relationship with the Parent Company Orsero, following the option exercised for the national tax consolidation regime, governed by Articles 117 et seq. of the TUIR Tax Code, only for the Italian companies. Receivables and payables arising from such fiscal relationships are not interest-bearing. Transactions between the companies included in the scope of consolidation have been eliminated from the consolidated financial statements and have not been highlighted. It is noted that in the first half of 2020, no related party transactions were implemented other than those coming under the scope of the Group's ordinary business, with the exception of the specified purchase of the Italian warehouses owned by Nuova Beni Immobiliari, formerly leased, located in Milan, Verona, Rome and Molfetta/Bari. Below is a summary of the items in the statement of financial position and income statement for transactions between the Group and other related parties in the first half of 2020. Relationships with the companies represented in the table are essentially commercial and related to the specific business sectors: production for Citrumed and Moño Azul, the real estate business for Nuova Beni Immobiliari (now residual), Business Aviation for GF Aviation and its investee, and distribution for the others. Please note that most of the related and associated companies are in the Import & Distribution sector (Moncada Frutta and Bonaoro), therefore with balances previously represented by trade receivables and sales revenues, whilst Citrumed and Moño Azul are production companies, whose balances therefore mainly relate to trade payables and costs for supplies. Finally, Fruport provides fruit and

vegetable product loading/unloading services and containers, operating out of the port of Tarragona (Spain).

Related parties at June 30, 2020									
Thousands of euro	Other fixed assets <sup>4</sup>	Trade receivables	Trade payables	Net sales	Other operating revenues and cost recoveries <sup>5</sup>	Other income and expenses	Financial income	Trade expenses <sup>5</sup>	Trade expenses <sup>6</sup>
<b>Associates</b>									
Moño Azul S.A. <sup>2</sup>	272	413	145	45	10	-	4	( 2,901)	-
Moncada S.r.l.	-	2,553	-	4,179	3	-	-	( 1)	-
Citrumed S.A.	958	9	343	-	67	-	-	( 1,200)	-
Bonaoro S.L.	-	26	97	161	-	-	-	( 598)	( 9)
Decofruit S.L.	-	215	-	-	-	-	-	( 161)	-
Fruport S.A.	-	18	650	7	18	-	-	( 1,711)	-
<b>Total exposure to Associates</b>	<b>1,231</b>	<b>3,235</b>	<b>1,234</b>	<b>4,393</b>	<b>97</b>	<b>-</b>	<b>4</b>	<b>( 6,573)</b>	<b>( 9)</b>
<b>Related companies</b>									
NBI <sup>3</sup>	-	157	166	68	-	-	-	( 78)	( 39)
Business Aviation <sup>1</sup>	-	98	56	1	-	-	-	-	-
Grupo Fernandez	-	-	-	-	-	19	-	-	-
Immobiliare Ranzi	-	25	-	24	-	-	-	-	-
Argentina S.r.l.	-	5	-	1	-	-	-	-	-
Fif Holding S.p.A.	-	19	-	4	-	-	-	-	-
<b>Total exposure to related companies</b>	<b>-</b>	<b>304</b>	<b>223</b>	<b>99</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>( 78)</b>	<b>( 39)</b>
<b>Total associates-related</b>	<b>1,231</b>	<b>3,539</b>	<b>1,457</b>	<b>4,491</b>	<b>97</b>	<b>20</b>	<b>4</b>	<b>( 6,651)</b>	<b>( 48)</b>
<b>Balance</b>	<b>5,123</b>	<b>134,703</b>	<b>130,709</b>	<b>520,759</b>	<b>( 477,426)</b>	<b>( 929)</b>	<b>78</b>	<b>( 477,426)</b>	<b>( 33,311)</b>
<b>% of Balance</b>	<b>24.02%</b>	<b>2.63%</b>	<b>1.11%</b>	<b>0.86%</b>	<b>-0.02%</b>	<b>-2.16%</b>	<b>4.69%</b>	<b>1.39%</b>	<b>0.14%</b>

<sup>1</sup> Referred to the companies GF Aviation S.r.l., K-Air S.p.A.

<sup>2</sup> Net to bad provisions.

<sup>3</sup> Nuova Beni Immobiliari S.r.l.

<sup>4</sup> Within the "Other fixed assets"

<sup>5</sup> Within the "Cost of goods sold"

<sup>6</sup> Within the "Overheads"

Note that the item "Receivables and other current assets" includes the receivable from Argentina S.r.l. for Euro 8,000 thousand, fully written off.

Transactions with related parties are governed by specific contracts, the conditions of which are in line with those of the market. "Fixed receivables" due from associated companies come to Euro 1,231 thousand and refer to the loan to the Tunisian investee Citrumed, aimed at developing business (orange production for the French market), whilst as concerns Moño Azul, it represents the discounted value of the receivable of original USD 400 thousand payable over the next few years, as defined by the contract of the organization of assets in Argentina. Trade receivables for Euro 3,235 thousand refer to normal receivables for the supply of fruit and vegetables to Italian associates, whilst for Moño Azul, they are normal advances to be settled at the close of the fruit campaign. "Trade payables" due to associated companies in the amount of Euro 1,234 thousand derive from normal service and/or supply contracts with companies mainly operating in the Distribution and Services sectors, all at arm's length. "Commercial revenues" in regard to associated companies, in the amount of Euro 4,393 thousand, are linked to fruit sales, whilst those to related companies come to Euro 99 thousand and mainly refer to revenues for consultancy services provided to related companies. "Commercial costs" toward associated companies for Euro 6,582 thousand mainly refer to costs for the purchase of fruit and port terminal services.

For more details, refer to Annex 1 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

### NOTE 35. Share-based payments

As already noted above, the Company, in line with best market practices enacted by listed companies at domestic and international level, has adopted the "2020-2022 Long-Term Monetary Incentive Plan" which aims to stimulate the maximum alignment of Beneficiaries' interests with the pursuit of the priority objective of sustainable creation of value for shareholders in the medium-long term. In particular, it makes it possible to pursue the following objectives: 1) to reward the short- and long-term performance of the Orsero Group as well as strengthen the alignment between the interests of management and those of shareholders, directing behavior towards the sustainability of performance and the achievement of defined objectives; 2) to develop retention policies aimed at retaining key corporate resources and encouraging them to remain with the Group; 3) to develop policies to attract talented managerial and professional figures. The Plan recognizes within the remuneration structure of the beneficiaries a monetary economic incentive related to the achievement of certain performance and value creation objectives for shareholders, subject to the fulfillment of the access conditions ("Gate") and the continuation of employment with the Orsero Group. Although the Plan does not provide for the assignment of financial instruments, but rather only the attribution of monetary incentives, it does establish that a part of these incentives shall be indexed to the return on the Company's securities, which is why the Plan itself is subject to the rules set out in Art. 114-bis of the Consolidated Law on Finance for plans that provide for the assignment of financial instruments, as applicable. For details about the Plan, please refer to the governance section of the website <https://www.orserogroup.it/governance/remunerazione/>.

### NOTE 36. Employees

The following table shows the number of employees as at June 30, 2020 and as at December 31, 2019.

	30.06.2020	31.12.2019	Change
<b>Import &amp; Distribution Sector</b>	1,349	1,286	63
<b>Shipping Sector</b>	147	177	( 30)
<b>Services Sector</b>	84	82	2
<b>Number of employees</b>	<b>1,580</b>	<b>1,545</b>	<b>35</b>

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

The guarantees provided by the Company are as follows:

Thousands of euro	30.06.2020	31.12.2019	Change
Guarantees issued in the interest of the Group	6,625	6,625	-
Guarantees issued to third parties	2,016	2,828	( 812)
Guarantees issued to third parties in the interest of related parties	-	-	-
<b>Total guarantees</b>	<b>8,641</b>	<b>9,453</b>	<b>( 812)</b>

Relative to the closing of the previous year, of note is the reduction of the guarantees by Euro 812 thousand, of which roughly Euro 1.2 million linked to the elimination of guarantees on VAT refunds received in previous years. As in previous years, the guarantees outstanding at June 30, 2020 are essentially related to guarantees issued to Customs and/or suppliers.

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

### **NOTE 38. Significant events after June 30, 2020**

On June 19, 2020, the deed was entered into for the merger by incorporation of the company Fruttital Cagliari S.r.l. into Fruttital S.r.l., a transaction legally effective as of July 1, 2020, and effective for accounting and tax purposes as of January 1, 2020. Likewise, in Spain, on July 1, but with accounting effects as of January 1, 2020, the company Sevimpor acquired in early 2019 was merged into Hermanos Fernández López. These transactions had neutral effects within the Group as they involved wholly owned companies.

In July, the acquisition was completed of the remaining 50% of the company Moncada Frutta s.r.l., which will be consolidated line-by-line as of July 1, 2020. In the first half of the year, the company was consolidated with the equity method due to the 50% shareholding. The price paid for the acquisition was Euro 1,525 thousand, settled for a fixed part through 176,825 owned Orsero shares, valued at Euro 5.80 each in light of the stock exchange listing on July 29, 2020, and for a variable part equal to Euro 499 thousand in cash, payable 12, 24 and 36 months from the transfer of the shares, subject to the positive achievement of results in the upcoming three-year period.

On July 10 and 24, 2020, the Orsero Group announced the initiation of two different treasury share purchase programs in execution of the resolutions of the Ordinary Shareholders' Meeting held on April 30, 2020. These programs, like the previous acquisitions, represent a strategic investment opportunity to obtain a stock of treasury shares, in order to possibly use such shares as consideration in extraordinary transactions. The first program called for acquisitions of up to 30,000 ordinary shares, for a maximum value of Euro 210,000, began on July 13 and lasted until July 31, 2020. The second program called for acquisitions of up to 50,000 ordinary shares, for a maximum value of Euro 330,000, began on July 27 and lasted until August 31. At the date of the last announcement relating to the Buy-Back Plan, the Parent Company has 299,339 shares in the portfolio, equal to 1.69% or also 122,514 correctly considering the transfer of shares linked to the Moncada Frutta acquisition.

**ANNEX 1. Financial statements tables stated in accordance with Consob Resolution 15519/2006**
**Consolidated statement of financial position as at 30/06/2020 and 31/12/2019**

Thousands of euro	30/06/2020	of which related parties			%
		Associates	Related	Total	
<b>ASSETS</b>					
Goodwill	46,828	-	-	-	-
Other intangible assets	5,894	-	-	-	-
Tangible assets	167,677	-	-	-	-
Financial investments	7,588	7,171	-	7,171	94%
Other fixed assets	5,123	1,231	-	1,231	24%
Deferred tax assets	8,709	-	-	-	-
<b>NON-CURRENT ASSETS</b>	<b>241,820</b>	<b>8,401</b>	-	<b>8,401</b>	<b>3%</b>
Inventories	40,545	-	-	-	-
Trade receivables	134,703	3,235	304	3,539	3%
Current tax receivables	13,708	-	-	-	-
Other current assets	13,965	-	-	-	-
Cash and cash equivalent	45,242	-	-	-	-
<b>CURRENT ASSETS</b>	<b>248,162</b>	<b>3,235</b>	<b>304</b>	<b>3,539</b>	<b>1%</b>
<b>Assets held for sale</b>	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>489,982</b>	<b>11,636</b>	<b>304</b>	<b>11,940</b>	<b>2%</b>
Share Capital	69,163	-	-	-	-
Reserves	78,811	-	-	-	-
Net profit	6,012	-	-	-	-
<b>Group equity</b>	<b>153,986</b>	-	-	-	-
<b>Minorities</b>	<b>726</b>	-	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>154,712</b>	-	-	-	-
<b>LIABILITIES</b>					
Non-current financial liabilities	109,978	-	-	-	-
Other non-current liabilities	286	-	-	-	-
Deferred tax liabilities	5,249	-	-	-	-
Provisions for risks and charges	4,570	-	-	-	-
Employees benefits liabilities	9,433	-	-	-	-
<b>NON-CURRENT LIABILITIES</b>	<b>129,516</b>	-	-	-	-
Current financial liabilities	54,409	-	-	-	-
Trade payables	130,709	1,234	223	1,457	1%
Current tax and social security contributions liabilities	6,991	-	-	-	-
Other current liabilities	13,644	-	-	-	-
<b>CURRENT LIABILITIES</b>	<b>205,754</b>	<b>1,234</b>	<b>223</b>	<b>1,457</b>	<b>1%</b>
<b>Liabilities held for sale</b>	-	-	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>489,982</b>	<b>1,234</b>	<b>223</b>	<b>1,457</b>	-

Thousands of euro	31/12/2019	of which related parties			
		Associates	Related	Total	%
<b>ASSETS</b>					
Goodwill	46,828	-	-	-	-
Other intangible assets	5,145	-	-	-	-
Tangible assets	181,722	-	-	-	-
Financial investments	8,117	7,594	-	7,594	94%
Other fixed assets	5,401	1,278	-	1,278	24%
Deferred tax assets	9,122	-	-	-	-
<b>NON-CURRENT ASSETS</b>	<b>256,336</b>	<b>8,872</b>	-	<b>8,872</b>	<b>3%</b>
Inventories	36,634	-	-	-	-
Trade receivables	121,439	2,158	473	2,630	2%
Current tax receivables	16,971	-	-	-	-
Other current assets	11,066	-	-	-	-
Cash and cash equivalent	56,562	-	-	-	-
<b>CURRENT ASSETS</b>	<b>242,672</b>	<b>2,158</b>	<b>473</b>	<b>2,630</b>	<b>1%</b>
<b>Assets held for sale</b>	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>499,008</b>	<b>11,030</b>	<b>473</b>	<b>11,502</b>	<b>2%</b>
Share Capital	69,163	-	-	-	-
Reserves	79,036	-	-	-	-
Net profit	2,022	-	-	-	-
<b>Group equity</b>	<b>150,221</b>	-	-	-	-
<b>Minorities</b>	<b>710</b>	-	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>150,931</b>	-	-	-	-
<b>LIABILITIES</b>					
Non-current financial liabilities	131,583	-	-	-	-
Other non-current liabilities	349	-	-	-	-
Deferred tax liabilities	5,216	-	-	-	-
Provisions for risks and charges	4,345	-	-	-	-
Employees benefits liabilities	9,422	-	-	-	-
<b>NON-CURRENT LIABILITIES</b>	<b>150,915</b>	-	-	-	-
Current financial liabilities	51,897	-	-	-	-
Trade payables	127,523	827	935	1,762	1%
Current tax and social security contributions	6,400	-	-	-	-
Other current liabilities	11,343	-	-	-	-
<b>CURRENT LIABILITIES</b>	<b>197,162</b>	<b>827</b>	<b>935</b>	<b>1,762</b>	<b>1%</b>
<b>Liabilities held for sale</b>	-	-	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>499,008</b>	<b>827</b>	<b>935</b>	<b>1,762</b>	-

**Consolidated income statement and consolidated statement of comprehensive income as at June 30, 2020 and June 30, 2019**

Thousands of euro	1st semester 2020	Associates	of which related parties		
			Related companies	Total	%
Net sales	520,759	4,393	99	<b>4,491</b>	1%
Cost of goods sold	( 477,426)	( 6,476)	( 78)	<b>( 6,554)</b>	1%
<b>Gross profit</b>	<b>43,333</b>	-	-	-	-
Overheads	( 33,311)	( 9)	( 39)	<b>( 48)</b>	0%
Other income and expenses	( 929)	-	20	<b>20</b>	-2%
- of which non-recurring operating income	41	-	-	-	-
- of which non-recurring operating expenses	( 1,870)	-	-	-	-
<b>Operating result (Ebit)</b>	<b>9,094</b>	-	-	-	-
Financial income	78	4	-	<b>4</b>	5%
Financial expenses and exchange rate differences	( 1,379)	-	-	-	-
Net income (loss) from equity investments	20	-	-	-	-
Share of net profit of associates and joint ventures	522	-	-	-	-
<b>Profit before tax</b>	<b>8,335</b>	-	-	-	-
Tax expenses	( 2,123)	-	-	-	-
<b>Net profit from continuing operations</b>	<b>6,212</b>	-	-	-	-
Net profit of "Discontinued operations"	-	-	-	-	-
<b>Net profit</b>	<b>6,212</b>	-	-	-	-
<b>attributable to non-controlling interests</b>	<b>200</b>	-	-	-	-
<b>attributable to parent company</b>	<b>6,012</b>	-	-	-	-

Thousands of euro	1st semester 2020	Associates	of which related parties		
			Related companies	Total	%
<b>Net profit</b>	<b>6,212</b>	-	-	-	-
Items that may not be subsequently reclassified to net profit or loss	-	-	-	-	-
Items that may be subsequently reclassified to net profit or loss	( 356)	-	-	-	-
Tax effect	53	-	-	-	-
<b>Total comprehensive income</b>	<b>5,909</b>	-	-	-	-
<b>attributable to non-controlling interests</b>	<b>200</b>	-	-	-	-
<b>attributable to parent company</b>	<b>5,709</b>	-	-	-	-



Thousands of euro	1st semester 2019	Associates	of which related parties		
			Related companies	Total	%
Net sales	492,895	6,586	119	<b>6,706</b>	<b>1%</b>
Cost of goods sold	( 453,353)	( 4,635)	-	<b>( 4,635)</b>	<b>1%</b>
<b>Gross profit</b>	<b>39,542</b>	-	-	-	-
Overheads	( 33,526)	( 10)	-	<b>( 10)</b>	<b>0%</b>
Other income and expenses	( 1,354)	18	-	<b>18</b>	<b>-1%</b>
- of which non-recurring operating income	558	-	-	-	-
- of which non-recurring operating expenses	( 3,570)	-	-	-	-
<b>Operating result (Ebit)</b>	<b>4,662</b>	-	-	-	-
Financial income	153	17	-	<b>17</b>	<b>11%</b>
Financial expenses and exchange rate differences	( 2,249)	-	-	-	-
Net income (loss) from equity investments	1	-	-	-	-
Share of net profit of associates and joint ventures	32	-	-	-	-
<b>Profit before tax</b>	<b>2,599</b>	-	-	-	-
Tax expenses	( 1,488)	-	-	-	-
<b>Net profit from continuing operations</b>	<b>1,111</b>	-	-	-	-
Net profit of "Discontinued operations"	-	-	-	-	-
<b>Net profit</b>	<b>1,111</b>	-	-	-	-
<b>attributable to non-controlling interests</b>	<b>198</b>	-	-	-	-
<b>attributable to parent company</b>	<b>913</b>	-	-	-	-

Thousands of euro	1st semester 2019	Associates	of which related parties		
			Related companies	Total	%
<b>Net profit</b>	<b>1,111</b>	-	-	-	-
Items that may not be subsequently reclassified to net profit or loss	-	-	-	-	-
Items that may be subsequently reclassified to net profit or loss	868	-	-	-	-
Tax effect	21	-	-	-	-
<b>Total comprehensive income</b>	<b>2,000</b>	-	-	-	-
<b>attributable to non-controlling interests</b>	<b>198</b>	-	-	-	-
<b>attributable to parent company</b>	<b>1,802</b>	-	-	-	-

**Consolidated statement of cash flows as at June 30, 2020 and June 30, 2019**

Thousands of euro	1st semester 2020	of which related parties		
		Associates	Related	Total
<b>A. Net cash flows provided by (used for) operating activities</b>				
Net profit	6,212			
Income taxes	2,123	-	-	-
Net financial expenses	1,301	4	-	4
<b>1. Net Profit before Tax, Interests, Dividends and (earnings)/losses from disposal of assets</b>	<b>9,636</b>			
<b>Non-cash adjustments not related to working capital:</b>				
Provisions	786	-	-	-
Depreciations and Amortizations	11,791	-	-	-
<b>2. Cash flows before working capital changes</b>	<b>22,212</b>			
<b>Changes in Working Capital:</b>				
Change in inventories	( 3,911)	-	-	-
Change in trade receivables	( 14,050)	( 1,077)	169	( 908)
Change in trade payables	3,187	407	( 712)	( 306)
Other working capital changes	3,519	-	-	-
<b>3. Cash flows after working capital changes</b>	<b>10,957</b>			
<b>Other non-cash adjustments:</b>				
Net financial expenses	( 1,301)	( 4)	-	( 4)
Income taxes	( 2,123)	-	-	-
<b>4. Cash flows after other changes</b>	<b>7,533</b>			
<b>Net cash flows provided by (used for) operating activities (A)</b>	<b>7,533</b>			
<b>B. Net cash flows provided by (used for) investing activities</b>				
Tangible assets				
(Investment)	( 25,519)	-	( 17,138)	( 17,138)
Disposals	28,303	-	27,339	27,339
Intangible assets				
(Investment)	( 1,278)	-	-	-
Disposals	-	-	-	-
Financial Investments				
(Investment)	( 523)	( 522)	-	( 522)
Disposals	1,052	945	-	945
Financial assets				
(Investment)	-	-	-	-
Disposals	691	-	-	-
Disposals / (acquisitions) of investments in controlled companies, net of cash	-	-	-	-
<b>Net cash flows provided by (used for) investing activities (B)</b>	<b>2,726</b>			
<b>C. Net cash flows provided by (used for) financing activities</b>				
Financial loans				
Increase /(decrease) of short term financial debts	1,972	-	-	-
Drawdown of new medium-long loans	17,947	-	118	118
Pay back of medium-long loans	( 39,066)	-	( 27,468)	( 27,468)
Equity				
Capital Increase and other changes in increase or decrease	( 2,236)	-	-	-
Disposal/ (aquisition) of own shares	( 196)	-	-	-
Dividends paid	-	-	-	-
<b>Net cash flows provided by (used for) financing activities(C)</b>	<b>( 21,579)</b>			
<b>Increase/ (decrease) of cash and cash equivalent (A ± B ± C)</b>	<b>( 11,320)</b>			
<b>Net cash and cash equivalents, at beginning of the period</b>	<b>56,562</b>			
<b>Net cash and cash equivalents, at end of the period</b>	<b>45,242</b>			

Thousands of euro	1st semester 2019	of which related parties		
		Associates	Related	Total
<b>A. Net cash flows provided by (used for) operating activities</b>				
Net profit	1,111			
Income taxes	1,488	-	-	-
Net financial expenses	2,095	17	-	17
<b>1. Net Profit before Tax, Interests, Dividends and (earnings)/losses from disposal of assets</b>	<b>4,694</b>			
<b>Non-cash adjustments not related to working capital:</b>				
Provisions	902	-	-	-
Depreciations and Amortizations	10,683	-	-	-
<b>2. Cash flows before working capital changes</b>	<b>16,279</b>			
<b>Changes in Working Capital:</b>				
Change in inventories	( 1,440)	-	-	-
Change in trade receivables	( 26,455)	( 1,109)	( 5)	( 1,114)
Change in trade payables	8,400	( 252)	( 278)	( 530)
Other working capital changes	( 1,704)	-	-	-
<b>3. Cash flows after working capital changes</b>	<b>( 4,920)</b>			
<b>Other non-cash adjustments:</b>				
Net financial expenses	( 2,095)	( 17)	-	( 17)
Income taxes	( 1,488)	-	-	-
<b>4. Cash flows after other changes</b>	<b>( 8,503)</b>			
<b>Net cash flows provided by (used for) operating activities (A)</b>	<b>( 8,503)</b>			
<b>B. Net cash flows provided by (used for) investing activities</b>				
Tangible assets				
(Investment)	( 15,012)	-	-	-
Disposals	322	-	-	-
Intangible assets				
(Investment)	( 11,369)	-	-	-
Disposals	-	-	-	-
Financial Investments				
(Investment)	( 32)	( 32)	-	( 32)
Disposals	756	756	-	756
Financial assets				
(Investment)	( 919)	( 12)	-	( 12)
Disposals	-	-	-	-
Disposals / (acquisitions) of investments in controlled companies, net of cash	3,752	-	-	-
<b>Net cash flows provided by (used for) investing activities (B)</b>	<b>( 22,502)</b>			
<b>C. Net cash flows provided by (used for) financing activities</b>				
Financial loans				
Increase /(decrease) of short term financial debts	5,721	-	-	-
Drawdown of new loans	12,515	-	-	-
Pay back of loans	( 11,247)	-	-	-
Equity				
Capital Increase and other changes in increase or decrease	871	-	-	-
Disposal/ (aquisition) of own shares	-	-	-	-
Dividends paid	( 2,031)	-	-	-
<b>Net cash flows provided by (used for) financing activities(C)</b>	<b>5,830</b>			
<b>Increase/ (decrease) of cash and cash equivalent (A ± B ± C)</b>	<b>( 25,175)</b>			
<b>Net cash and cash equivalents, at beginning of the period</b>	<b>76,285</b>			
<b>Net cash and cash equivalents, at end of the period</b>	<b>51,110</b>			



# Independent Auditor's Report



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

## Report on review of condensed interim consolidated financial statements

To the shareholders of  
Orsero S.p.A.

### Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Orsero Group comprising the consolidated statement of financial position, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and notes thereto as at and for the six months ended 30 June 2020. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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Padova Palermo Parma Perugia  
Pescara Roma Torino Treviso  
Trieste Varese Verona



**Orsero Group**  
*Report on review of condensed interim consolidated financial statements  
30 June 2020*

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Orsero Group as at and for the six months ended 30 June 2020 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Genoa, 14 settembre 2020

KPMG S.p.A.

(signed on the original)

Matteo Pastore  
Director of Audit

