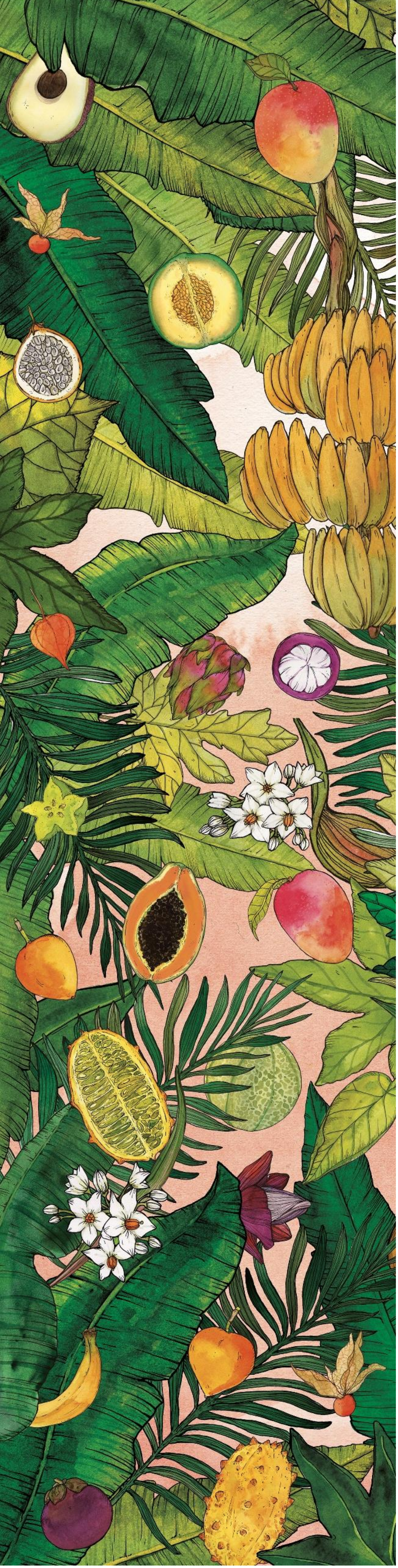


GRUPPO ORSERO

2020 FINANCIAL REPORT

Contents

OUR COMMUNITY, A VERY SPECIAL FRUIT

NO ONE COULD IMAGINE A YEAR LIKE 2020.

The pandemic has affected every aspect of our business, we had to reinvent our way of working and we all did it together with care, determination and imagination.

We stoically worked in presence on the wholesale markets, on the ships and in the warehouses, we worked remotely, we doubled the shifts, all this again and again with an extraordinary generosity.

For this, we want to announce publicly our gratitude to all the people who work in the Group.

The Pandemic has highlighted the true value of what we do, to make sure that people have fresh, healthy and safe products every day.

Our producers, all over the world, have worked with us handling the unexpected, overcoming obstacles in order to meet an unexpectedly variable demand.
Our customers have shown an incredible flexibility and ability to adapt.
Everyone has done his part with a wonderful spirit of collaboration and of which as a sector, we must be proud.

The challenge, unfortunately, is not over yet, but we are confident that we will continue to face it in the best way that we've already shown we can do.

Raffaella Orsero and Matteo Colombini
Executives directors, Orsero S.p.A.

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 FOR OUR **AUTHENTICITY AND INTEGRITY**.

80
YEARS OF ACTIVITY

+ 1,500
EMPLOYEES

+ 300
PRODUCT TYPES

2 BUSINESS AREAS

IMPORT & DISTRIBUTION
OF FRUIT AND VEGETABLES IN SOUTHERN EUROPE

SHIPPING
OF BANANAS AND PINEAPPLES

60%
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

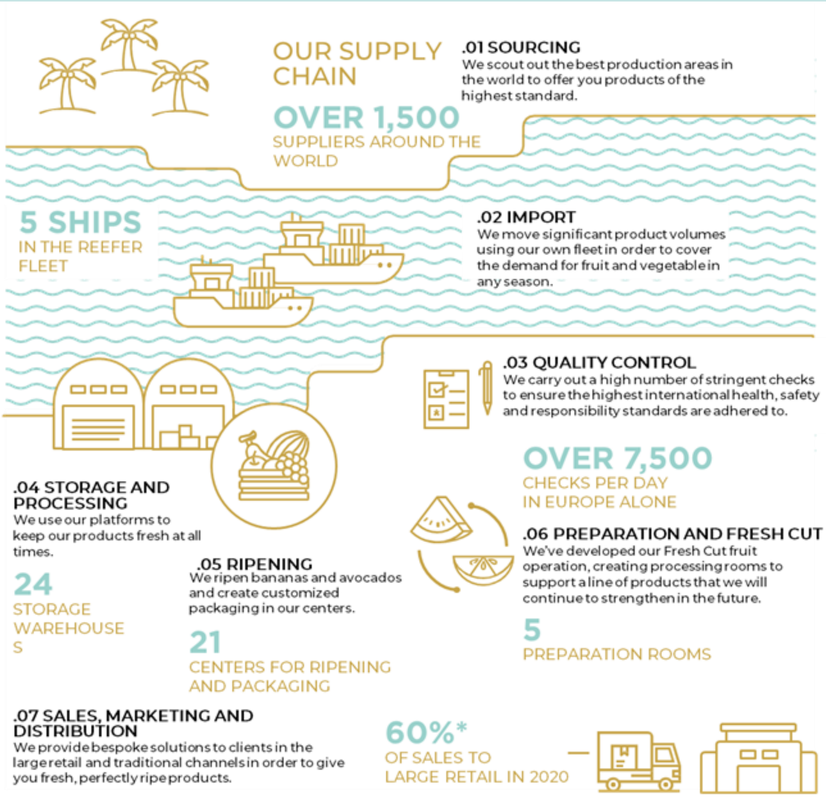
SECOND
IN SPAIN

THIRD
IN FRANCE

BUSINESS MODEL

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 vegetable section, but one **essential principle** has remained the same for us. Our **constant 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 maintaining 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	31.12.2020	31.12.2019
Net sales	1,041,535	1,005,718
Adjusted Ebitda*	48,404	38,706
% Adjusted Ebitda	4.6%	3.8%
Adjusted Ebit	22,414	12,953
Ebit	18,763	8,378
Profit/loss	12,269	2,264
Profit/loss attributable to non controlling interests	52	242
Profit/loss attributable to Owners of Parent	12,217	2,022
Adjusted profit/loss	13,979	5,280

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

Equity data:

Thousands of Euro	31.12.2020	31.12.2019
Net Invested Capital	263,423	277,830
Capital and reserves attributable to Parent Company	159,617	150,221
Non-Controlling Interest	494	710
Total Shareholders' Equity	160,111	150,931
Net Financial Position	103,311	126,898

Main indicators:

	31.12.2020	31.12.2019
Group ROE	8.29%	1.36%
ROI	8.51%	4.66%
Net Financial Position/Total Shareholders' Equity	0.65	0.84
Net Financial Position/Adjusted Ebitda	2.13	3.28
Main indicators without IFRS 16 effect		
Net Financial Position/Total Shareholders' Equity	0.46	0.44
Net Financial Position/Adjusted Ebitda	1.84	2.31

Cash flow data:

Thousands of Euro	31.12.2020	31.12.2019
Profit/loss	**12,269**	**2,264**
Cash flow from operating activities	37,993	25,468
Cash flow from investing activities	(10,981)	(42,134)
Cash flow from financing activities	(43,086)	(3,056)
Increase/decrease in cash and cash equivalent	(16,074)	(19,722)
Net cash and cash equivalents,at beginning of the year	**56,562**	**76,285**
Net cash and cash equivalents,at end of the year	**40,489**	**56,562**

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

Thousands of Euro	31.12.2020	31.12.2019
Adjusted Ebitda	40,406	28,929
% Adjusted Ebitda	3.9%	2.9%
Financial income and expense (Without exchange rate differences)	(2,786)	(2,593)
Total Shareholders' Equity	160,669	151,307
Net Financial Position	74,437	66,911
Main indicators		
Net Financial Position/Total Shareholders' Equity	0.46	0.44
Net Financial Position/Adjusted Ebitda	1.84	2.31

The tables above provide initial preliminary details of the Group business trend in 2020, fully described later on in the dedicated sections of this report.
As concerns bananas and pineapples import activities, until last year included in the "Import & Shipping" sector, the Group's Management has decided, as already noted in the last annual report, 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.

The Group has decided to postpone the adoption of the consolidated financial statements in the single electronic reporting format (ESEF) until the next financial year beginning on January 1, 2021, applying the provisions of Delegated Regulation (EU) 2019/815 endorsed by the legislator with Law no. 21 of February 26, 2021, which converted Decree Law 183/2020 (Milleproroghe Decree).
In preparation for the conversion to the new format, however, some changes have already been made to the financial statement schedules (statement of financial position, income statement, statement of comprehensive income, cash flow statement and statement of changes in equity) compared to previous years, changes that are more formal (new descriptions) than substantial in nature. The latter include the separate indication of equity investments valued at equity with respect to other investments, now included in the category "non-current financial assets", and "current tax liabilities", which until the previous year were shown together with tax payables, now included in "other current liabilities".

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 par 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

Composition of Orsero S.p.A. corporate bodies

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

Board of Directors[1]:

Paolo Prudenziati	Non-Executive Chair
Raffaella Orsero	Deputy Chair and Chief Executive Officer
Matteo Colombini	Co-chief Executive Officer and Chief
Carlos Fernández Ruiz	Director
Armando Rodolfo de Sanna[2]	Independent Director
Vera Tagliaferri[2]	Independent Director
Laura Soifer[2]	Independent Director
Elia Kuhnreich[3 4]	Independent Director
Riccardo Manfrini[3 4]	Independent Director

Board of Statutory Auditors[5]:

Giorgio Grosso[4]	Chair
Michele Paolillo	Statutory Auditor
Elisabetta Barisone	Statutory Auditor
Michele Graziani[4]	Alternate Auditor
Paolo Rovella	Alternate Auditor

Control and risks Committee[6]:

Vera Tagliaferri	Chair
Armando Rodolfo de Sanna	Member
Riccardo Manfrini	Member

Remuneration and Appointments Committee[6]:

Armando Rodolfo de Sanna	Chair
Vera Tagliaferri	Member
Paolo Prudenziati	Member

Related Parties Committee[6]:

Laura Soifer	Chair
Vera Tagliaferri	Member
Elia Kuhnreich	Member

Independent Auditors:

KPMG S.p.A.

[1] The Board of Directors, consisting of nine members, was appointed by the Shareholders' Meeting on April 30, 2020 and will remain in office until the date of approval of the financial statements at December 31, 2022.
[2] 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.
[3] 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.
[4] Taken from the list submitted jointly by funds managed by Praude Asset Management Limited.
[5] The Board of Statutory Auditors, consisting of three statutory auditors and two alternates, was appointed by the Shareholders' Meeting on April 30, 2020 and will remain in office until the date of approval of the financial statements at December 31, 2022.
[6] 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 will remain in office until the date of approval of the financial statements at December 31, 2022.

Group Structure

SHIPPING

- **COSIARMA** -ITALY-
- **ORSERO CR** -COSTA RICA-

IMPORT & DISTRIBUTION

- **FRUTTITAL** -ITALY-
- **FRUTTITAL FIRENZE** -ITALY-
- **GALANDI** -ITALY-
- **SIMBA** -ITALY-
- **SIMBACOL** -COLOMBIA-
- **MONCADA** -ITALY-
- **H.NOS FERNÁNDEZ LÓPEZ** -SPAIN-
- **AZ FRANCE** -FRANCE-
- **FRUTTICA** -FRANCE-
- **EUROFRUTAS** -PORTUGAL-
- **BELLA FRUTTA** -GREECE-
- **COMM. DE FRUTA ACAPULCO** -MEXICO-

SERVICES & HOLDING

- **ORSERO SPA** -ITALY-
- **FRESCO FORW. AGENCY** -ITALY-
- **ORSERO SERVIZI** -ITALY-
- **FRUPORT** -SPAIN- 49%

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

Alternative performance indicators

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

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

The definitions of the alternative performance indicators used in the Annual Report are as follows:

EBIT: represented by the operating result

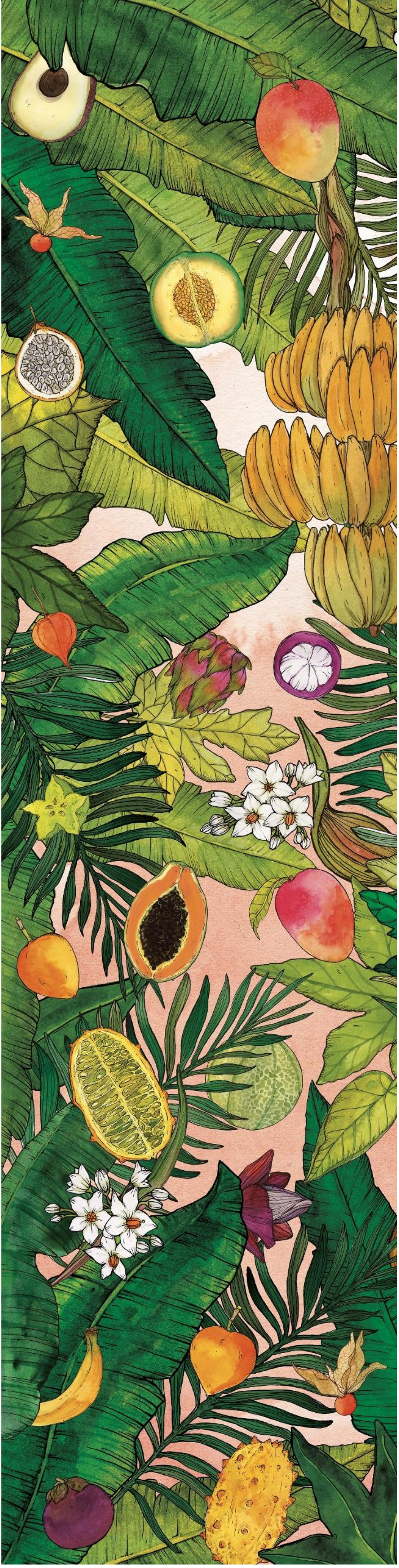
Adjusted EBITDA: the operating result (EBIT) including depreciation, amortization, and provisions, however excluding non-recurring costs/income and costs related to Top Management incentives.

Adjusted EBIT: the operating result excluding non-recurring costs/income and costs related to Top Management incentives.

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

Fixed assets: calculated as the sum of the following items: goodwill, intangible assets other than goodwill, property, plant and equipment, investments accounted for using the equity method, non-current financial assets, deferred tax assets. Any fair value of hedging derivatives included in the item "non-current financial 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: current tax assets, other receivables and other current assets, non-current assets held for sale, other non-current liabilities, deferred tax liabilities, provisions, employee benefits liabilities, current tax liabilities, other current liabilities and liabilities directly associated with non-current assets held for sale. Any fair value of hedging derivatives and current financial assets included in the item "other receivables and other current assets" should be excluded from these items.
Net invested capital (NIC): calculated as the sum of net working capital, fixed assets, and other 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 sum of the following items: cash and cash equivalents, non-current/current financial liabilities, which also include payables associated with acquisition prices still to be paid and the positive/negative fair value of hedging derivatives, and current financial assets included in the item "other receivables and other current assets".
ROI: calculated as the ratio between Adjusted EBIT and Net invested capital.
Group ROE: calculated as the ratio between the profit/loss attributable to owners of the parent company and the shareholders' equity attributable to owners of parent company.



Directors' Report

Significant events during the year

Below are the most significant events that took place in 2020, consisting mainly of (i) the acquisition by Fruttital S.r.l. of warehouses previously leased by the Group in Milan, Verona, Rome and Molfetta from the related company Nuova Beni Immobiliari S.r.l., (ii) the appointment of the members of the corporate bodies as decided by the Shareholders' Meeting on April 30, (iii) events linked to the Covid-19 epidemic and (iv) the acquisition of the company Moncada Frutta, with its simultaneous line by line consolidation within the Group as of July 1, 2020.

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 year 2020 was clearly dominated by the effects of the Covid-19 pandemic which, beginning at the end of 2019 in the Chinese province of Wuhan, gradually spread throughout the rest of the world, with effects of which we are all now well aware.
Given the nature of the Group's activities, regarding the marketing of staple food products, the pandemic has not had particularly negative effects on the Group's activities, 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.
The absence of a significant impact on the Group's accounts due to the Covid-19 epidemic has not, therefore, called into question the going concern assumption, let alone resulted in the deterioration of future economic prospects with consequent impacts on the Group's assets, as indicated in the Consob warning in note 1/21 of February 16, 2021 and the ESMA recommendation of October 28, 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. In fact, following the initial communications from the Italian Ministry of Health and the first government interventions, the Group promptly took all precautions to reduce and limit the health risk of Covid-19 infection and the resulting risk of a shutdown of company activities, putting the health of its employees and collaborators first.
At the Orsero S.p.A. level, a management committee was set up, comprising the Managing Directors, the Central Human Resources Manager and the Central Operations Manager who, by coordinating the operational structures, studied and implemented the measures and policies adopted. The Chief Executive Officer and Head of Procedures of Orsero S.p.A. and the Head of Internal Audit were consistently involved and updated with respect to the actions taken. The measures were adopted by immediately coordinating and getting information to employees, all Group companies and external collaborators for the most uniform management possible of the emergency, anticipating and managing any critical situations.

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 in the spring months, optimizing the use of modern electronic technologies in order to maintain almost normal business activities.
In economic terms, throughout 2020 the costs linked to the acquisition of personal protection equipment, sanitation services and bonuses for internal and external personnel totaled Euro 887 thousand, partially offset by benefits totaling Euro 173 thousand, of which Euro 139 thousand linked to the relief on IRAP from which the company Cosiarma was able to benefit.
Also during the "second wave" of the virus (starting from September) and in the current "third wave" with impacts on western economies, the Group's management is still continuously monitoring the situation from the financial, commercial and organizational standpoint, as well as the treasury situations relating in particular to the cycle of collections from customers and the economic and financial positions of the import chains.
In April 2020, following issues taking place in the handling and packaging of goods by the cooperatives operating in the Milan warehouse, arising in March 2020 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 no resumption of activities is planned at the Milan operating site, for which in the future a possible disposal seems likely.

Merger by incorporation of Fruttital Cagliari S.r.l. and Sevimpor SLU

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.
Please note that 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.

Acquisition of Moncada Frutta S.r.l.

In July, the Group entered into an agreement for the acquisition of the remaining 50% of the company Moncada Frutta S.r.l. held by the company Salvatore Moncada S.r.l., which was executed on September 10, 2020. Moncada Frutta S.r.l. is a company specialized in the wholesale distribution of fruit and vegetables in Sicily of which the Group already held 50% of the share capital since 2011. This transaction is intended to achieve important commercial synergies and development prospects in the mass distribution channel in Sicily. The company Moncada Frutta S.r.l. has a leading position in the distribution of fresh fruit and vegetables in Sicily, but there are considerable opportunities for growth, particularly in retail distribution. The company was consolidated line by line as of July 1, 2020, while in the first half of the year, the company was consolidated with the equity method due to the 50% shareholding. As set forth in the agreement, as consideration for the acquisition, Orsero transferred to the seller 176,825 Orsero shares, in its portfolio and equal to 1% of the share capital, valued for accounting purposes at the weighted average price of the Orsero shares recorded in the MTA on July 29 (day on which the agreement was signed), equal to Euro 5.8021 per share with a value of Euro 1,026 thousand. Furthermore, aside from the fixed part, the agreement calls for variable consideration in cash deferred until 2030, for a maximum of Euro 499 thousand, payable in three tranches of equal amounts subject to the

company achieving positive results. Please note that all 176,825 Orsero shares transferred to the company Salvatore Moncada S.r.l. are subject to a 36-month lock-up commitment made by the latter. The variable component of the consideration for the acquisition will be paid through the use of Orsero's own resources.
It is worth highlighting that the company Moncada Frutta S.r.l. earned revenues of roughly Euro 16.8 million in 2019, with an Adjusted EBITDA of Euro 0.7 million and an essentially neutral net financial position.

Insurance policy taken out to cover customs dispute risk

In September, an insurance policy was taken out to cover the risk of disputes established between the Customs Administration and the companies Simba and Fresco, concerning some imports of bananas carried out by the Group in the years from 1997 to 2000. As already specified in the information document and in the 2019 financial report, this risk was considered remote in nature, and thus no provision was ever recognized in the financial statements, given the positive outcomes in the various instances achieved by the Group overall during the years. These disputes represent a theoretical risk of about Euro 5 million in customs duties and VAT, plus any interest and incidentals. Although an unfavorable outcome was not considered probable, given the theoretical risk and the possible negative impact on the Group's economic and financial position and results of operations, in September 2020 the Directors deemed it convenient and appropriate to enter into insurance coverage, taken out ad hoc for a cost of Euro 600 thousand plus tax, so as to hold the Group harmless from any future negative outcome of such proceedings.

Sale of the minor company M.A.P. Servizi Generali S.r.l.

On September 14 and 15, 2020, the companies Galandi S.p.A. and Fruttital Firenze S.p.A. transferred their shares, each equal to 35%, held in the share capital of the minor company M.A.P. Servizi Generali S.r.l., for consideration of Euro 86 thousand equal to the value of shareholders' equity, as these are activities with no commercial goodwill.

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 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.

The Board of Directors currently in office meets all the requirements of the Corporate Governance Code and Regulations applicable to companies listed on the MTA stock market-STAR Segment and has a majority of independent members.

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 statutory 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 confirmed Ms Raffaella Orsero as Deputy Chair of the Company, granting to her and to Director Matteo Colombini the appropriate management proxies, in close continuity with the management prior to the listing of the Company on the MTA. In consideration of these proxies, Chief Executive Officer Matteo Colombini was also named Director appointed for the internal control and risk management system, in compliance with the recommendations contained in art. 7 of the Corporate Governance Code.
At the same Board of Directors meeting the Remuneration and Appointments Committee, the Control and Risks Committee and the Related Parties Committee were established, 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 one 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.
In 2020, the Parent Company acquired a total of 140,000 treasury shares through various purchase programs. The first purchase program began on June 24 and ended on June 30, entailing the acquisition of 30,000 shares at an average price of Euro 6.52 per share for a total value of Euro 196 thousand. The second purchase program began on July 13 and ended on July 22, entailing the acquisition of 30,000 shares at an average price of Euro 6.03 per share for a total value of Euro 181 thousand. The third purchase program began on July 27 and ended on August 17, entailing the acquisition of 50,000 shares at an average price of Euro 5.95 per share for a total value of roughly Euro 297 thousand.

Lastly, please note that on September 10, 2020, following the execution of the agreement for the acquisition of Moncada Frutta S.r.l., effective July 1, 2020, 176,825 treasury shares were delivered to the company Salvatore Moncada S.r.l.
The fourth purchase program began on October 28 and ended on November 24, entailing the acquisition of 30,000 shares at an average price of Euro 5.91 per share for a total value of roughly Euro 178 thousand. After the four treasury share purchase programs mentioned above and the delivery of 176,825 treasury shares to the company Salvatore Moncada S.r.l., Orsero S.p.A. holds 152,514 treasury shares in its portfolio, equal to 0.86% of the share capital, for an equivalent value of Euro 942 thousand.

Incentive remuneration for Top Management - 2020-2022 LTI Plan and 2020 Top Manager incentives

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 accordance with Group policy, within the scope of this annual report, allocations were made for top management incentives in the amount of Euro 1,092 thousand, divided into Euro 815 thousand for MBO (bonus component that will be paid after the approval of the 2020 financial statements) and Euro 277 thousand for the LTI (deferred bonus component, payable in two equal tranches in 2023 and 2024, subject to the condition that the beneficiaries remain with the company during the vesting period and indexed to Orsero share price performance).
It should be noted that, in application of IFRS 2, the cost for the "LTI" deferred bonus is to be accounted for in relation to the "vesting period", until 1-1-2023 (i.e. three years) for the first tranche of the total bonus that can be accrued in the Plan period, and until 1-1-2024 (i.e. four years) for the second tranche. Therefore, against the LTI bonus accrued by the beneficiaries for a total of Euro 745 thousand (Euro 909 thousand including social security contributions), only Euro 277 thousand will have an impact on the 2020 economic result, with the difference being accounted for,

combined with the additional incentives accruing in 2021 and 2022 and accounted for using the same approach, in the following years.

Other significant events during the year

Investments during the period

In FY 2020, investments were made in intangible assets other than goodwill and in property, plant and equipment for a total of Euro 39,469 thousand, inclusive of Euro 3,674 thousand for "rights of use" pursuant to IFRS 16 and net of the goodwill recognized on the Moncada acquisition, analyzed in the dedicated chapter of the Notes.

Initiative against food waste

It has always been part of the Orsero Group's philosophy to pursue the following principle: "To defend the value of each individual product and apply best practices to avoid wasting a resource as precious as food". For this reason, the Group has formed a partnership with the European Food Banks Federation (FEBA) and with the Banco Alimentare Onlus Foundation to recover food that is still good every day and redistribute it to charitable organizations, thus giving new value to food. The surplus fruit and vegetables from the warehouses in Italy, Spain, France, Greece and Portugal, no longer marketable but still good to eat, are collected and distributed by the Food Banks of the individual countries to their network of charitable organizations.

Other events

The Orsero Group has entered into and will enter into strategic partnerships with important producers in domestic fruit and vegetable supply chains in specific niches (e.g. clementines from Sibari, Italian exotics in Southern Italy and vegetables from Puglia/Sicily). These projects were created to meet the needs of consumers who are increasingly seeking out traceable, certified Italian products. The Group will provide its know-how in all marketing aspects as well as its distribution network.

Analysis of the economic and financial situation of Orsero Group

The Separate financial statements for Orsero and the Consolidated financial statements for Orsero Group as at December 31, 2020 were prepared in accordance with international accounting standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and endorsed by the European Union, including all International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and of the previous Standing Interpretations Committee (SIC). Additionally, in compliance with the provisions issued in implementation of Art. 9 of Italian Legislative Decree no. 38/2005, the indications have been considered as given in Consob Resolution no. 15519 of July 27, 2006, setting out "Provisions on financial statements", Consob Resolution 15520 of July 27, 2006, setting out "Amendments and supplements of the Issuers' Regulation adopted by Resolution no. 11971/99", Consob Communication no. 6064293 of July 28, 2006, setting out "Corporate disclosures required in compliance with Art. 114, paragraph 5 of Italian Legislative Decree no. 58/98", communication DEM/7042270 of May 10, 2007 and Bank of Italy/Consob/Isvap document no. 2 of February 6, 2009. This report was prepared in accordance with art. 2428 of the Italian Civil Code; it provides the most significant information on the economic, equity, and financial situation as well as the performance of Orsero Group, as a whole and in the various sectors in which it operates. For the purpose of preparing the separate and consolidated financial statements, the option was exercised, as granted by current legislation on financial statements, of presenting a single report on operations that accompanies both the separate and consolidated financial statements of the Parent

Company ("Orsero"), giving more prominence, unless otherwise indicated, to the phenomena at Group level.
The consolidated financial statements show profit for the year of Euro 12,269 thousand (as at December 31, 2019: Euro 2,264 thousand), of which Euro 12,217 thousand attributable to the owners of the parent (as at December 31, 2019: Euro 2,022 thousand) after depreciation, amortization, and provisions for Euro 25,990 thousand (as at December 31, 2019: Euro 25,753 thousand), net non-recurring expense of Euro 3,652 thousand, other investment income/expense for Euro 813 thousand and the share of profit/loss of associates and joint ventures accounted for using equity method for Euro 795 thousand.
The Orsero separate financial statements show profit of Euro 5,012 thousand (as at December 31, 2019: profit of Euro 1,496 thousand), after depreciation, amortization, and provisions for Euro 504 thousand (as at December 31, 2019: Euro 432 thousand) and recognizing dividends from the subsidiaries for Euro 12,400 thousand, associates for Euro 653 thousand and net non-recurring expense for Euro 979 thousand (as at December 31, 2019: charges of Euro 1,359 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. It should be noted that all the figures shown include the effects of the application of IFRS 16.

Thousands of euro	**31.12.2020**	**31.12.2019**
Net sales	1,041,535	1,005,718
Adjusted Ebitda	48,404	38,706
Adjusted Ebit	22,414	12,953
Operating result (Ebit)	18,763	8,378
Financial income	252	264
Financial expense and exchange rate differences	(3,943)	(4,888)
Other investment income/expense	813	959
Share of profit/loss of associates and joint ventures accounted for using equity method	795	751
Profit/loss before tax	16,679	5,465
Profit/loss	12,269	2,264
Profit/loss attributable to non controlling interests	52	242
Profit/loss attributable to Owners of Parent	12,217	2,022
Adjusted profit/loss	13,979	5,280

The Group's performance in 2020 marked a good increase compared to 2019 thanks to the return of Import & Distribution and Shipping sector activities to regular levels of profitability.
Adjusted EBITDA, totaling Euro 48,404 thousand, marked an increase of Euro 9,698 thousand compared to 2019, and the profit for the year of Euro 12,269 thousand increased by Euro 10,005 thousand, essentially linked to the better operating performance expressed by Adjusted EBITDA[1].
In terms of turnover, the overall increase in net sales came to Euro 35,817 thousand (+3.6%) compared to December 31, 2019 only in part - Euro 12,466 thousand - due to the companies acquired in 2019 and 2020 and the disposal of the minor companies referred to previously. The increase in net sales 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

[1] The improvement of Euro 10,005 thousand results from the better operating performance by Euro 9,698 thousand, higher amortization, depreciation and provisions by Euro 237 thousand, lower net financial expenses by Euro 224 thousand, the positive change in exchange differences from a loss of Euro 617 thousand in 2019 to an exchange gain of Euro 91 thousand in 2020, higher taxes by Euro 1,209 thousand, and the better result for other investment income, the profit from equity investments accounted for with the equity method and non-recurring items by Euro 820 thousand.

their aggregate volumes sold in 2020 compared to 2019, on a like-for-like basis, by 1,733 tons (+0.2%), with an increase of roughly 6 eurocents in the average unit sale price.

Thousands of euro	31.12.2020	31.12.2019
"Import & Distribution" Sector	982,827	950,855
"Shipping" Sector	95,296	85,225
"Services" Sector	10,536	12,380
Net Sales Inter-sector	(47,125)	(42,742)
Net Sales	**1,041,535**	**1,005,718**

Geographical information

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

Thousands of euro	31.12.2020	31.12.2019	Change
Europe	**1,005,686**	**963,462**	**42,225**
of which Italy	*462,280*	*453,417*	*8,863*
of which France	*195,874*	*187,229*	*8,645*
o which Spain	*276,271*	*257,098*	*19,173*
Latin America and North America	**35,849**	**42,257**	**(6,408)**
Total Net sales	**1,041,535**	**1,005,718**	**35,817**

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 net sales, 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 profit/loss presented in the income statement.

Thousands of euro	31.12.2020	31.12.2019
Profit/loss	**12,269**	**2,264**
Income tax expense	4,411	3,201
Financial income	(252)	(264)
Financial expense and exchange rate differences	3,943	4,888
Other investment income/expense	(813)	(959)
Share of profit/loss of associates and joint ventures accounted for using equity method	(795)	(751)
Operating result	**18,763**	**8,378**
Amortization of intangible and depreciation tangible assets	24,180	23,707
Accruals of provision	1,809	2,046
Non-recurring income	(35)	(820)
Non-recurring expense	3,687	5,395
Adjusted Ebitda	**48,404**	**38,706**

* The 2020 non-recurring expense include Euro 1.092 thousand related to Top Management incentives

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 7,433 thousand and Euro 3,669 thousand, respectively, compared to 2019. Please note that the Adjusted EBITDA of Euro 48,404 thousand was impacted by the IFRS 16 reclassification of Euro 7,998 thousand, while in 2019, that impact amounted to Euro 9,777 thousand. As specified in previous reports, the difference mainly relates to the termination of the lease on the Italian warehouses that were acquired in early 2020.
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.

Thousands of euro	**31.12.2020**	**31.12.2019**
"Import & Distribution" Sector	36,656	29,222
"Shipping" Sector	17,660	13,992
"Services" Sector	(5,911)	(4,508)
Adjusted Ebitda	**48,404**	**38,706**

The following table instead shows a comparison between the current profits of the two years, net of the respective tax effects, highlighting the lower impact of non-recurring components in 2020, the main items of which relate to Covid-19, key manager bonuses, the cost for insurance coverage on customs disputes and IFRS 3 income on the acquisition of the company Moncada Frutta.

Thousands of Euro	**31.12.2020**	**31.12.2019**
Profit/loss	**12,269**	**2,264**
Top Management incentives	786	-
Covid-19 costs*	475	-
Effect "Step acquisition" ex IFRS 3	(799)	(827)
Simba insurance policy and litigation	553	1,600
Non-recurring costs related to MTA/STAR Listing process	-	986
Other non-recurring profit/loss	696	1,257
Adjusted profit/loss	**13,979**	**5,280**

* The item includes costs for Euro 887 thousand, income for Euro 35 thousand and Euro 139 thousand linked to the relief on Irap

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

Thousands of euro	**31.12.2020**	**31.12.2019**
Fixed Assets	242,804	256,336
Net Working Capital	37,898	30,550
Other current assets/(liabilities)	(17,280)	(9,057)
Net Invested Capital	263,423	277,830
Total Shareholders' Equity	160,111	150,931
Net Financial Position	103,311	126,898

The main changes in the financial structure at December 31, 2020 compared to December 31, 2019, which will be extensively analyzed in the notes to the financial statements, are primarily linked to:

- decrease in fixed assets of Euro 13.5 million, due primarily to investments for Euro 1.6 million resulting from the goodwill linked to the acquisition of Moncada Frutta S.r.l., investments totaling 39.5 million (of which Euro 17.8 million linked to the acquisition of the Fruttital warehouses), disposals of Euro 28.3 million (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.), and depreciation and amortization of Euro 24.2 million;

- increase in net working capital of Euro 7.3 million, with a different trend compared to the previous year in collections and payments around year-end more than offset by a decrease in other receivables and payables, which mainly includes the tax component (VAT and taxes);
- improvement of Euro 23.6 million in the Net Financial Position, influenced by the positive result of operations, as well as 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 Group's financial statements as at December 31, 2020 through the main indicators highlights the good capital and financial structure of the Group, also within an "IFRS 16 compliant" context.

	31.12.2020	31.12.2019
Net Financial Position/Total Shareholders' Equity	0.65	0.84
Net Financial Position/Adjusted Ebitda	2.13	3.28
Main indicators without IFRS 16 effect		
Net Financial Position/Total Shareholders' Equity	0.46	0.44
Net Financial Position/Adjusted Ebitda	1.84	2.31

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

	Thousands of euro	31/12/2020	31/12/2019
A	Cash and cash equivalent	40,489	56,562
B	Other liquid assets	-	-
C	Current financial assets	237	19
D	**Liquidity (A+B+C)**	**40,725**	**56,581**
E	**Current financial receivables**	**-**	**-**
F	Current bank payables	(13,829)	(25,204)
G	Current portion of non-current debt	(15,785)	(13,894)
H	Other current financial payables *	(11,075)	(12,799)
I	**Current financial debt (F+G+H)**	**(40,689)**	**(51,897)**
J	**Net current financial debt (I-E-D)**	**36**	**4,684**
K	Non-current bank payables	(47,663)	(44,737)
L	Bonds	(30,000)	(30,000)
M	Other non-current financial payables*	(25,684)	(56,846)
N	**Non-current financial debt (K+L+M)**	**(103,347)**	**(131,583)**
O	**Net financial debt in accordance with ESMA (J+N)**	**(103,311)**	**(126,898)**

* Other current financial payables and other non-current financial payables include financial leases, factoring with recourse, payables for price balance on acquisition, 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 28.875 thousand (Non-current Euro 22.445 thousand e Current Euro 6.430 thousand) at December 31, 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 December 31, 2020, fully paid in, consists 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' meeting. The shareholders' equity as at December 31, 2020 increased when compared to December 31, 2019 due essentially to the profit attributable to owners of the parent in 2020, also taking into account the method of paying the dividend in the

form of shares already held by the Company which therefore had no effect on the measurement of shareholders' equity. The statement of changes in shareholders' equity provides all information explaining the changes taking place in 2020.
At December 31, 2020, Orsero held 152,514 treasury shares, equal to 0.86% of the share capital, for a value of Euro 942 thousand, 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 in the previous year 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. In 2020 the Parent Company acquired a total of 140,000 treasury shares at an average price of Euro 6.08 per share for Euro 851 thousand and transferred 176,825 treasury shares to the company Salvatore Moncada S.r.l. As at December 31, 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 the Orsero Group are identified in the sectors of activities that generate net sales and costs, the results of which are periodically reviewed by the highest decision-making level for assessment of performance and decisions regarding allocation of resources. 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 is 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 2020-2019. 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 31.12.2020 [A]	982,827	95,296	10,536	(47,125)	1,041,535
Net sales 31.12.2019 [B]	950,855	85,225	12,380	(42,742)	1,005,718
Net sales change [A] - [B]	31,972	10,071	(1,843)	(4,383)	35,817
Adj.EBITDA 31.12.2020 [A]	36,656	17,660	(5,911)	-	48,404
Adj.EBITDA 31.12.2019 [B]	29,222	13,992	(4,508)	-	38,706
Adj.Ebitda change [A] - [B]	7,433	3,668	(1,403)	-	9,698
NFP 31.12.2020 [A]	N.d.	N.d.	N.d.	N.d.	103,311
NFP 31.12.2019 [B]	N.d.	N.d.	N.d.	N.d.	126,898
NFP change [A] - [B]					(23,587)

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

Import & Distribution Sector

Thousands of euro	31.12.2020	31.12.2019
Net Sales	982,827	950,855
Gross commercial margin *	114,152	106,649
% Gross commercial margin	11.61%	11.22%
Adjusted Ebitda	36,656	29,222
% Adjusted Ebitda	3.73%	3.07%
Profit/loss	13,277	5,989

* The "Gross commercial 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 to the US and the EU. The Distribution sector companies are located and operate on the markets of Mediterranean Europe (Italy, France, Iberian Peninsula and Greece) and Mexico.
The widespread presence in the regions, with specialized platforms in the processing and storage of fresh products, allows the Company to serve both traditional wholesalers/markets and 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 to mass distribution accounted for around 60% of the aggregate value of European distribution companies in 2020, 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 first part of the year - 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, to then balance out again in recent months until a nearly complete re-balancing of sales channels.
With retail distribution, there are framework agreements that govern the main specifications and features of the product being delivered while, as a rule, the volumes and prices of the products are defined on a weekly basis, following the dynamics of the market. Suppliers, selected in some of the world's most important production areas, guarantee the offer of a full range of products available 365 days a year.
The table above differs from the summary tables of the other sectors shown below in that it includes a specific indicator for the distribution sector, the "gross sales margin", also referred to as the contribution margin, which in distribution companies constitutes the main indicator used to monitor business activity. The "gross sales margin" represents the difference between net sales and the direct costs of the products sold (meaning the purchase costs of the goods, plus in/pout transport costs, 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 gross sales 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 Central American countries. Bananas and pineapples are sold under the brands "F.lli Orsero" and "Simba", in addition to numerous private labels.
The result for this sector benefited from the increase recorded in turnover thanks to above-mentioned higher volumes and increased sale prices, and in part due to the positive performance

of the companies acquired in 2019 and 2020. In aggregate terms, the turnover differential of those companies amounted to around Euro 12,883 thousand, with an Adjusted EBITDA of Euro 1,213 thousand. Overall, business posted excellent performance in Italy and good performance in Spain, Portugal, Mexico 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 Greece, basically due to the effect of the Covid-19 epidemic on the tourism sector. In general, citrus, kiwi and pear/apple campaign trends were good in terms of profitability compared to 2019, more than offsetting the lower results of bananas and pineapples. In particular, pineapples were significantly penalized in 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 can be observed, from the business perspective, especially in pineapples, fresh-cut fruit and avocados exported to the United States.
The profit of the sector for 2020 showed a positive change of Euro 7,289 thousand[1].

Shipping Sector

Thousands of euro	31.12.2020	31.12.2019
Net Sales	95,296	85,225
Adjusted Ebitda	17,660	13,992
% Adjusted Ebitda	18.53%	16.42%
Profit/loss	5,190	1,863

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 starting 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 2019, shows a clear improvement in Adjusted EBITDA, which amounted to Euro 17,660 thousand, or +18.5% 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 94%, along with 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 profit for the year, up by Euro 3,327 thousand[2].

[1] The change of Euro 7,289 thousand results from the better operating performance by Euro 7,433 thousand, lower amortization, depreciation and provisions by Euro 448 thousand, higher net financial expenses by Euro 55 thousand, the change in exchange differences from a loss of Euro 619 thousand to a gain of Euro 194 thousand, lower net non-recurring expenses of Euro 263 thousand and higher taxes by Euro 1,614 thousand.
[2] The change of Euro 3,327 thousand results from the better operating performance by Euro 3,669 thousand, higher amortization, depreciation and provisions by Euro 641 thousand, higher taxes by Euro 3 thousand, higher net financial income and non-recurring items for a total of Euro 302 thousand.

Services Sector

Thousands of euro	31.12.2020	31.12.2019
Net Sales	10,536	12,380
Adjusted Ebitda	(5,911)	(4,508)
Profit/loss	4,778	2,324

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.

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

The Orsero annual financial statements at December 31, 2020 show profit of Euro 5,012 thousand (2019: profit of Euro 1,496 thousand), after depreciation, amortization, and provisions for Euro 504 thousand (2019: Euro 432 thousand), dividends collected for Euro 13,053 thousand, top management incentives and, to a lesser extent, non-recurring expense due to Covid-19 recorded for Euro 979 thousand.

The following are details of the main income statement items:

Thousands of Euro	31.12.2020	31.12.2019
Net Sales	1,928	3,026
Adjusted Ebitda	(6,701)	(5,455)
Adjusted Ebit	(7,205)	(5,888)
Operating result (Ebit)	(8,184)	(7,247)
Financial income	189	173
Financial expense and exchange rate differences	(2,183)	(2,349)
Dividends*	13,053	10,060
Other investment income/expense*	-	(649)
Profit/loss before tax	2,875	(13)
Profit/loss	5,012	1,496
*Included in the "Other investment income/expense"		

In terms of the income statement, the result of the Parent Company is of limited relevance as the revenue side is essentially linked to the services provided to the Group and the collection of dividends, while on the cost side, personnel costs, legal and tax consultancy - handled centrally - reversed to the companies as applicable, and promotional expenses of the brand are the most significant components, which result in a negative Adjusted EBITDA value; therefore, the discussion in relation to the consolidated income statement is much more relevant.
Adjusted EBITDA decreased by Euro 1,245 thousand, mainly due to lower net sales, while in terms of costs, higher expenses for labor, related to the change in the remuneration of the Group's top management, were offset by lower advertising and promotional expenses. Non-recurring items include the cost of incentives for the Group's key managers, as previously mentioned, while in the previous year there were non-recurring expense of Euro 1.3 million incurred for the transition of the share to the STAR segment.
Dividends collected came to Euro 13,053 thousand, as compared with Euro 10,060 thousand last year.

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

Thousands of Euro	31.12.2020	31.12.2019
Fixed Assets	165,017	170,652
Net Working Capital	32,462	27,023
Net Invested Capital	197,479	197,675
Total Shareholders' Equity	147,591	142,723
Net Financial Position	49,888	54,952
Net Financial Position/Total Shareholders'Equity	0.34	0.39

The decrease in fixed assets was mainly due to a change of Euro 4,975 thousand in equity investments as a result of the repayment of the shareholder contribution of Euro 6,432 thousand by Cosiarma, offset by the higher cost of the Moncada equity investment acquired during the year and the decrease in deferred tax assets related to the payment of Stock Grants for the 2017-2019 Plan to their respective beneficiaries.
The change in net working capital is essentially related to the higher net financial receivable related to treasury current accounts ("cash-pooling") partially offset by lower tax credits and payables to personnel related to incentives.
The change in shareholders' equity between 2020 and 2019 reflects the effect of the profit, the purchase of treasury shares, the exchange of treasury shares in connection with the Moncada acquisition and the adjustment to the actuarial reserve related to employee benefits.

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

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

Thousands of euro	Share capital and reserves at 31.12.2020	Profit/loss 2020	Total Shareholders' equity at 31.12.2020
Orsero S.p.A. (Parent company)	**142,579**	**5,012**	**147,591**
The difference between the carrying amount and the corresponding equity	(61,660)	-	(61,660)
Pro-quota gains/losses achieved by subsidiaries	-	20,683	20,683
Pro-quota recognition of associated companies consolidated using the equity method	(983)	795	(188)
Dividends distributed by consolidated companies to the Parent company	14,858	(14,858)	-
Consolidation differences	46,737	799	47,536
Elimination of capital gain and/or other transactions carried out by subsidiaries	5,870	(214)	5,656
Total Group equity and net profit attributable to Parent company	**147,400**	**12,217**	**159,617**
Minority interests and net profit attributable to non controlling interests	442	52	494
Total shareholders' equity and profit/loss	**147,843**	**12,269**	**160,111**

Risk profiles of the business, control systems, environment

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

Strategic and operational risks

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

Risks connected with the performance of results and economic margins
The Orsero Group recorded oscillations in the performance of its margins and economic results, connected with the performance of the various fruit campaigns achieved by the distribution companies during the year and the performance of the ship-owning business and the import of bananas and pineapples, which is usually more variable. It cannot be excluded that oscillations and reductions in the results and margins may also take place in the future and this may have very significant impacts on the Group’s economic, equity and financial position. The occurrence of what has just been described is considered to have a medium probability of occurrence. Please note that the margins of the Import & Distribution sector are characterized, on one hand, by the volatility of imports due to factors that are not completely under the Company's control, such as the trend in production and imports of bananas and pineapples into Europe, and, on the other hand, by Distribution, which, due to its intrinsic characteristics and the fact that it is differentiated between the different countries of Mediterranean Europe, usually presents limited differences in performance. The Shipping sector is more volatile, due to factors that are not completely under the Company's control, such as: (i) the performance of the shipping charter market, in particular as regards the reefer transport segment; (ii) the performance of fuel prices; (iii) the onset of events that can impact the normal provision of the shipping service, such as, by way of example, unfavorable atmospheric events or operating difficulties in the cargo loading or unloading ports due to strikes; and (iv) fluctuation in the exchange rate. In order to mitigate this risk, the Group constantly monitors its business, seeking to interpret the dynamics and find effective, efficient solutions. During the past two years, the Group has mitigated the risk associated with shipping activities through actions to hedge against changes in fuel costs, both direct (reinstatement of BAF clauses in transport contracts) and indirect (hedging by means of derivatives), the chartering of a fifth ship which has lengthened the round-trip timing from 28 to 35 days, allowing for fuel savings and less stress on the vessels, and the expansion of the customer base. The focus on and further investments made in the core distribution business, which provides excellent stability in industrial margins, have also helped mitigate this type of risk.

Risk connected with procurement difficulties and the volatility of commodity prices
The Orsero Group business, represented by the import and distribution of fruit and vegetables, is very much dependent on the procurement of certain products, such as bananas, pineapples, avocado, etc. and the fluctuation of the related purchase prices, particularly in consideration of product availability and the risks linked to the absence of any formalized short- or longer-term

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

Risks connected with shipping in regard to fuel

With regards to the shipping business, the fuel used to power the ships is one of the main cost factors of the Shipping sector (as at December 31, 2020, the cost for fuel purchases accounted for 23.2% of Shipping sector revenues). Historically, major fluctuations have been recorded in the price of the bunker, impacting the increase in costs incurred for purchasing the fuel used to power the ships and, consequently, the Group's result. There is therefore a risk that very significant (or repeated) fluctuations in the cost of fuel may only partly be covered by the hedges implemented by the Group and that in the event of contracts not including BAF clauses, the rise in bunker prices may generate a negative impact on the profitability of charters to customers. The likelihood of these circumstances occurring, is considered "medium". It should also be noted that starting January 1, 2020, "IMO 2020" regulations have come into force, which require the use of more refined fuels with a lesser sulfur content and, therefore, on the basis of the current oil market context and related current cost, which are more expensive. In compliance with the new regulations the Group began already in 2019 using fuels with sulphur content within the prescribed limit, which resulted to be more expensive, as easily predictable, than the fuel previously utilized. There is therefore a risk that compliance with said environmental regulations may entail problems essentially linked to availability and the expected higher cost of the new fuel required, with potential, possibly significant, negative impacts on the economic, equity and financial position. In order to manage the risk of cost fluctuations, linked to fluctuations in the price of oil, the Orsero Group, in line with the practice of the shipping sector, stipulates, where possible and based on agreements reached with customers, transport contracts with the "bunker adjustment factor" (BAF) clause that allows an adjustment of the transport price depending on the increase or decrease of the bunker price. It should also be noted that to reduce the risk of significant price fluctuations, the Orsero Group generally stipulates hedging contracts for part of its bunker consumptions according to the best strategies identified. As already mentioned, the strategies adopted in the last two years have allowed for a significant mitigation of this type of risk.

Risk connected with the transport of third party operator products

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

Risks associated with dependence on distribution channels

The Orsero Group's turnover depends significantly on sales to both Retail Distribution ("GDO") and traditional wholesalers. In particular, in FY 2020, the Orsero Group's turnover from GDO was approximately 60% of total aggregated revenues of all European Distribution companies, or 55% of the Group's total consolidated turnover. The Group is exposed to risks relating to the potential interruption of relations with its customers, or a worsening of such relations as compared with the situation as at the reference date. Should such circumstances occur (considered unlikely), this would entail a risk of a significant negative impact on the Group's economic, financial and equity position. This risk is considered of medium relevance. It should be noted that contracts with the GDO are governed by framework agreements, which regulate the main specific characteristics of the product being delivered. Except for specific cases, product volumes and prices are defined on a weekly basis, also in order to manage some factors not necessarily related to the product such as the Euro/Dollar exchange rate or the cost of oil that affects the transport cost. In this context, the Orsero Group has always responded with a strategy aimed at increasing its size and with a continuous effort to adapt and improve efficiency, while maintaining the objective of safeguarding the basic economic efficiency of its operations. Since 2012, the marketing of bananas and pineapples under its own brand has represented an effective strategic response from a structured and mature group to a radical change in the mechanisms of its core business. The Orsero Group is well aware of the risk associated with this challenge but believes that it is balanced by a unique opportunity to create over time a name and an Italian quality brand able to stand on the market and compete with the major multinationals in the sector.

Financial risks

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

Risks associated with credit

The Orsero Group is exposed to the credit risk, mainly deriving from commercial relations with its customers and, in particular, any delays or non-payments by such, which, should they occur, may have negative effects on the economic, equity and financial position of Orsero and/or the Orsero Group. The onset of circumstances connected with the credit risk is considered unlikely to occur. Considering the foregoing, this risk is considered of little relevance. As at December 31, 2020, the Group's provision for bad debts of Euro 12,132 thousand accounts for 9.5% of the Orsero Group's gross trade receivables. It should also be noted that this measure reflects the need expressed in the tax systems of the various countries to not reverse non-performing loans until completion of the envisaged bankruptcy proceedings, thereby "inflating" the book values with receivables that have already been fully impaired.
The management monitors the commercial credit risk using formalized procedures for selecting and evaluating the customer portfolio, defining the limits of reliance, monitoring the expected income flows and any recovery actions, and has also stipulated suitable, specific insurance policies with leading counterparties.

Liquidity risk

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

Interest rate risk

The Group helps finance its medium/long-term investments and working capital through use of credit instruments. The Group mainly uses medium-term credit facilities in euros, part of which at fixed rate and part at variable rate; a suitable partial IRS plain vanilla hedge has been activated on the main 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 December 31, 2020, the hedges adopted by the parent company for the risk in changes to interest rates hedge approximately 65% of medium and long-term variable rate bank loans, thereby meaning that approximately 78% of the Group's entire medium-term bank debt is at fixed rate. It is stressed that, in the Group's opinion, such choices are today very prudent, also in view of the expected medium-term evolution of reference rates in Europe.

Foreign exchange risk

The Orsero Group is exposed to the risk of changes in foreign exchange rates (in particular US dollars), for currencies that differ from that used to express commercial and financial transactions. Therefore, it adopts hedging strategies to mitigate/avoid negative effects on the economic, equity and financial position of Orsero and/or the Orsero Group. The Group operates particularly in the Import & Distribution and Shipping 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. Over the last two years, an increasing number of European retail distribution chains have begun to demand annual fixed prices based on auctions for bananas, one of the main products sold by the Group and one of the few that are purchased at a fixed price in USD. For this reason, in the presence of fixed sales prices in euro, the impact of USD/EUR exchange rate fluctuations has become more significant than in past years, when exchange rate risk represented a risk with a low likelihood of occurrence and significance. At present, in order to cope with the increased level of risk, the Group has (i) adopted a strategy of reducing the weight of bananas in the range of products marketed by the Group, (ii) combined with a reduction in the quotas of bananas sold based on auctions, (iii) implemented a USD/EUR exchange rate hedging strategy with the aim of restoring the level of risk to the levels existing in the years prior to the last two years.
Despite the actions taken as described above, it cannot be ruled out that any significant and/or sudden changes in the USD/EUR exchange rate could have an immediate negative impact on the Group's economic, equity and financial position. Together with the Treasury and Sales Offices, the management team constantly monitors changes in exchange rates so as to promptly take any corrective action offering guarantees for the Group.

Risks associated with loan agreements and the debenture loan

The Orsero Group has medium-term loan contracts in place with some of the leading banks. These contracts include financial covenants, mandatory early repayment clauses where certain hypotheses of default, termination, withdrawal or application of the acceleration clause or cross default, should arise. The Group is therefore exposed to the risk of having to repay its financial debt early, if such hypotheses should occur; this may determine very significant negative effects on the economic, equity and financial position of the parent company and/or Group. The onset of such circumstances has been considered of medium probability of occurrence and significant relevance. Please note that the three main financial liabilities of the Group are (i) the variable rate pool loan for an original amount of Euro 60 million, maturing on June 30, 2024, (ii) the variable rate pool loan for an original amount of Euro 15 million maturing on December 31, 2029, both hedged via fixed rate swap hedges covering a total 73% of the nominal amounts, and (iii) the debenture loan for Euro 30 million, maturing on October 4, 2028, at a fixed rate. Please note that as at the date of the presentation of this financial report, the Group has fulfilled the financial covenants and obligations envisaged by the loan contracts and debenture loan; the Group's management team expects to constantly monitor the performance of financial covenants in order to verify that they are respected. It should be noted that the improvement in capital and financial solidity achieved over the last two years contributes to mitigating this type of risk, with the further strengthening of the Group's results and the lowering of the financial cost of debt, which may make it possible in the future to raise the covenants established on structured loan agreements (pool and bond).

Risks connected with the adequacy of the provisions for risks and charges and current disputes

The Group is exposed to the risk of having to make outlays deriving from disputes currently not covered by specific provisions in the financial statements, in the event it should lose current disputes; this may determine significant effects on the Group's economic, equity and financial position. Where said circumstances should arise (considered as medium probability), this would entail a risk of significant impact on the Orsero Group's economic, equity and financial position. The risk described is considered of medium relevance.

However, the provision for risks depends on the probability of losing a lawsuit to which it is a party.

It should be noted that during the two-year period the Group absorbed a large part of the outstanding disputes at the date of the prospectus for the listing on the STAR segment of the Italian Stock Exchange, also by taking out an LBO (Litigation Buy Out) insurance policy on the main outstanding dispute relating to the company Simba.

The Group's management team constantly monitors the onset and evolution of any disputes, also through the support offered by legal advisors, to ensure that the best, most appropriate action is taken to protect the Group.

Legal and compliance risks

Risks associated with potential environmental damages

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

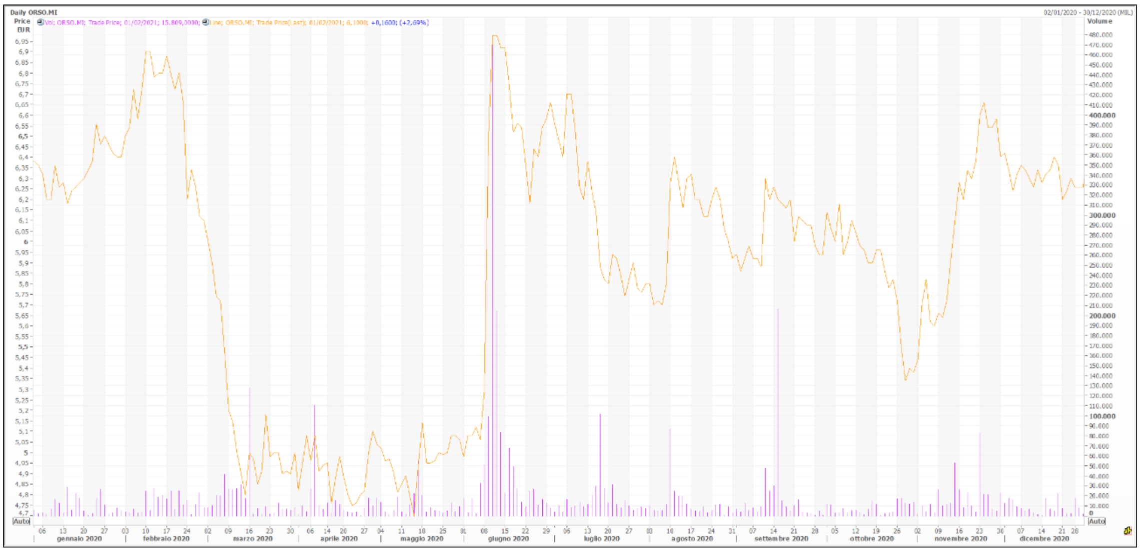
Risks associated with the administrative liability of legal entities

The Group is exposed to the risk of incurring the administrative liability of legal entities envisaged by Italian Legislative Decree 231 and any sanctions envisaged by said same Decree (or other similar applicable local regulations), due to a potential assessment of the inadequacy of the model adopted, in accordance with said Decree, by the Parent company and Italian subsidiaries and/or the failure to apply a similar model by the Group's foreign companies. The onset of such circumstances, which is considered unlikely to occur, would, however, entail a risk that may have negative effects on the Group's economic, equity and financial position. Starting in 2010, the Orsero Group (formerly GF Group) has applied the organizational model and the code of ethics and appointed the ethical committee as provided by the Italian Legislative Decree of June 8, 2011, in addition to the supervisory body, in order to ensure compliance with the prescribed conditions of fairness and transparency in the conduct of business, safeguarding the company's position and image, shareholders' expectations and employees' work. The model is a valuable tool for raising awareness among all those who work on behalf of the Orsero Group so that they ensure proper and consistent conduct in carrying out their activities and a means of preventing the risk of committing crimes. The Model 231 and the Code of Ethics are available for consultation from the corporate governance section of the website www.orserogroup.it .

Other information

Share performance

As of December 30, 2020, the Orsero share recorded a list price of Euro 6.26 per share, down by 1.9 percentage points (Euro 6.38 per share at January 2, 2020). The stock market capitalization at December 30, 2020 was Euro 110.7 million (Euro 112.8 million at December 30, 2019).



The following table summarizes the main data relating to the shares and stock market at December 31, 2020.

Share and Stock Exchange Data	Year 2020
First price (01/02/2020)	6.38
Maximum annual price	7.66
Minimum annual price	4.30
Closing price (12/30/2020)	6.26
Average daily volume (no. of shares)	17,652
No. of shares in circulation	17,682,500
Stock-Exchange Capitalization	110,692,450

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 [1]	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.[2]	1,014,440	5.74%

(1) Updated on November 3, 2020

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

Corporate governance

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

Board of Directors

The Parent company's Board of Directors in office as at the date of approval of these financial statements has 9 members and was appointed by the Ordinary shareholders' meeting held on April 30, 2020 and will remain in office until the date of approval of the financial statements as at December 31, 2022.

Board of Statutory Auditors

The Board of Statutory Auditors in office as at the date of approval of these financial statements was appointed by the Ordinary shareholders' meeting held on April 30, 2020 and will remain in office until the date of approval of the financial statements as at December 31, 2022.

Financial disclosure and relations with Shareholders

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

2020 Sustainability Report - Consolidated Non-Financial Statement prepared in accordance with Italian Legislative Decree no. 254/2016

In compliance with the provisions of Italian Legislative Decree no. 254/2016, the Group has supplemented corporate reporting with the 2020 Sustainability Report - Consolidated Non-Financial Statement prepared in accordance with Italian Legislative Decree no. 254/2016. This document is made available to the public on the website www.orserogroup.it at the same time as the 2020 Annual Financial Report, of which such this document is to be considered an integral part.

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 workeforce employed by the Group as at December 31, 2020 and 2019. During the year, there were no accidents and serious injuries at work for personnel registered as employees of Group Companies.

Safety and protection of the health of workers

As regards the environment, the Group has always adopted policies that are conducive to food safety and hygiene, respect for and protection of the environment and safety at work. The numerous certifications (such as HACCP, ISO 9001 and 14001, BRC, IFS, OHSAS 18001) obtained by the Group attest to this, as do the significant investments made in recent years to install several photovoltaic plants that can satisfy a good portion of the energy needs of the relative operational sites. It should be noted that an excellent result was achieved on injury reduction due to training, supervision and awareness-raising activities, thus raising the focus on the subject.
Also in the area of occupational health and safety, the Group introduced the necessary precautions against the impact of the Covid-19 epidemic on its employees and contractors, both in its warehouses and markets and in its offices. The companies 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.

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.

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

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

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

As described in the notes, the Group holds investments in some companies located outside Europe and in regard to the regulatory provisions pursuant to the title, please note that as at December 31, 2020, there were no companies coming under the scope of application of the regulatory provisions of Art. 36 of the Market Regulation, i.e. an amount of assets and revenues that exceeds 2% and 5% of the consolidated assets and revenues, provided that also the sum of all non-European companies, as a whole, is less than 10% the consolidated assets and 15% the consolidated revenues.

Art. 37 of the Consob Market Regulation

Please note that as at December 31, 2020, FIF Holding does not manage and coordinate the Parent company Orsero in accordance with Art. 2497 of the Italian Civil Code, and, therefore, the regulatory provisions of Art. 37 of the Market Regulation, do not apply.

Management and coordination

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

Transactions with related parties

In accordance with the provisions of the Regulation adopted by Consob with resolution no. 17221 of March 12, 2010 and subsequent amendments, Orsero S.p.A. has adopted a Procedure for Transactions with Related Parties, approved by the Board of Directors on February 13, 2017 and subsequently amended on December 5, 2019, and available on the Group's website https://www.orserogroup.it/governance/procedure-societarie/.
The Related Party Procedure identifies the principles the Company follows in order to ensure transparency and substantive and procedural fairness of transactions with related parties carried out by the Parent Company, directly or through subsidiaries. It aims to monitor and track the necessary information about transactions in which directors and managers have a personal interest and in general all related party transactions, in order to control and, where necessary, authorize, such.
The Group's core business, settled at market prices, has developed through contracts that specifically regard the management of equity investments, the settlement of cash flow through centralized treasury and intra-group loans, the sharing of general, administrative and legal services, assistance related to IT services and commercial agreements. For information on tax, please refer to the paragraph "Tax consolidation". Please note that during FY 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 from the related company Nuova Beni Immobiliari of the Italian warehouses, formerly leased, for Euro 17.8 million, including taxes and ancillary expenses, financed in part using its own resources and in part with a 10-year mortgage loan of Euro 15 million.
With reference to dealings with related parties, please refer to the details provided in the notes.

Investments during the year

Period Group investments made in tangible assets other than goodwill and property, plant and equipment totaled Euro 39,469 thousand, inclusive of Euro 3,674 thousand for "rights of use" pursuant to IFRS 16 and net of the goodwill recognized on the Moncada acquisition, analyzed in the dedicated chapter in these Notes. The tables below show the investments made during the year (excluding IFRS 16 renewals) and their breakdown by sector.

Description	Country	Amount M€
Italian warehouses	Italy	17.8
Verona warehouse enlargement and refurbishment	Italy	5.0
New ripening rooms and cooling equipment	France/Spain	0.8
Dry-docking of 2 vessels and upgrades	Italy	5.0
ERP Project	Italy	2.0
Others	Group	5.2
Total investments (No IFRS 16)		**35.8**

	INVESTMENTS			
Thousands of euro	**"Import & Distribution" Sector**	**"Shipping" Sector**	**"Services" Sector**	**Total**
Intellectual property rights	3	-	27	30
Concessions, licenses and trademarks	641	-	42	683
Assets in progress and advances	2,001	-	-	2,001
Other intangible assets	6	-	16	22
Total investments in Intangible assets other than Goodwill	**2,651**	**-**	**85**	**2,736**
Land and buildings	21,115	74	241	21,430
Plantations	-	-	-	-
Plant and machinery	5,338	5,047	-	10,385
Industrial and commercial equipments	239	1,442	7	1,688
Other tangible assets	1,978	120	429	2,527
Assets in progress and advances	704	-	-	704
Total investments in Property, plant and equipment	**29,374**	**6,683**	**676**	**36,732**
Total investments	**32,025**	**6,683**	**761**	**39,469**

Transactions deriving from atypical and/or unusual transactions

In compliance with the provisions of the Consob Communication of July 28, 2006, in 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 2020, the Group incurred costs relating to non-recurring transactions. In accordance with Consob Communication no. 15519 of February 28, 2005, please note that "Other operating revenues/expense" includes Euro 35 thousand and Euro 3,687 thousand respectively of non-recurring revenues and expense; for details, please refer to Note 26 "Other operating revenues/expense" and Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

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

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

Definition of SME

As regards the definition of SMEs, as per Article 1, paragraph 1, letter w-quater. 1) of the TUF, it is noted that as at this reporting date, the Company comes under the scope of this definition given that, on the basis of the verification performed on the financial statements closed as at December 31, 2020, the simple average of daily capitalizations calculated with reference to the original price, recorded during the corporate year, as envisaged by Art. 2-ter, point 1, letter (a) of the Issuers' Regulation, totals less than the Euro 500 million threshold, insofar as the above-specified capitalization comes to approximately Euro 104 million.

Personal data protection

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

Significant events after the 2020 closing

At the date of this Report, there were no significant events. With reference to the most recent evolutions of the Covid-19 pandemic, the Group's management continues to follow and monitor developments in order to reduce risks for its personnel and maintain an efficient distribution logistics chain.

Outlook for the Orsero Group

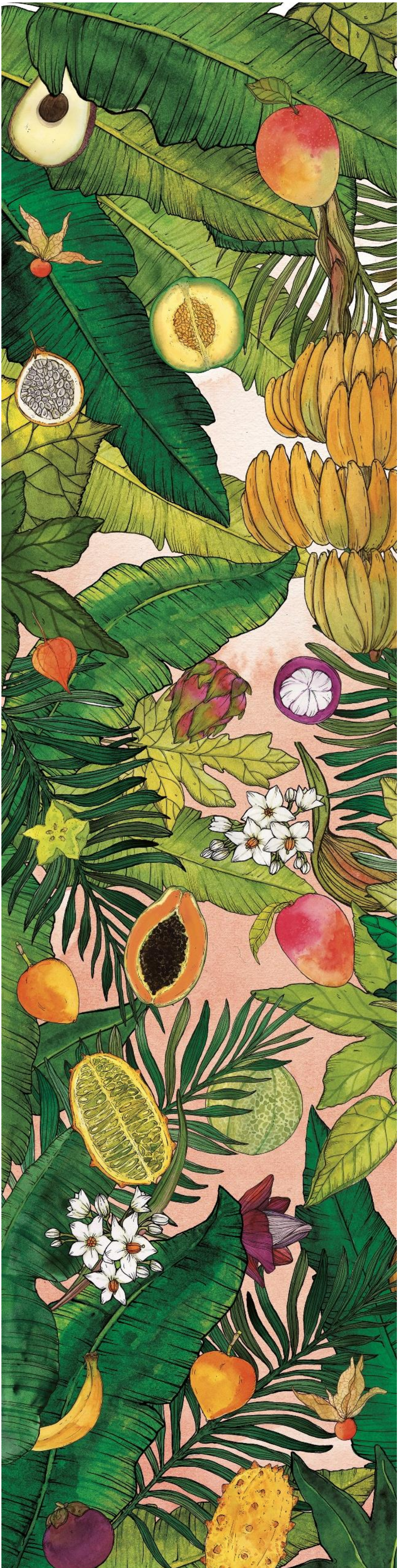
With respect to Covid-19, the Group's priority will continue to be the sustainable growth of its business, while guaranteeing employee safety as a top priority. Indeed, as already noted, the Group has continued with its activities by very rapidly adopting all safety behaviors and measures specified by 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 particularly negative 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 a negative 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 to support 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. On a more general note, the Group continues to be confident in the possibility of growing its business thanks to its strong competitive positioning and solid financial structure, evaluating possible acquisitions in areas in which the Group intends to grow in the short to medium term. Please refer to the Investor section of the institutional website for further details on strategies. 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.

Financial Statements as at December 31, 2020 of Orsero S.p.A. - Proposed resolution

Shareholders,
Following your review of the financial statements as at December 31, 2020, we propose:

1) approving the financial Statements as at December 31, 2020 of Orsero S.p.A.;
2) allocating the 2020 profit of Euro 5,012,498 as follows:
- Euro 250,700 to the legal reserve;
- Euro 3,505,997.20, i.e. Euro 0.2 per share, as monetary dividend to the Shareholders;
- the difference to the extraordinary reserve.

On behalf of the Board of Directors
The Chairman
Paolo Prudenziati



Consolidated Financial Statements at December 31, 2020

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Consolidated Financial Statements

Consolidated statement of financial position[1][2]

Thousands of euro	NOTES	31/12/2020	31/12/2019
ASSETS			
Goodwill	1	48,426	46,828
Intangible assets other than Goodwill	2	7,263	5,145
Property, plant and equipment	3	166,582	181,722
Investments accounted for using the equity method	4	6,175	7,278
Non-current financial assets	5	5,359	6,241
Deferred tax assets	6	8,999	9,122
NON-CURRENT ASSETS		**242,804**	**256,336**
Inventories	7	35,331	36,634
Trade receivables	8	115,479	121,439
Current tax assets	9	12,256	16,971
Other receivables and other current assets	10	12,625	11,066
Cash and cash equivalents	11	40,489	56,562
CURRENT ASSETS		**216,179**	**242,672**
Non-current assets held for sale		**-**	**-**
TOTAL ASSETS		**458,983**	**499,008**
Share Capital		69,163	69,163
Other Reserves and Retained Earnings		78,237	79,036
Profit/loss attributable to Owners of Parent		12,217	2,022
Equity attributable to Owners of Parent	**12**	**159,617**	**150,221**
Non controlling interests	**13**	**494**	**710**
EQUITY		**160,111**	**150,931**
LIABILITIES			
Financial liabilities	14	103,347	131,583
Other non-current liabilities	15	1,240	349
Deferred tax liabilities	16	5,048	5,216
Provisions	17	4,386	4,345
Employees benefits liabilities	18	9,861	9,422
NON-CURRENT LIABILITIES		**123,882**	**150,915**
Financial liabilities	14	40,689	51,897
Trade payables	19	112,912	127,523
Current tax liabilities	20	3,703	3,230
Other current liabilities	21	17,686	14,512
CURRENT LIABILITIES		**174,990**	**197,162**
Liabilities directly associated with non-current assets held for sale		**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**458,983**	**499,008**

[1] The notes commenting on the individual items are an integral part of these Consolidated 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 Consolidated Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006"

Consolidated income statement [1][2]

Thousands of euro	NOTES	Year 2020	Year 2019
Net sales	22-23	1,041,535	1,005,718
Cost of sales	24	(953,725)	(927,927)
Gross profit		**87,810**	**77,792**
General and administrative expense	25	(67,650)	(67,693)
Other operating income/expense	26	(1,397)	(1,720)
Operating result		**18,763**	**8,378**
Financial income	27	252	264
Financial expense and exchange rate differences	27	(3,943)	(4,888)
Other investment income/expense	28	813	959
Share of profit/loss of associates and joint ventures accounted for using equity method	28	795	751
Profit/loss before tax		**16,679**	**5,465**
Income tax expense	29	(4,411)	(3,201)
Profit/loss from continuing operations		**12,269**	**2,264**
Profit/loss from discontinued operations		-	-
Profit/loss		**12,269**	**2,264**
Profit/loss attributable to non controlling interests		**52**	**242**
Profit/loss attributable to Owners of Parent		**12,217**	**2,022**
Earnings per share "base" in euro	31	**0.706**	**0.119**
Earning per share "Fully Diluted" in euro	31	**0.706**	**0.117**

Consolidated Statement of Comprehensive Income [1][2]

Thousands of euro	NOTES	Year 2020	Year 2019
Profit/loss		**12,269**	**2,264**
Other comprehensive income that will not be reclassified to profit/loss, before tax	18	(535)	(556)
Income tax relating to components of other comprehensive income that will not be reclassified to profit/loss	29	139	116
Other comprehensive income that will be reclassified to profit/loss, before tax	14	(2,290)	955
Income tax relating to components of other comprehensive income that will be reclassified to profit/loss	29	232	(25)
Comprehensive income		**9,814**	**2,754**
Comprehensive income attributable to non controlling interests		**52**	**242**
Comprehensive income attributable to Owners of Parent		**9,763**	**2,511**

[1] The notes commenting on the individual items are an integral part of these Consolidated 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 Consolidated Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006"

Consolidated cash flow statement [1234]

Thousands of euro	Notes	Year 2020	Year 2019
A. Cash flows from operating activities (indirect method)			
Profit/loss		**12,269**	**2,264**
Adjustments for income tax expense	29	4,411	3,201
Adjustments for interest income/expense	27	3,782	4,623
Adjustments for provisions	24-25	1,809	2,046
Adjustments for depreciation and amortisation expense and impairment loss	24-25	24,180	23,707
Change in inventories	7	1,360	(570)
Change in trade receivables	8	8,579	(9,244)
Change in trade payables	19	(17,384)	9,562
Change in other receivables/assets and in other liabilities		5,873	(1,890)
Interest received/(paid)	27	(3,386)	(3,553)
(Income taxes paid)	29	(3,501)	(4,678)
Cash flow from operating activities (A)		**37,993**	**25,468**
B. Cash flows from investing activities			
Purchase of property, plant and equipment	3	(36,739)	(34,883)
Proceeds from sales of property, plant and equipment[5]	3	29,241	5,442
Purchase of intangible assets	1-2	(4,804)	(15,244)
Proceeds from sales of intangible assets	1-2	-	131
Purchase of interests in investments accounted for using equity method	4	(795)	(751)
Proceeds from sales of investments accounted for using equity method	4	1,173	1,576
Purchase of other non-current assets	5-6	-	(19)
Proceeds from sales of other non-current assets	5-6	1,141	888
(Acquisitions)/disposal of investments in controlled companies, net of cash		(198)	726
Cash Flow from investing activities (B)		**(10,981)**	**(42,134)**
C. Cash Flow from financing activities			
Increase/decrease of financial liabilities	14	(10,666)	9,885
Drawdown of new long-term loans	14	25,777	20,630
Pay back of long-term loans[5]	14	(55,108)	(32,059)
Capital increase and other changes in increase/decrease	12-13	(2,237)	605
Disposal/purchase of treasury shares	12-13	(851)	(21)
Dividends paid	12-13	-	(2,096)
Cash Flow from financing activities (C)		**(43,086)**	**(3,056)**
Increase/decrease in cash and cash equivalents (A ± B ± C)		**(16,074)**	**(19,722)**
Cash and cash equivalents at 1° January 20-19	**11**	**56,562**	**76,285**
Cash and Cash equivalents at 31 December 20-19	**11**	**40,489**	**56,562**

[1] The notes commenting on the individual items are an integral part of these Consolidated 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 Consolidated Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".
[3] The data relating to the acquisition/sale of subsidiaries, net of liquid funds, is evidenced in the paragraph on "Changes in the consolidation area made during the year and thereafter".
[4] See notes 9-10-15-16-17-18-20-21 for "Changes in other receivables/assets and other payables/liabilities".
[5] It should be noted that these items include the reduction of the rights of use (ex IFRS 16) and of the related liability following the purchase of the previously leased warehouses, as explained in detail in Notes 3 and 14.

Consolidated statement of changes in shareholders' equity[1,2]

Thousand of euro - NOTES 12-13	Share Capital*	Treasury shares*	Reserve of shareholding acquisition costs*	Legal reserve	Share premium reserve	Reserve of exchange differences on translation	Reserve of remeasurements of defined benefit plans	Reserve of cash flow hedges	Reserve of share-based payments	Other reserves	Retained earnings	Profit/loss, attributable to Owners of parent	Equity attributable to Owners of parent	Non-controlling interests	Total equity
December 31, 2018	**69,163**	**(7,405)**	**(153)**	**119**	**80,556**	**(1,628)**	**(465)**	**(1,340)**	**4,470**	**11,424**	**(13,011)**	**7,974**	**149,704**	**475**	**150,178**
Allocation of the profit/loss	-	-	-	202	-	-	-	-	-	1,808	3,932	(5,942)	**-**	-	-
Issued of equity	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	-
Increase/decrease thhrough transfers equity	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(2,032)	**(2,032)**	-	**(2,032)**
Other comprehensive income net of tax, gains/losses on remeasurements of defined benefit plans	-	-	-	-	-	-	(436)	-	-	-	-	-	**(436)**	-	**(436)**
Other comprehensive income net of tax, cash flow hedges bunker	-	-	-	-	-	-	-	1,013	-	-	-	-	**1,013**	-	**1,013**
Other comprehensive income net of tax, cash flow hedges interest rates	-	-	-	-	-	-	-	(83)	-	-	-	-	**(83)**	-	**(83)**
Other comprehensive income net of tax, cash flow hedges exchange rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	(21)	-	-	-	-	-	-	-	-	-	-	**(21)**	-	**(21)**
Increse/decrease through share based payment transactions	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	-
Change of consolidation scope	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	-
Other changes	-	-	-	-	-	286	-	-	-	(18,276)	18,044	-	**54**	(7)	**47**
Profit/loss	-	-	-	-	-	-	-	-	-	-		2,022	**2,022**	242	**2,264**
December 31, 2019	**69,163**	**(7,426)**	**(153)**	**321**	**80,556**	**(1,342)**	**(901)**	**(410)**	**4,470**	**(5,044)**	**8,965**	**2,022**	**150,221**	**710**	**150,931**

Thousand of euro - NOTES 12-13	Share Capital**	Treasury shares**	Reserve of shareholding acquisition costs**	Legal reserve	Share premium reserve	Reserve of exchange differences on translation	Reserve of remeasurements of defined benefit plans	Reserve of cash flow hedges	Reserve of share-based payments	Other reserves	Retained earnings	Profit/loss, attributable to Owners of parent	Equity attributable to Owners of parent	Non-controlling interests	Total equity
December 31, 2019	**69,163**	**(7,426)**	**(153)**	**321**	**80,556**	**(1,342)**	**(901)**	**(410)**	**4,470**	**(5,044)**	**8,965**	**2,022**	**150,221**	**710**	**150,931**
Allocation of the profit/loss	-	-	-	75	-	-	-	-	-	-	1,947	(2,022)	**-**	-	-
Issued of equity	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	-
Increase/decrease thhrough transfers equity	-	-	-		-	-	-	-	-	-	-	-	**-**	-	-
Dividends paid	-	2,456	-	-	(2,456)	-	-	-	-	-	-	-	**-**	-	-
Other comprehensive income net of tax, gains/losses on remeasurements of defined benefit plans	-	-	-	-	-	-	(395)	-	-	-	-	-	**(395)**	-	**(395)**
Other comprehensive income net of tax, cash flow hedges bunker	-	-	-	-	-	-	-	254	-	-	-	-	**254**	-	**254**
Other comprehensive income net of tax, cash flow hedges interest rates	-	-	-	-	-	-	-	(121)	-	-	-	-	**(121)**	-	**(121)**
Other comprehensive income net of tax, cash flow hedges exchange rates	-	-	-	-	-	-	-	(654)	-	-	-	-	**(654)**	-	**(654)**
Purchase of treasury shares	-	(851)	-	-	-	-	-	-	-	-	-	-	**(851)**	-	**(851)**
Increse/decrease through share based payment transactions	-	3,191	-	-	-	-	-	-	(4,470)	-	1,279	-	**-**	-	-
Change of consolidation scope	-	1,688	-	-	(662)	-	-	-	-	-	-	-	**1,026**	-	**1,026**
Other changes	-	-	-	-	-	(1,537)	-	-	-	(37)	(506)	-	**(2,080)**	(268)	**(2,347)**
Profit/loss	-	-	-	-	-	-	-	-	-	-	-	12,217	**12,217**	52	**12,269**
December 31, 2020	**69,163**	**(942)**	**(153)**	**396**	**77,438**	**(2,879)**	**(1,297)**	**(931)**	**-**	**(5,081)**	**11,685**	**12,217**	**159,617**	**494**	**160,111**

[1] The notes commenting on the individual items are an integral part of these Consolidated 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 Consolidated Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/06".
* Expression of share capital in compliance with IAS 32 net of treasury shares for Euro 7,426 thousand and costs for the purchase of equity investments for Euro 153 thousand.
** Expression of share capital in compliance with IAS 32 net of treasury shares for Euro 942 thousand and costs for the purchase of equity investments for Euro 153 thousand.

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

1. The undersigned Matteo Colombini, Managing Director, and Giacomo Ricca, Corporate Accounting Reporting Officer of the Orsero Group, taking into account the provisions of Art. 154-bis, paragraphs 3 and 4, of 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 consolidated financial statements during the period closed as at December 31, 2020.

2. No significant issues arose.

3. It is further certified that:

3.1 the consolidated financial statements:

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

b) coincide with the underlying books and accounting records;

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

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

Milan, March 16, 2021

Matteo Colombini

Managing Director

Giacomo Ricca

The Reporting Officer

Notes to the Consolidated Financial Statements as at December 31, 2020

General information

Orsero S.p.A. (the "Parent company" or the "Company"), together with its subsidiaries (the "Group" or the "Orsero Group") is a company with its shares listed on the STAR Segment of the telematic stock exchange (MTA) since December 23, 2019. Orsero S.p.A. is a company with legal personality, organized under the laws of the Republic of Italy. The registered office of the Parent Company and, thus, of the Group is via Fantoli 6, Milan, Italy. The Orsero Group boasts a consolidated presence both directly and indirectly through its subsidiaries and/or associates in Europe, Mexico and Latin America, although it mainly operates in Europe.
As at December 31, 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 consolidated financial statements and other general information

Statement of compliance with the IFRS and preparation criteria

These Group Consolidated Financial Statements as at December 31, 2020, prepared on the basis that the Parent company and its subsidiaries continue to operate as a going concern, were prepared in accordance with Art. 2 and 3 of Italian Legislative Decree no. 38 of 2/28/2005 and in compliance with the International Financial Reporting Standards (IFRS), the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Commission as per the procedure envisaged by Regulation (EC) 1606/2002, issued by the European Parliament and Council in July 2002 and in force as at the reporting date, as well as with the previous International Accounting Standards (IAS). Hereinafter in the Consolidated financial statements, to simplify matters, all these standards and interpretations will together be defined as "IFRS".
In preparing this document, consideration was given to the provisions of Art. 9 of Italian Legislative Decree no. 38 of 2/28/2005, the provisions of the Italian Civil Code, Consob Resolutions no. 15519 ("Provisions on the financial statements tables to be issued in implementation of Art. 9, paragraph 3 of Italian Legislative Decree no. 38 of 2/28/2005") and no. 15520 ("Amendments and supplements to the regulation setting out provisions implementing Italian Legislative Decree no. 58/1998"), both dated July 27, 2006, and those of Consob communication no. DEM/6064293 of July 28, 2006 ("Corporate disclosure of listed issuers and issuers with financial instruments disseminated amongst the public pursuant to Art. 116 of the TUF") and Art. 78 of the Issuers' Regulation. It is specified that with reference to Consob Resolution no. 15519 of July 27, 2006 on the financial statements tables, specific additional tables have been added representing the statement of financial position, the income statement, the consolidated statement of comprehensive income and statement of cash flows, highlighting significant related party transactions and the effects of non-recurring income and expense in order to avoid compromising the overall legibility of the financial statements tables.
The Group's consolidated financial statements are presented in Euro, the functional currency in economies in which the Group mainly operates, and the amounts indicated on the consolidated accounting schedules and the notes are stated in thousands of euros. These consolidated financial statements are compared with last year's consolidated financial statements, which were prepared applying the same criteria except for that described in the paragraph entitled "Accounting standards, amendments and IFRS interpretations applied starting January 1, 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 2019 income

statement, in accordance with IFRS. As regards data comparability, please note that in FY 2019, the following companies were consolidated on a line-by-line basis:

- 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, as it was sold and in 2020 the company M.a.p. Servizi Generali S.r.l. was also deconsolidated. It should also be noted that in 2020 the company Moncada Frutta was consolidated line-by-line from July 1, 2020.
The consolidated financial statements have been drawn up in accordance with the general historical cost principle, with the exception of financial assets, derivative instruments and inventories of fruit stock ripening, measured at fair value. Please also note that the directors have prepared the consolidated financial statements in accordance with paragraphs 25 and 26 of IAS 1 due to the strong competitive position, high profitability, and soundness of the equity and financial structure achieved.
The IFRS were applied on a consistent basis with the indications provided in the "Framework for the preparation and presentation of financial statements" and no critical issues which required derogations in accordance with paragraph 19 of IAS 1, arose.
Assets and liabilities are shown separately and without offsetting.
On March 16, 2021, the Board of Directors of the Parent Company approved the separate and consolidated financial statements of Orsero S.p.A. and authorized their publication. To prepare the consolidated financial statements, the financial statements as at December 31, 2020 of the Parent Company Orsero S.p.A. and its subsidiaries, associates and joint ventures included in the scope of consolidation were used, as detailed below, approved by the respective Boards and/or Management Bodies. The consolidated financial statements as at December 31, 2020 were audited by KPMG S.p.A.

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

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

The choice of these statements allows the Group's equity, economic and financial situation to be represented in a truthful, correct, reliable and more relevant manner. The form chosen is, in fact, consistent with internal reporting and management. Please also remember that with its Resolution no. 15519 of July 27, 2006, Consob asked that the accounts given in the financial statements should highlight, if of significant value, any additional sub-items to those already specifically required by IAS 1 and the other international accounting standards, so as to highlight separately from the items of reference, the amount of all related party transactions and positions, as well as, insofar as regards the income statement, the positive or negative items of income deriving from non-recurring or unusual transactions. This information requested has been included in Notes 26 and 34 and in Annex 2 "Financial statements tables stated in accordance with Resolution 15519/2006".

Consolidation principles and area

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

Subsidiaries and consolidation criteria

Subsidiaries are consolidated from the date on which the Group effectively acquires control and cease to be consolidated from the date on which control is transferred outside the Group. Control over subsidiaries exists, as defined by standard IFRS 10, when the Parent company is exposed to variable returns or has rights over such returns, deriving from its relationship with them and, at the same time, has the capacity to impact such returns, exercising its power over these entities; this above all consists of having the majority of the votes that can be cast and a dominant influence in the ordinary shareholders' meeting. The existence of control is reassessed whenever facts and circumstances indicate that there are changes to one of these defining elements of control. The accounting positions consolidated are prepared as at December 31, i.e. as at the reference date of the consolidated accounting position; they are generally those specifically prepared and approved by the Boards of Directors of the individual companies, duly rectified, where necessary, to standardize them with the Parent company's accounting standards and make them consistent with the international accounting standards IAS/IFRS. Inactive subsidiaries, for which the specific dynamic of the consolidation means that no significant effects are seen, and those comprising insignificant fixed assets, both in terms of investments and equity and economic values, are excluded from the line-by-line consolidation. These businesses are instead measured using the criteria applied for equity investments in other companies.
Equity investments in subsidiaries are detailed in the paragraph on "List of companies consolidated on a line-by-line basis" and "List of other companies", whilst any changes in investment shares are explained in the paragraph on "*Changes in the consolidation area made during the year and thereafter*". The consolidation method used is line-by-line. The criteria adopted for line-by-line consolidation are described below.
the assets and liabilities, expenses and income of the fully consolidated entities are assumed line by line, attributing to minorities, where applicable the portion of equity and of profit/loss for the year due to them; these portions are shown separately in the context of equity (under "Non-controlling interests") and of the income statement ("profit/loss attributable to non-controlling interests"). The book value of the equity investments held by the parent company and/or other companies of the Group is eliminated against the corresponding portion of shareholders' equity of the subsidiaries, assuming for the individual elements of assets and liabilities the current value at the date of acquisition of control. Any positive difference between the carrying amount of the consolidated equity investments and the corresponding equity, adjusted to take into account the carrying amount as at the date of asset and liability acquisition, is attributed to the asset item "Goodwill"; if instead the difference is negative, it is recognized in the income statement as required by IFRS 3. The residual difference is recognized in such a way that the consolidated financial statements present:

- the Share capital, Legal reserve and Share premium, if any, of the Parent Company;
- the other specific reserves (i.e. Reserve of exchange differences on translation, Reserve for re-measurement of defined benefit plans, etc.) also at the level of the consolidated financial statements;
- retained earnings, representing the reserves of undivided profits and losses of the subsidiaries, modified where appropriate, to reflect consolidation adjustments.

The profit and loss deriving from the sale of investments in consolidated companies are allocated to shareholders' equity attributable to owners of the parent as transactions with shareholders for

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

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

The individual financial statements of each company belonging to the Group are prepared in the currency of the primary economic context in which it operates (functional currency). The conversion of the items of financial statements denominated in currencies other than the Euro is carried out applying current exchange rates at the end of the year. The income statement items are instead converted at average exchange rates of the year. Exchange rate translation 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 "Reserve of exchange differences on translation". The exchange rates used for the conversion into Euro of the financial statements of foreign subsidiaries, prepared in local currency, are shown in the following table:

	31/12/2020	Year 2020	31/12/2019	Year 2019
Argentine Peso	103.249	103.249	67.2750	53.8230
Costa Rican Colon	750.556	668.755	642.012	657.624
Colombian Peso	4,202.34	4,217.06	3,688.66	3,674.52
Mexican Peso	24.4160	24.5190	21.2200	21.5570
Chilean Peso	872.520	903.137	844.860	786.890

Joint ventures, associates and other companies

Joint ventures are companies whose activities the Group has control over as defined in IFRS 11 – Joint Arrangements. Associates are those companies over which the Group exerts significant influence, which is assumed to exist when the equity investment ranges between 20% and 50%. In the consolidated financial statements, investments in these types of companies are valued using the equity method.
In application of this method, the shares pertaining to the results are recorded in the consolidated financial statements from the date on which the significant influence and/or joint control began

until the date on which they cease, and the book value of these investments is aligned with the shareholders' equity of the companies, adjusted where necessary to reflect the application of IFRS as well as any higher values attributed to the assets and/or goodwill as determined at the time of acquisition, with a process similar to that used for acquisitions of controlling interests.
If the pertinent portion of the loss of an associate and/or joint venture exceeds the carrying amount of the investment in the financial statements (therefore, if the value of shareholders' equity is negative), the value of the investment is set to zero, and the share of the additional losses is not recognized, except and to the extent to which the Group is obliged to cover them due to legal or implicit obligations of the investee, in which case, a specific provision will be recognized. Gains and losses generated in transactions between Group companies and an investee measured using the equity method are derecognized on consolidation in relation to the value of the Group share in the investee, while dividends are derecognized in full. For investees whose currencies are different from the euro, the valuation is carried out using year-end exchange rates, with any differences arising from the translation of opening shareholders' equity items at current year-end exchange rates compared with those applied at the end of the previous year being charged directly to consolidated shareholders' equity. Significant investments in associates and/or joint ventures are tested for impairment.
There are no significant restrictions to the capacity of the associates to transfer funds to the Group, to pay dividends and repay loans or advances. These equity investments are described in detail in the paragraph "List of companies consolidated using the equity method" and their changes are illustrated in the paragraph "Changes in the consolidation area made during the year and thereafter".
Minor associates are excluded from consolidation using the equity method, as their consolidation does not produce significant effects. These businesses are instead measured using the criteria applied for equity investments in other companies.
The latter is a residual category, which includes companies in which the Group holds minority interests and over which it exercises no influence. The investments, of immaterial value, are entered at purchase or subscription cost, which is considered representative of the relative fair value.

Disclosure on equity investments in other companies

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

Scope of consolidation

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

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

Name	Head office	Investment percentage Direct	Indirect	Interest held by	Share Capital	Net profit*	Currency
AZ France S.A.S	Cavaillon (France) - 56, Avenue JP Boitelet	100.00%			3,360,000	3,450,142	€
Bella Frutta S.A.	Atene (Greece) - 4 Tavrou Str., Ag. Ioannis Rentis	100.00%			1,756,800	234,397	€
Comercializadora de Frutas S.A.C.V.	Tinguindin (Mexico) - Carretera Zamora-Los Reyes km. 37,5		100.00%	AZ France S.A.	3,299,376	30,786,092	pesos
Cosiarma S.p.A.	Genova (Italy) - via Operai 20	100.00%			2,600,000	5,317,038	€
Eurofrutas S.A.**	Alverca (Portugal) - Estrada principal Casal das Areias 205	100.00%			1,100,753	446,708	€
Eurorticolas LDA**	Enxara dos Cavaleiros (Portugal)2665-054 Enxra do Bispo Estrada das Azenhas		100.00%	Eurofrutas S.A.	150,000	2,312	€
Fresco Ships' A&F S.r.l.	Vado Ligure (Italy) - Via Trieste, 25	100.00%			258,000	250,040	€
Fruttica S.A.S.***	Cavaillon (France) - 89, Chemin du Vieux Taillades		100.00%	Postifruits S.A.S.	100,000	930,387	€
Fruttital S.r.l.	Milano (Italy) - via C. Lombroso, 54	100.00%			5,000,000	7,435,241	€
Fruttital Espana S.A.	Barcelona (Spain) - MERCABARNA, Calle Longitudinal 7, 83		100.00%	Hermanos Fernández López S.A.	84,142	(30,380)	€
Fruttital Firenze S.p.A.	Firenze (Italy) - Via S. Allende 19 G1	100.00%			300,000	562,709	€
Galandi S.p.A.	Firenze (Italy) - Via S. Allende 19 G1	100.00%			500,000	(238,417)	€
GFB S.r.l.	Milano (Italy) - via Fantoli 6	100.00%			10,000	15,891	€
GF Produzione S.r.l.	Milano (Italy) - via Fantoli 6	100.00%			100,000	(29,616)	€
GF Solventa S.L.	Barcelona (Spain) - MERCABARNA, Calle Longitudinal 7, 83		99.96%	Hermanos Fernández López S.A.	50,000	414	€
GP Frutta S.r.l.***	Canicattì (Italy) - Via S. Sammartino 37		100.00%	Postifruits S.A.S.	10,000	632	€
Hermanos Fernández López S.A.	Cox (Alicante) - Avenida de la Industria, s/n P.I. San Fernando	100.00%			258,911	4,243,667	€
Hermanos Fernández Chile S.p.A.	Las Condes (Chile) - Avenida Vitacura 2909		100.00%	Hermanos Fernández López S.A.	70,000,000	41,793,481	pesos
Isa Platanos S.A.	La Laguna - Tenerife (Spain) - Los Rodeos Edificio Star		100.00%	Hermanos Fernández López S.A.	641,430	192,758	€
Kiwisol LDA**	Folgosa (Portugal) - Rua de Santo Ovidio 21		99.75%	Eurofrutas S.A.	523,738	(58,336)	€
Moncada Frutta S.r.l.	Ispica (Italy) - Contrada Salmeci SN	100.00%			100,000	(93,151)	€
Orsero Costa Rica S.r.l.	San Jose de Costa Rica - Oficientro Ejecutico La Sabana Edificio torre 1		100.00%	Cosiarma S.p.A.	215,001,000	(84,690,280)	colones
Orsero Progetto Italia Società Agricola A.r.l.	Molfetta (Italy) - Via degli Industriali 6 -Zona ASI	100.00%			100,000	(2,845)	€
Orsero Servizi S.r.l.	Milano (Italy) - via Fantoli 6	100.00%			100,000	(9,383)	€
Postifruits S.A.S.***	Cavaillon (France) - 89, Chemin du Vieux Taillades		100.00%	AZ France S.A.	7,775	1,304,496	€
Productores Aguacate Jalisco S.A.C.V.	Ciudad Guzman (Mexico) - Constitucion 501 Centro C.P. 49000		70.00%	Comercializadora de Frutas S.A.C.V.	12,646,666	4,302,210	pesos
R.O.S.T. Fruit S.A.	Buenos Aires (Argentine) - Corrientes 330 - 6° 612	80.00%	20.00%	GF Produzione S.r.l.	24,096,320	4,006,492	pesos
Simba S.p.A.	Milano (Italy) - via Fantoli 6	100.00%			3,100,000	(3,617,044)	€
Simbacol S.A.S.	Medellin (Colombia) - Carr. 25 1 A SUR 155 OF 1840		100.00%	Simba S.p.A.	50,172,500	(9,415,111)	pesos
Simbarica S.r.l.	San Jose de Costa Rica - Oficientro Ejecutico La Sabana Edificio torre 1		100.00%	Simba S.p.A.	100,001,000	(8,949,050)	colones

* Please note that the net profits of the consolidated companies are in accordance to IFRS principles

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

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

List of companies valued using the equity method

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

List of other companies:

Name	Head office	Investment percentage Direct	Indirect	Interest held by	Share Capital	Currency
Fruttital Sicilia S.r.l.	Santa Maria di Licodia (Italy) - Strada Cavaliere Bosco 58	50.10%			25,000	€

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

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

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

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

Changes in the consolidation area made during the year and thereafter

The remaining 50% of the Italian company Moncada Frutta S.r.l. was acquired. Furthermore, note the merger by incorporation of the company Fruttital Cagliari S.r.l., by deed dated June 19, 2020, effective 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. It should also be noted that these mergers described above are neutral in terms of the consolidated financial statements and therefore have no effect on the scope of consolidation. On September 14 and 15, 2020, the companies Galandi S.p.A. and Fruttital Firenze S.p.A. transferred their shares, each equal to 35%, held in the share capital of the minor company M.A.P. Servizi Generali S.r.l., for consideration of Euro 86 thousand equal to the value of shareholders' equity, as these are activities with no commercial goodwill.

Acquisition of Moncada Frutta S.r.l.

Orsero acquired the remaining 50% of the shares of the company Moncada Frutta S.r.l., active in the wholesale distribution of fruit and vegetables in Sicily, in July (executed on September 10, 2020). This transaction has significant strategic value for the Group, as it is intended to achieve important commercial synergies and development prospects in the mass distribution channel in Sicily. As set forth in the agreement, as consideration for the acquisition, Orsero transferred to the seller 176,825 Orsero shares, in its portfolio and equal to 1% of the share capital, valued for accounting purposes at the weighted average price of the Orsero shares recorded in the MTA on July 29 (day on which the agreement was signed), equal to Euro 5.8021 per share with a value of Euro 1,026 thousand. Furthermore, aside from the fixed part, the agreement calls for variable consideration in cash deferred until 2030, for a maximum of Euro 499 thousand, payable in three tranches of equal

amounts subject to the company achieving positive results. Please note that all 176,825 Orsero shares transferred to the company Salvatore Moncada S.r.l. are subject to a 36-month lock-up commitment made by the latter. The variable component of the consideration for the acquisition will be paid through the use of Orsero's own resources.
It is worth highlighting that the company Moncada Frutta S.r.l. earned revenues of roughly Euro 16.8 million in 2019, with an Adjusted EBITDA of Euro 0.7 million and an essentially neutral net financial position.

Consideration paid

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

Thousands of euro	Moncada Frutta S.r.l.
Equity instruments (n.176.825 ordinary shares)	1,026
Contingent consideration	499
The consideration transferred	**1,525**

The consideration for the acquisition of Moncada was paid through the transfer of 176,825 Orsero shares, valued at the weighted average price of Orsero shares recorded on the MTA on July 29, equal to 5.8021 per share with an equivalent value of Euro 1,026 thousand. In addition to the fixed portion, there is a variable cash consideration deferred until 2030 of up to Euro 499 thousand.

Identifiable acquired assets and assumed liabilities

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

Thousands of euro	Moncada Frutta S.r.l.
Property, plant and equipment	334
Non-current financial assets	138
Inventories	58
Trade receivables	4,337
Current tax assets	11
Other receivables and other current assets	5
Cash and cash equivalent	463
Employees benefits liabilities	(124)
Financial liabilities	(149)
Trade payables	(2,868)
Current tax liabilities	(196)
Other current liabilities	(559)
The identifiable assets acquired and liabilities assumed	**1,450**

Fair value measurement of identifiable acquired assets and assumed liabilities

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

Property, plant and equipment

The value is Euro 334 thousand and was determined based on the book value at the acquisition date, as it is considered to be representative of market prices of similar items, if available, and replacement costs, if appropriate. The estimate of amortized replacement costs reflects the adjustments for physical deterioration and economic and functional obsolescence. Property, plant and equipment consists primarily of refrigeration equipment and work done on the warehouse.

Non-current financial assets

This item, of a non-material amount, refers to long-term financial resources.

Inventories

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

Trade receivables

This item is related to the sale of fruit and vegetables, and totals Euro 4,337 thousand, net of bad-debt provision.

Trade payables

This item relates to the purchase of fruit and vegetables.

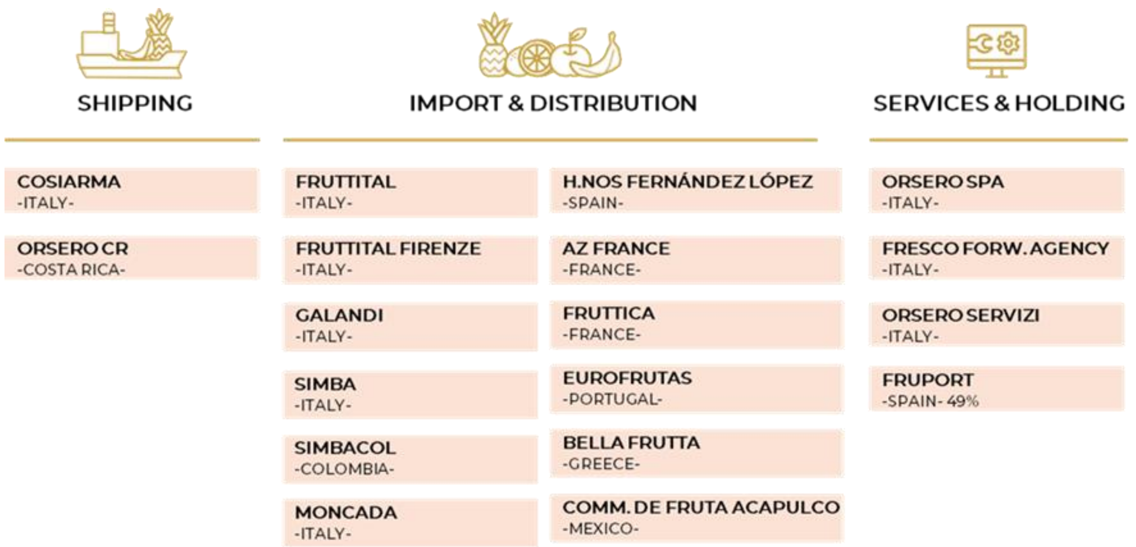
Goodwill

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

Thousands of euro	Moncada Frutta S.r.l.
Total purchase price	1,525
Fair value of previous financial investment held	1,525
Fair value of the identifiable assets acquired and liabilities assumed	(1,450)
Goodwill	**1,598**

The goodwill generated from the acquisition mainly refers to the technical and commercial skills and experience of the personnel and additional synergies expected to be obtained from integrating the company acquired in the Orsero Group Distribution sector. The goodwill recognized in financial statements is not amortized nor deductible for income tax purposes.
In terms of net financial position, the acquisition had a net effect on the consolidation of Euro 185 thousand, due to the difference between the outlay of Euro 499 thousand relating to the purchase and the positive net financial position of the company acquired, equal to Euro 314 thousand, made up of cash and cash equivalents of Euro 463 thousand and current financial liabilities of Euro 149 thousand.

Following the above transaction, the corporate structure (in a summary version, but more representative) is more streamlined and direct as shown below:



Valuation criteria

Below are the main criteria adopted for the preparation of the consolidated financial statements at December 31, 2020; the valuation criteria are applied uniformly to the Parent Company and to all consolidated companies. When, in relation to specific events or as a result of the development of accounting practice, a change is made in the accounting standards applied in a year, the Notes are intended to provide all the appropriate explanations to allow comparison with the previous year, if necessary by providing for the correction/re-alignment of the figures of the related financial statements. Please note that in preparing the consolidated financial statements as at December 31, 2020, the same consolidation standards and the same measurement criteria were applied as used to prepare the consolidated financial statements as at December 31, 2019, with the exception of what is defined in the paragraph "Accounting standards, IFRS and IFRIC amendments and interpretations endorsed by the European Union at December 31, 2020".

Goodwill

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

Intangible assets other than goodwill

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

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

Property, plant and equipment

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

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

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

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

Leasing

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

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

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

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

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

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

Impairment

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

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

Investments accounted for using the equity method

These consist of investments in associates/joint ventures accounted for using the equity method as described in the section "Consolidation principles and area".

Non-current financial assets

This item includes investments in non-consolidated subsidiaries, associates and joint ventures not accounted for using the equity method and investments in other companies, as described in the section "Consolidation principles and area". The item also includes medium-term receivables, contributions to be received, security deposits and the like, all valued at nominal value that normally coincides with the realizable value. For more information on their posting and measurement, please refer to the information given in the paragraph below, entitled "(Non-current/current) financial assets".

Inventories

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

Biological assets

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

(Non-current and current) financial assets

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

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

Initially, all financial assets are measured at fair value, increased in the case of assets other than those at fair value with changes in the income statement of ancillary charges. It should be noted that fair value means the value of the price of the instrument in an active market; in the absence of the latter, it is determined by using a valuation technique that establishes which price the transaction would have had at the valuation date in a free exchange based on normal commercial considerations. The Group determines the classification of its financial assets after initial recognition and, where appropriate and permitted, reviews said classification at the close of each financial year if the business model is changed. The recoverability of their value is verified according to the criteria set forth in IFRS 9 and described below. At the time of subscription, it is considered whether a contract contains implicit derivatives. Derivatives embedded in contracts where the primary element is a financial asset that falls under the field of application of IFRS 9 must never be segregated.
The Group must recognize a provision to cover losses for expected credit losses regarding financial assets measured at amortized cost or at fair value through comprehensive income/loss, receivables implicit in leases, assets deriving from contracts or commitments to disburse loans and financial guarantee contracts.
Financial assets are derecognized when the contractual rights over cash flows deriving from such expire, when the contractual rights to receive cash flows under the scope of a transaction in which substantively all risks and benefits deriving from ownership of the financial assets are transferred.
The financial assets measured at amortized cost are those financial assets held within the framework of a business model whose objective is the ownership of financial assets targeted at the collection of contractual cash flows and whose contractual terms envisage, at given maturity dates, cash flows represented solely by payments of principal and interest on the amount of principal to be returned. The measurement of financial assets at amortized cost involves the application of the effective interest rate method net of any provision for impairment, taking into consideration foreseeable future losses. This calculation includes any discount or purchase premium and includes commissions that are an integral part of the effective interest rate and transaction costs. Therefore, interest is calculated in relation to the cash value over time and the credit risk associated to the instrument during that particular period of time. Receivables and other financial assets measured at amortized cost are shown on the balance sheet net of the related provision for doubtful debt. Interest income, exchange gains and losses and impairment losses are booked to the period income statement, as are any gains or losses from derecognition from the accounts.
The financial assets at fair value with changes booked to the statement of comprehensive income are those financial assets held within the framework of a business model whose objective is achieved through both the ownership of financial assets targeted at the collection of contractual cash flows and through the sale of financial assets and whose contractual terms envisage, at given maturity dates, cash flows represented solely by payments of principal and interest on the amount of principal to be returned. These assets entail the recognition of changes in the instrument’s fair value amongst other components of comprehensive income, in shareholders' equity. The cumulative amount of changes in fair value, allocated to the equity reserve that includes other components of comprehensive income, is reversed on the income statement when the instrument

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

Trade receivables, current tax assets and other receivables

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

spanning two or more years, the entity of which varies over time, in application of the accruals accounting approach.

Cash and cash equivalents

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

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

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

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit and loss. A financial liability is classified at fair value through profit and loss when it is held for trading, represents a derivative or is designated as such at the time it is first booked. Financial liabilities measured at fair value through profit or loss are measured at fair value with any changes, including interest expense, noted on the income statement. Other financial liabilities are measured thereafter at amortized cost, using the effective interest rate criterion. Interest expense and foreign exchange gains/(losses) are booked on the income statement, as are any gains or losses deriving from derecognition.
The Group proceeds to derecognize a financial liability when the obligation specified in the contract has been fulfilled or canceled.
Financial liabilities are entered under the following items: current and non-current financial liabilities, other non-current liabilities, trade payables, tax liabilities and other current liabilities. Current and non-current financial liabilities include bond payables, bank loans, current account overdrafts, liabilities due to other lenders (namely leasing, factoring and payables in accordance with IFRS 16), liabilities for hedging derivatives and the price balance on acquisitions.
Financial payables, apart from derivatives, are initially carried at cost, which is approximately the equivalent of fair value, net of costs incurred for the transaction. Thereafter, any difference between the cost and value of repayment throughout the term of the loan, using the effective interest method. Loans are classified as current liabilities unless the Group has the unconditional right to defer the termination of this liability at least twelve months after the reference date. As regards leasing and liabilities in accordance with IFRS 16, reference is made, for measurement, to

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

Derivative financial instruments and hedging

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

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

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

Treasury shares

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

Provisions

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

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

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

Employee benefits

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

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

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

Share-based payments

The 2020-2022 LTI Plan for directors and employees recognizes a monetary 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 Group. According to the Plan, a portion of these incentives is indexed to the return on the Parent Company's shares. Services rendered and liabilities assumed have been measured at fair value in accordance with IFRS 2. This fair value is recognized in the income statement as a cost on the basis of the vesting period with a counter-entry in "Other current liabilities"; also see the section "Incentive remuneration for top management" in the Directors' Report on Operations.

Revenues and costs

Revenues are generated primarily by three "core" sectors such as the Import & Distribution sector (activities dedicated to the import and distribution of fruit and vegetables), the Shipping sector (dedicated to the maritime transport primarily of bananas and pineapples), and the Services sector (provision of services in the customs area, the IT sector and holding coordination activities).
The Group must recognize revenues when (or gradually as) it fulfills the performance obligation by transferring the promised good or service to the customer. The asset is transferred when (or gradually as) the customer acquires control of it (capacity to decide the use of the asset and derive substantially all remaining benefits from it).
Revenues are accounted for over time when the customer simultaneously receives and uses the rewards deriving from the service of the Group as the latter gradually provides it or the service of the Group creates or improves the asset which the customer gradually controls as the asset is created or improved or the service of the Group does not create an asset that presents an alternative use and the Group has an enforceable right to the payment of the service completed until the date considered.
Transactions between goods and services of a similar nature and value, as they are not representative of sales transactions, do not determine the recognition of revenues and costs.
According to IFRS 15, the Group must recognize as revenue the price of the transaction assigned to the performance obligation, considering all the terms of the contract and its commercial procedures. The price of the transaction is the amount of the consideration to which the Group expects to be entitled in exchange for the transfer of promised goods and services to the customer, excluding the amounts collected on behalf of third parties. The consideration may include fixed or variable amounts or both.
Financial revenues are recognized on an accrual basis. Income and expenses are recorded in accordance with the accrual principle, with the appropriate recognition, where necessary, of the related accruals and deferrals.

Capital and operating contributions

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

Financial income, financial expense and exchange rate differences

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

Dividends

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

Income tax expense, deferred tax assets and liabilities

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

Conversion criteria for foreign currency items

Costs and revenues denominated in currencies other than the Euro, as well as investments in technical fixed assets and equity investments, are accounted for using the historical changes at the dates of the related transactions. Receivables and payables in foreign currency are initially recorded based on historical exchange rates of the related transactions, with the exchange rate differences realized at the time of collection or payment recorded in the income statement; receivables and payables in foreign currency outstanding at the end of the year are valued at December 31. Related exchange rate gains and losses are recognized in the income statement.

Earnings per share

Earnings/losses per share are calculated by dividing the profit/loss for the year attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding during the reference period, excluding treasury shares. To calculate diluted earnings/loss per share, the weighted average number of outstanding shares is adjusted by assuming the conversion of all potential shares having a dilutive effect.

Use of estimates, risks and uncertainties

The preparation of the consolidated financial statements and related Notes in accordance with IFRS requires management to make estimates and assumptions that have an impact on the value of revenues, costs of assets and liabilities of the financial statements and on the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience, other relevant factors and the information available. Therefore, the actual results achieved may differ from said estimates. The estimates and assumptions may vary from one year to the next and they are therefore reviewed periodically. The effects of any changes made to them are reflected in the income statement in the period in which the estimate is reviewed.
The main estimates, for which the use of subjective valuations by the management is most required were used, inter alia, for:

- provisions 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, non-observable inputs;
- acquisition of a subsidiary in relation to the fair value of the price transferred (including the potential price) and the fair value of the assets acquired, and liabilities accepted, measured provisionally;
- the definition of the useful life of assets and related depreciation and amortization;
- allocations for provisions for environmental risks and for liabilities related to litigation of a legal and fiscal nature; in particular, the valuation processes relate both to determining the degree of probability of conditions that may entail a financial outlay and the quantification of the relevant amount;
- deferred tax assets, the recognition of which is supported by the Group's profitability prospects resulting from the expected profitability of the business plans and the forecast of composition of the "tax consolidation";
- the procedure for verifying the stability of the value of intangible assets, property, plant and equipment and 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.

Impairment test

IAS 36 specifies that at the end of each reporting period an entity shall assess whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. In assessing whether the aforesaid indication exists, the Group shall consider the presence of any "impairment indicators", as required by paragraph 12 of IAS 36. An impairment loss shall be recognized in the income statement when the book value of an asset or cash-generating unit exceeds its recoverable amount. The book values of the Company's assets are in any case measured at the reference date of the annual financial statements. Intangible assets with an indefinite useful life are tested at least annually and every time there is an indication of a possible impairment to determine whether impairment exists. The Group tested the book value of net invested capital at December 31, 2020, identifying the following as cash-generating units:

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

The solidity of the values of said CGUs is verified by comparing the book values with the values in use, equal to the sum of discounted cash flows for the three-year period 2021-23 and the terminal value that the management estimates the individual CGUs will be able to generate. For Cosiarma, whose specific characteristics mean that it is inappropriate to calculate a terminal value, cash flow is related to the residual useful life of the ships, presently set as December 31, 2024. For the estimation of cash flows, the 2021 budget data were used on the basis of which the 2022, 2023 and Terminal Value data were determined. For Cosiarma alone, on the other hand for the entire period 2021-2024 the Adjusted Ebitda value of the 2021 budget very close to the average value of the last six years 2015-2020 and a depreciation value such as to lead to a value of the vessels at the end of 2024 equal to their scrap value were used.
In the impairment test the use of 2021 Budget data, in line with those of FY 2020, was made on the assumption of the validity of the level of performance of the Group that, belonging to staple food industry, had little or no impact from Covid-19 pandemic, as widely explained in the report to these financial statements. For discounting, the post-tax WACC is used as the discount rate, which takes into account the specific risks of the asset and reflects current market valuations of the cost of money. It is based on weighting the cost of debt and the cost of equity, calculated based on the values of companies comparable to those belonging to the Group and subject to impairment as they operate in the same business sector. For the 2020 impairment test, as in the previous year an independent professional was appointed, a university professor, to determine the parameters applied in the test as indicated below:

	WACC	**"g" rate**
Italy CGU	7.09%	0.50%
France CGU	6.04%	1.00%
Spain CGU	6.64%	1.50%
Portugal CGU	7.04%	1.50%
Greece CGU	9.50%	1.50%
Cosiarma CGU	8.92%	n.a.

The results of the calculations showed the extensive head-room between the book value of the CGUs, consisting of their respective Net Invested Capital (NIC) and values in use, represented by the Enterprise Values:

Thousands of euro	WACC	"g" rate	Enterprise Value	NIC Conso	Head-room
- Italy	7.09%	0.50%	157,169	116,027	41,142
- France	6.04%	1.00%	65,549	23,649	41,900
- Spain	6.64%	1.50%	91,790	55,078	36,712
- Portugal	7.04%	1.50%	5,895	5,310	585
- Greece	9.50%	1.50%	3,466	2,148	1,318
- Cosiarma	8.92%	-	52,737	50,052	2,685

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

The sensitivity analysis was carried out highlighting, on the basis of impairment testing data, how much adjusted EBITDA should reduce, leaving unchanged to the parameters of WACC and "g" rate to zero the head-room of the various CGUs, just like the WACC should come in at that value, with no change to the values of adjusted EBITDA and "g" rate, to zero the head-room and the same for the "g" rate, again remaining unchanged the adjusted EBITDA and WACC values. The table below summarizes the results of this test.

CGU	Adjusted Ebitda	WACC	"g" rate
- Italy	-15.89%	9.81%	-2.85%
- France	-42.62%	13.05%	-7.79%
- Spain	-24.35%	9.70%	-2.09%
- Portugal	-5.80%	7.70%	0.75%
- Greece	-19.30%	12.50%	-2.10%
- Cosiarma	-4.96%	11.13%	-

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

Thousands of euro	WACC	"g" rate	Equity Value	Book Value financial investments	Head-room
- Italy	7.09%	0.50%	91,890	55,730	36,160
- France	6.04%	1.00%	66,718	21,466	45,252
- Spain	6.64%	1.50%	80,968	41,233	39,735
- Portugal	7.04%	1.50%	4,462	3,174	1,288
- Greece	9.50%	1.50%	4,233	2,505	1,728
- Cosiarma	8.92%	-	44,172	31,848	12,324

The related sensitivity follows:

CGU	Adjusted Ebitda	WACC	"g" rate
- Italy	-13.97%	9.37%	-2.27%
- France	-46.00%	14.58%	-10.04%
- Spain	-53.71%	10.13%	-2.62%
- Portugal	-12.75%	8.72%	-0.46%
- Greece	-25.33%	14.00%	-3.98%
- Cosiarma	-22.77%	20.94%	-

Other information

Segment reporting

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

- Import & Distribution Sector: this sector is a group of companies engaged in the import 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 mainly engaged in the maritime transport of bananas and pineapples;
- Services Sector: this sector represents a residual sector that includes companies engaged in the provision of services related to customs, information technology, and holding coordination activities.

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 is structured as follows, with a clear adjustment of 2019 data to allow for a consistent comparison.
In compliance with the provisions of IFRS 8, segment information is given in the dedicated paragraph under "Segment reporting" (Note 22).

Management of financial risk

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

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

The company's main financial instruments include current accounts and short-term deposits, as well as financial liabilities to banks in the short and long term, bond payables, liabilities due to other lenders and derivatives. The purpose is to finance the Group's operating activities. Additionally, the company has trade receivables and payables from its business activities. Management of the cash needs and related risks (mainly interest rate risk and foreign exchange risk) is carried out by the centralized treasury on the basis of the guidelines defined by the Treasury Manager with the Group CFO and approved by the Managing Director.
Please note that the risks mentioned above 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,

to complement the information provided in the appropriate section of the Report on Operations. 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 goods to be made within 30 days of the end of the month in which said assets are invoiced. This means that collection and payment terms are relatively short, precisely due to the type of goods traded. If we then also add the fact that inventories have very rapid stock rotation times and, in any case, an average of 1 or 2 weeks, we can see that the working capital cycle is virtuous and does not entail any liquidity risk in normal market operations.

The table below offers an analysis of timelines, based on contractual obligations for reimbursement, relative to financial, trade, tax and other payables in place as at December 31, 2020.

Thousands of euro	Balance at December 31, 2020	Within 1 year	1-5 years	Over 5 years
Bond payables	**30,000**	-	15,000	15,000
Medium- to long- term bank loans (Non - current/Current)	**63,448**	15,785	40,404	7,259
Other lenders (Non - current/Current)	**2,890**	1,061	1,828	-
Other lenders (Non - current/Current) ex IFRS 16	**28,875**	6,430	11,822	10,622
Non current liabilities for derivative (Non-current/Current)	**1,496**	861	636	-
Bank overdrafts	**13,829**	13,829	-	-
Other current lenders short term	**1,057**	1,057	-	-
Payables for price balance on acquisitions (Non-current/Current)	**2,442**	1,666	775	-
Other non current liabilities	**1,240**	-	1,240	-
Trade payables	**112,912**	112,912	-	-
Current tax liabilities	**3,703**	3,703	-	-
Other current liabilities	**17,686**	17,686	-	-
Non-current/current liabilities at 31.12.2020	**279,578**	**174,990**	**71,706**	**32,882**

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 and Shipping sector, purchasing goods in US dollars and then importing them and selling in euros in 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. With reference to this element, 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 December 31, 2020, the hedges adopted by the Group for the risk in changes to interest rates hedge 65% of medium and long-term variable rate bank loans, thereby meaning that approximately 78% of the Group's entire medium-term bank debt is at fixed rate. It is stressed that, in the Group's opinion, such choices are today very prudent, also in view of the expected medium-term evolution of reference rates in Europe.
Please note that at December 31, 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 2020, the Group's net financial position decreased from Euro 126,898 to Euro 103,311 thousand, of which the component recognized according to IFRS 16 is Euro 28,875 thousand. Below is the ratio of debt to equity as at December 31, 2020 and December 31, 2019. Please note that the financial covenants existing on the bond and pool loans must be counted, as envisaged by the related contracts, on a net financial position that excludes the application of the new standard IFRS 16 for the entire term of said loans.

Thousands of euro	31/12/2020	31/12/2019
Net financial debt	103,311	126,898
Total shareholders'equity	160,111	150,931
Ratio	**0.65**	**0.84**
Main indicators without IFRS 16 effect		
Net financial debt	74,437	66,911
Total shareholders'equity	160,669	151,307
Ratio	**0.46**	**0.44**

The table below shows the increased period incidence of fixed-rate debt or variable-rate debt hedged by IRSs. The incidence of said debt on total "onerous" debt is also indicated, thereby meaning not only bank debt and the debenture loan but also: (i) short-term bank debt; (ii) finance 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 shares to be paid on acquisitions made and payables linked to the application of the new standard IFRS 16.

Thousands of euro	31/12/2020	31/12/2019
Total medium- to long- term bank loans (A)	**93,448**	**88,631**
of which fixed rate	73,092	71,528
Percentage - fixed rate	78.2%	80.7%
of which floating rate	20,356	17,103
Percentage - floating rate	21.8%	19.3%
Total other onerous debt (B)	**17,776**	**30,128**
Total onerous debt (A+B)	**111,224**	**118,759**
Percentage - fixed rate	65.7%	60.2%
Percentage - floating rate	34.3%	39.8%

As at December 31, 2020, 65.7% 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 spreads, envisaged contractually if the ratio between Net Financial Position and Adjusted EBITDA should take a turn for the worse. In relation to the new variable-rate loans activated in 2020, the incidence of the variable rate on total medium/long-term bank/bond debt rose from 19.3% to 21.8%, while on the other hand its incidence on total interest-bearing debt fell from 39.8% to 34.3% due to the decrease in other interest-bearing debt, essentially linked to the decrease in short-term bank debt. If there should be an increase on the market in reference rates, the Group should not suffer any particularly serious impacts as compared with the present situation.

Below is the sensitivity analysis on the effect of a greater value of interest rates on variable rate, medium-term bank debt. This table shows, in relation to the interest linked to medium/long-term bank loans, the greater expenses that would be incurred, in the reference period, if interest rates should rise between 25 and 100 basis points:

Thousands of euro	31/12/2020	31/12/2019
Evolution of financial charges		
- on fixed rate bank loans	(1,165)	(1,131)
- on fixed rate bank loans related to liabilities for derivative	(839)	(803)
- on floating rate bank loans	(317)	(246)
- on bank overdrafts and other financial liabilities	(508)	(455)
- amortizing interests	(207)	(212)
Total	**(3,036)**	**(2,847)**

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

Thousands of euro	31/12/2020	31/12/2019
In the balance sheet	(317)	(246)
+ 25 bp	(58)	(37)
+ 50 bp	(115)	(74)
+ 75 bp	(173)	(111)
+ 100 bp	(231)	(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 the goods to sell. 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 their selling price; 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 20% and 30% 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	**31/12/2020**	**%**	**31/12/2019**	**%**
Total bunker's cost	22,107	23.20%	25,591	30.03%
Net sales Shipping sector	**95,296**		**85,225**	

Please note that the cost of the bunker indicated in the table above also includes accessory costs to refueling of Euro 35 thousand as at December 31, 2020 and Euro 213 thousand as at December 31, 2019.

Another important element in relation to ship fuel is the change to the regulation relating to sulfur emission, referred to as "IMO 2020" and covering the use of a low sulfur content fuel (0.5% as compared with today's 3.5%) for global shipping. In this regard, the Group has already adopted 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 December 31, 2020, grouped by past-due, net of the provision for bad debts:

Thousands of euro	At December 31, 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	127,611	85,109	18,705	8,559	1,086	14,154
Provision for bad debts	(12,132)	(310)	-	(5)	(21)	(11,796)
Trade receivables	115,479	84,799	18,705	8,553	1,064	2,358

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 2020, the Group incurred costs relating to non-recurring transactions.
In accordance with Consob Communication no. 15519 of February 28, 2005, please note that "Other operating revenues/expense" includes Euro 35 thousand and Euro 3,687 thousand respectively of non-recurring revenues and expense; for details, please refer to Note 26 "Other operating revenues/expense" and Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Transactions deriving from atypical and/or unusual transactions

In accordance with the Consob Communication of July 28, 2006, it is specified that in 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.

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). This amendment entailed no modifications for the Group.

Accounting standards, IFRS and IFRIC amendments and interpretations not yet endorsed by the European Union at December 31, 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 August 27, 2020, the IASB published amendments "Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16, and IAS 39, IAS 37 Interest Rate Benchmark Reform - Phase 2 regarding the following accounting standards: IFRS 4 Insurance Contracts, IFRS 7 Financial Instruments Disclosures, IFRS 9 Financial Instruments, IFRS 16 Leases, IAS 39 Financial Instruments: Recognition and Measurement. 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 48,426 thousand (Euro 46,828 thousand at December 31, 2019).

Thousands of euro	Goodwill
Carrying amount at December 31, 2018	**32,975**
Change of year:	
Investments	13,853
Disposal	-
Reclassification and impairment losses	-
Change of consolidation scope	-
Translation differences	-
Carrying amount at December 31, 2019	**46,828**
Change of year:	
Investments	1,598
Disposal	-
Reclassification and impairment losses	-
Change of consolidation scope	-
Translation differences	-
Carrying amount at December 31, 2020	**48,426**

The item shows the amount paid by the Group over the book value of the company's business units and/or equity of the companies acquired and subsequently incorporated. The residual value of the item in question is verified at least annually or if specific events or circumstances occur that may indicate an impairment, by analyzing the profitability of the acquired business units using impairment tests.
Goodwill at December 31, 2020 refers:

- Euro 720 thousand for Nuova Banfrutta S.r.l. (company incorporated into Fruttital S.r.l., in 2017): specifically, this value derives mainly from the acquisition of Ferfrutta S.r.l.;
- for Euro 171 thousand to Az France S.A.S;
- to differences in consolidation for the acquisitions of Eurofrutas S.A. and Nuova Banfrutta S.r.l. (company merged by incorporation in Fruttital S.r.l. with notary deed dated June 14, 2017 but effective from January 1, 2017). The acquisition of the former refers to the 50% recorded in 2013 and with residual value at December 31, 2014 equal to Euro 1,440 thousand, while the latter was acquired in 2010 and has a residual value of Euro 1,375 thousand;
- for Euro 9,978 thousand to Hermanos Fernández López S.A.: this value derives from the acquisition of the residual 50% which took place in 2017, also including the amount recorded pursuant to IFRS 3 for the 50% stake acquired previously;
- for Euro 1,992 thousand to Galandi S.p.A.: this value derives from the acquisition of the residual 50% which took place in 2017, also including the amount recorded pursuant to IFRS 3 for the 50% stake acquired previously;

- for Euro 17,300 thousand to Fruttital Firenze S.p.A.: this value derives from the acquisition of the residual 50% which took place in 2017, also including the amount recorded pursuant to IFRS 3 for the 50% stake acquired previously;
- for Euro 1,250 thousand relating to the 2019 acquisition of Sevimpor S.L.;
- for Euro 9,294 thousand relating to the 2019 acquisition of the Fruttica Group;
- for Euro 3,309 thousand relating to the 2019 acquisition of Fruttital Cagliari S.r.l.: this value derives from the acquisition of the residual 75%, also including the amount recorded pursuant to IFRS 3 for the 25% stake acquired previously;
- for Euro 1,598 thousand relating to the 2020 acquisition of Moncada Frutta S.r.l.: this value derives from the acquisition of the residual 50%, also including the amount recorded pursuant to IFRS 3 for the 50% stake acquired previously.

Pursuant to IAS 36, the result of the impairment testing, conducted using the information available to date and reasonable estimates of the evolution of the invested capital, demonstrated that the values of the main companies mentioned above were consistent with the respective book values, and consequently, with the accounting value of equity used in the consolidation, thus no write-downs in the consolidated financial statements were required.
For impairment testing, goodwill has been allocated to various countries (Italy CGU, France CGU, Portugal CGU, Spain CGU) and within these in relation to that calculated during the acquisition by the various companies.

Thousands of euro	**31.12.2020**	**31.12.2019**
Italy	26,294	24,696
France	9,465	9,465
Spain	11,228	11,228
Portugal	1,440	1,440
Goodwill	**48,426**	**46,828**

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

NOTE 2. Intangible assets other than goodwill

Thousands of euro	Intellectual property rights	Concessions, licenses and trademarks	Assets in progress and advances	Other intangible assets	Total
Carrying amount	**5,185**	**8,302**	**681**	**904**	**15,072**
Accumulated amortization	**(3,006)**	**(6,164)**	-	**(845)**	**(10,015)**
Carrying amount at December 31, 2018	**2,179**	**2,138**	**681**	**59**	**5,057**
Change of year:					
Investments	315	215	853	8	1,391
Disposal - Carrying amount	-	-	-	(55)	(55)
Disposal - accumulated amortization	-	-	-	51	51
Reclassification - carrying amount	55	-	(181)	-	(126)
Reclassification - accumulated amortization	-	-	-	-	-
Changes of consolidated companies - Carrying amount	6	27	-	22	55
Changes of consolidated companies - accumulated amortization	-	(22)	-	(18)	(40)
Amortization	(714)	(454)	-	(20)	(1,188)
Carrying amount	**5,561**	**8,544**	**1,354**	**879**	**16,337**
Accumulated amortization	**(3,720)**	**(6,640)**	-	**(832)**	**(11,192)**
Carrying amount at December 31, 2019	**1,841**	**1,904**	**1,354**	**47**	**5,145**
Change of year:					
Investments	30	683	2,001	22	2,736
Disposal - Carrying amount	(84)	-	-	(19)	(102)
Disposal - accumulated amortization	84	-	-	19	102
Reclassification - carrying amount	(1,665)	2,029	(20)	-	345
Reclassification - accumulated amortization	1,501	(1,376)	-	-	126
Changes of consolidated companies - Carrying amount		(110)	-	-	(110)
Changes of consolidated companies - accumulated amortization	-	87	-	-	87
Amortization	(610)	(431)	-	(24)	(1,065)
Carrying amount	**3,843**	**11,145**	**3,335**	**882**	**19,206**
Accumulated amortization	**(2,745)**	**(8,360)**	-	**(838)**	**(11,943)**
Carrying amount at December 31, 2020	**1,098**	**2,785**	**3,335**	**45**	**7,263**

In FY 2020, intangible assets other than goodwill increased by Euro 2,118 thousand mainly due to the effect of investments of Euro 2,736 thousand, reclassifications of Euro 471 thousand partially offset by amortization for Euro 1,065 thousand and changes in the scope of consolidation for Euro 24 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 other than goodwill or in the choice of the amortization method and no internal or external indicators of impairment of intangible assets were identified.
No intangible assets other than goodwill were reclassified as “Non-current assets held for sale”.

Intellectual property rights

The item shows costs incurred in connection with the software programs and the licenses the Group has obtained; the change of Euro 743 thousand essentially refers to amortization of Euro 610 thousand and reclassifications of Euro 163 thousand to the item Intellectual property rights and Concessions, licenses and trademarks.

Concessions, licenses and trademarks

This line item essentially reflects the amount paid as concession for the exercise of commercial activities (warehouses and points of sale) located within general markets, amortized based on the duration of the concession, as well as the costs of using licensed software programs, amortized on average over a three-year period, and commercial trademarks, amortized over 10 years. The increase of Euro 881 thousand primarily reflects investments of Euro 683 thousand, of which Euro 466 thousand referring to the Bio-market concession in Spain. This item also reflects Euro 471 thousand in reclassifications of which Euro 634 thousand in increase relating to work carried out for the renewal of Spanish concessions in the markets previously recorded under assets in progress and for Euro 163 thousand in decrease and now recorded in intellectual property rights. The increase described above was partially offset by amortization of Euro 431 thousand and changes in the consolidation area of Euro 24 thousand.

Assets in progress and advances

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

Other intangible assets

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

NOTE 3. Property, plant and equipment

Thousands of euro	Lands and buildings	Plantations	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets in progress and advances	Total
Carrying amount	**61,809**	**2,250**	**252,027**	**2,049**	**18,955**	**2,129**	**339,220**
Accumulated depreciation	**(30,183)**	**(225)**	**(189,048)**	**(1,526)**	**(15,093)**	**-**	**(236,075)**
Balance at December 31, 2018	**31,627**	**2,025**	**62,979**	**523**	**3,863**	**2,129**	**103,145**
Change of year:							
Investments	4,377	-	13,361	4,144	3,287	4,719	29,888
IFRS 16 effect opening	56,073	-	312	7,108	1,470	-	64,962
Disposal - Carrying amount	(5,183)	-	(2,702)	(1)	(1,332)	-	(9,219)
Disposal - accumulated depreciation	299	-	2,663	1	815	-	3,777
Reclassification - carrying amount	4,814	(11)	661	2	75	(721)	4,819
Reclassification - accumulated depreciation	(15)	-	-	-	(21)	-	(35)
Changes of consolidated companies - Carrying amount	6,927	-	4,691	93	203	-	11,914
Changes of consolidated companies - accumulated depreciation	(1,659)	-	(3,316)	(99)	(146)	-	(5,221)
Translation differences - carrying amount	86	11	193	3	38	-	331
Translation differences - accumulated depreciation	(30)	(3)	(63)	(3)	(22)	-	(121)
Depreciation	(7,079)	(190)	(10,450)	(2,913)	(1,888)	-	(22,520)
Carrying amount	**128,902**	**2,250**	**268,543**	**13,397**	**22,697**	**6,127**	**441,916**
Accumulated depreciation	**(38,667)**	**(417)**	**(200,216)**	**(4,541)**	**(16,354)**	**-**	**(260,194)**
Balance at December 31, 2019	**90,235**	**1,833**	**68,328**	**8,856**	**6,343**	**6,127**	**181,722**
Change of year:							
Investments	21,430	-	10,385	1,688	2,527	704	36,732
Disposal - Carrying amount	(29,816)	-	(5,122)	(1,643)	(2,042)	-	(38,622)
Disposal - accumulated depreciation	2,094	-	5,097	1,420	1,709	-	10,321
Reclassification - carrying amount	2,390	2	2,920	(118)	32	(5,983)	(757)
Reclassification - accumulated depreciation	62	-	50	126	56	-	293
Changes of consolidated companies - Carrying amount	387	-	582	15	(33)	-	950
Changes of consolidated companies - accumulated depreciation	(90)	-	(434)	(5)	56	-	(473)
Translation differences - carrying amount	(199)	(25)	(468)	(6)	(86)	-	(784)
Translation differences - accumulated depreciation	77	7	171	6	53	-	315
Depreciation	(5,675)	(188)	(12,072)	(3,015)	(2,164)	-	(23,115)
Carrying amount	**123,093**	**2,227**	**276,840**	**13,333**	**23,095**	**848**	**439,435**
Accumulated depreciation	**(42,199)**	**(598)**	**(207,404)**	**(6,009)**	**(16,643)**	**-**	**(272,853)**
Balance at December 31, 2020	**80,894**	**1,629**	**69,437**	**7,324**	**6,451**	**848**	**166,582**

At December 31, 2020, tangible assets totaled Euro 166,582 thousand, marking a net decrease of Euro 15,140 thousand compared to the balance as at December 31, 2019 as a result of:

- investments of Euro 36,732 thousand, broken down as follows: "Import & Distribution" for Euro 29,374 thousand (of which Euro 1,917 thousand for rights of use), "Shipping" for Euro 6,683 thousand (of which Euro 1,516 thousand for rights of use), "Services" for Euro 676 thousand (of which Euro 241 thousand for rights of use);
- depreciation for the period, Euro 23,115 thousand;

- reclassifications for a net amount of Euro 464 thousand essentially due to the conclusion of works for the renovation of the banana and avocado rooms in France, the conclusion of part of the works relating to the expansion of the warehouse in Verona and the reclassification to Concessions, licenses and trademarks of the work carried out for the renewal of concessions mentioned above.
- change in the consolidation scope amounting to Euro 477 thousand (of which Euro 188 thousand for rights of use of the company Moncada Frutta S.r.l.) due to the consolidation of Moncada Frutta S.r.l. and the deconsolidation of the minor company M.a.p. Servizi Generali S.r.l.;
- asset disposals for a net Euro 28,302 thousand, essentially represented by the decrease of rights of use ex IFRS 16 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 year in the item Land and Buildings;
- decrease due to exchange rate effect for a net value of Euro 469 thousand, essentially referring to the assets of the Mexico-based companies due to the Mexican Peso which went from 21.220 Pesos/Euro as at December 31, 2019 to 24.416 Pesos/Euro as at December 31, 2020.

Land and buildings

The change in the period recorded a total net decrease of Euro 9,341 thousand, resulting from investments for Euro 21,430 thousand, the change in the scope of consolidation for Euro 297 thousand, reclassifications from work in progress of Euro 2,451 thousand, offset by the decrease due to depreciation for Euro 5,675 thousand, disposals for Euro 27,722 thousand (mainly due to disposal of the IFRS 16 rights of use mentioned above) and exchange rate differences for Euro 122 thousand. Investments 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/payments 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 204 thousand, linked primarily to period depreciation of Euro 188 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 increase for the year of Euro 1,109 thousand, mainly due to investments amounting to Euro 10,385 thousand, of which Euro 5,338 thousand in the Import & Distribution sector (completion of the expansion of the Verona warehouse and renovation of the cold storage rooms in almost all the distribution companies, as well as normal equipment renewals), and Euro 5,047 thousand in the Shipping sector, regarding both dry-docking operations for Cala Palma and Cala Pedra and fleet upgrades. There were also increases due to changes in the consolidation area amounting to Euro 148 thousand (following the acquisition of Moncada Frutta and the deconsolidation of the minor company M.a.p. Servizi Generali S.r.l.), for net reclassifications of Euro 2,971 thousand, the latter relative to mainly on completion of the expansion of the Verona warehouse.
Instead, the decreases pertain to the depreciation accrued during the period, amounting to Euro 12,072 thousand, disposals of assets amounting to Euro 25 thousand and exchange rate effects for a net amount of Euro 296 thousand.
The management has tested the values of the four Cale Rosse units for impairment based the foreseeable future performance of the business and did not identify any need to adjust the values of the ships.

Industrial and commercial equipment

In this sector (essentially composed of the container fleet of the Shipping Company), the decrease of Euro 1,533 thousand is essentially related to depreciation for Euro 3,015 thousand, disposals for Euro 222 thousand, partially offset by investments for the period for Euro 1,688 thousand, changes in the consolidation area for Euro 9 thousand, and reclassifications for Euro 8 thousand.

Other tangible assets

The item includes the assets owned by the Group such as furniture and furnishings, computer and electronic equipment, car fleet, etc. The increase of Euro 108 thousand in the period primarily reflects the effect of investments of Euro 2,527 thousand, changes in the scope of consolidation for Euro 23 thousand, reclassifications for Euro 88 thousand, offset by depreciation of Euro 2,164 thousand, exchange rate differences for Euro 32 thousand and net disposals of Euro 333 thousand.

Assets in progress and advances

The decrease in this item of Euro 5,279 thousand mainly reflects the reclassification, to the appropriate categories, due to the entry into operation of assets linked to the modernization of buildings and of plants and machinery at the Verona warehouse and in the French and Spanish sites for Euro 5,983 thousand, offset by increases of Euro 704 thousand relating to 2020.

At December 31, 2020, the Group verified that there were no internal or external indicators of possible impairment for its Property, plant and equipment. Consequently, the value of Property, plant and equipment has not been subject to impairment testing.

IFRS 16 – Leases

The Group applied IFRS 16 as at January 1, 2019 using the modified retrospective approach and in accordance with it has recorded the "Right of use" under "Property, plant and equipment" within each category to which it belongs. To complete the disclosures in the table above, details are provided of changes in the amount of rights of use recognized by the Group for the 2019 and 2020 financial years.

Thousands of euro	Lands and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total
Carrying amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Balance at December 31, 2018	-	-	-	-	-
Change of year:					
Reclassification at January 1, 2019	56,073	312	7,108	1,470	64,962
Changes of consolidated companies	237	-	-	-	237
Investments	1,288	-	4,053	652	5,994
Disposal - Carrying amount	(3,021)	-	-	-	(3,021)
Disposal - accumulated depreciation	179				179
Depreciations	(5,234)	(81)	(2,809)	(614)	(8,738)
Carrying amount	**54,577**	**312**	**11,161**	**2,122**	**68,171**
Accumulated depreciation	**(5,055)**	**(81)**	**(2,809)**	**(614)**	**(8,559)**
Balance at December 31, 2019	**49,522**	**230**	**8,352**	**1,508**	**59,613**
Change of year:					
Changes of consolidated companies	188	-	-	-	188
Investments	1,449	(5)	1,442	787	3,674
Disposal - Carrying amount	(29,816)	-	(1,511)	(228)	(31,555)
Disposal - accumulated depreciation	2,094	-	1,291	190	3,576
Reclassification - Carrying amount	-	-	-	9	9
Reclassification - accumulated depreciation	-	-	-	(2)	(2)
Depreciations	(3,524)	(82)	(2,895)	(683)	(7,184)
Carrying amount	**26,397**	**307**	**11,092**	**2,690**	**40,486**
Accumulated depreciation	**(6,485)**	**(163)**	**(4,413)**	**(1,108)**	**(12,170)**
Balance at December 31, 2020	**19,913**	**143**	**6,679**	**1,582**	**28,317**

At the date of initial application (January 1, 2019), it also recognized Euro 64,962 thousand for the financial lease liability, equal to the present value of the discounted residual payments. During 2019, it increased the liability for new contracts by Euro 5,994 thousand and by Euro 237 thousand due to the change in the scope of consolidation and decreased it by Euro 11,204 thousand due to repayments.
At December 31, 2020, the financial liability related to the application of IFRS 16 amounted to Euro 28,875 thousand, compared to Euro 3,674 thousand due to new contracts signed in 2020, Euro 188 thousand due to changes in the consolidation area, payments during the period of Euro 6,831 thousand and a reduction following the termination of lease/rental contracts of Euro 28,150 thousand, of which Euro 27,477 thousand related to the purchase of the Italian warehouses from Nuova Beni Immobiliari S.r.l. mentioned above.
At December 31, the weighted average interest rate applied on the IFRS 16 contracts is 2.87%.
For the Group, the application of IFRS 16 has a significant impact in terms of the net financial position and Adjusted EBITDA, given the existence of numerous warehouse/fruit and vegetable market point of sale concession and/or rental agreements, as well as operating leases on the fleet of reefer containers used by the maritime company, with an impact of 2020 Adjusted EBITDA of Euro 7,998 thousand compared to Euro 9,777 thousand in 2019.

NOTE 4. Investments accounted for using the equity method

Thousands of euro	Balance at December 31,2019	Change Year 2020					Balance at December 31,2020
		Profit/loss	Investments	Disposals	Dividends	Other Changes	
Moncada Frutta S.r.l.	820	155	-	(725)	(83)	(167)	-
Moño Azul S.A.	3,186	129	-	-	-	(423)	2,893
Bonaoro S.L.U.	804	12	-	-	-	148	964
Fruport Tarragona S.L.	2,467	499	-	-	(653)	5	2,318
Total	**7,278**	**795**	**-**	**(725)**	**(736)**	**(437)**	**6,175**

Equity investments accounted for using the equity method totaled Euro 6,175 thousand at December 31, 2020, with a net decrease of Euro 1,103 thousand due to the changes detailed above. The increase of Euro 795 thousand generated by the valuation of shareholders' equity is due to the results of the investees for the period. Please also note a reduction of Euro 725 thousand brought about by the July 2020 acquisition of 50% of the capital of Moncada Frutta, as described in the paragraph on "*Changes in the consolidation area made during the year and thereafter*" and a reduction of Euro 736 thousand caused by the payment of dividends by Fruport Tarragona and Moncada Frutta S.r.l. We should also add that the line-by-line consolidation of Moncada Frutta was performed starting July 1, 2020, the date on which substantive control was obtained; therefore, it was booked using the equity method for the first half of the year.
At December 31, 2020, dividends received from companies accounted for using the equity method amounted to Euro 736 thousand.

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

NOTE 5. Non-current financial assets

Thousands of euro	31.12.2020	31.12.2019	Change
Investments in other companies	734	840	(105)
Other non-current financial assets	4,625	5,401	(776)
Non-current financial assets	**5,359**	**6,241**	**(881)**

At December 31, 2020, this item includes other minor investments measured at cost, which approximates fair value, security deposits and other medium-term receivables from third parties and associates. Within the item "Investments in other companies", the most significant component,

Euro 300 thousand, is AZ France's stake in the Tunisian company Citrumed S.A., which operates in the production of citrus fruits and with which AZ France S.A.S. has supply contracts governed by market conditions.
Security deposits amounted to Euro 792 thousand, changed only slightly compared to the previous year.
On the other hand, other non-current receivables from third parties and associates recorded a decrease of Euro 762 thousand, most of which referred to the collection of accrued installments due in 2020 related to the disposal of the Argentine assets carried out in 2018.
Please refer to Note 34 for further details on changes in transactions with associates.

NOTE 6. Deferred tax assets

Thousands of euro	31.12.2020	31.12.2019	Change
Deferred tax assets	**8,999**	**9,122**	**(123)**

Deferred tax assets are recognized with a prudential criterion when their recovery by means of future taxable amounts is deemed to be reasonable and probable; they can derive from the temporary differences between the value of the assets and liabilities reflected in the financial statements relative to their value for tax purposes as well as from the tax losses that can be carried forward to the following years.
Deferred tax assets as at December 31, 2020, amounting to Euro 8,999 thousand, are recognized in relation to the valuation of prior tax losses for both Italian and foreign companies, as well as cost and revenue taxability/deductibility time differences according to the respective tax regulations, for example increases in provisions for risks and write-downs on receivables, as well as entries for the transition to IFRS, such as the determination of the liability for defined employee benefits according to the actuarial methodology.
For more information on the breakdown and changes in this item, please refer to the table below and Note 29 “Income Tax Expense”.

Thousands of Euro	31.12.2020	31.12.2019
Previous tax losses	4,991	5,141
Effect IAS 19	931	832
Depreciation/Goodwill/trademarks	763	780
Reductions in value and provisions	1,118	1,231
Costs deductible in the future*	-	730
Financial derivatives	359	117
Others	836	290
Deferred tax assets	**8,999**	**9,122**

* Related to medium/long term incentivisation plan for management

NOTE 7. Inventories

Thousands of euro	31.12.2020	31.12.2019	Change
Raw materials, supplies and consumables	9,535	10,556	(1,020)
Biological Assets	61	134	(73)
Finished products and goods for resale	25,734	25,944	(210)
Inventories	**35,331**	**36,634**	**(1,303)**

Inventories of raw materials and consumables are represented essentially by the packaging materials used by the distribution companies and fuels, lubricants and spare parts of transport companies and are measured at FIFO. Biological assets refer to Productores Aguacate Jalisco S.A.C.V. in relation to fruit still ripening on the plant for Euro 134 thousand and Euro 61 thousand

respectively at December 31, 2019 and at December 31, 2020, harvested and sold in subsequent months.
As at December 31, 2020, the value of inventories decreased by Euro 1,303 thousand compared to the previous year, mainly due to the lower valuation of the closing bunker inventories on ships due to the lower unit price per ton of bunker, as part of raw materials and consumables.

NOTE 8. Trade receivables

Thousands of euro	31.12.2020	31.12.2019	Change
Trade receivables from third parties	125,412	131,328	(5,916)
Receivables from subsidiaries and associates of the Group not fully consolidated	1,904	2,170	(266)
Receivables from related parties	295	478	(183)
Provision for bad debts	(12,132)	(12,537)	405
Trade receivables	**115,479**	**121,439**	**(5,960)**

All trade receivables are due within one year and derive from normal sales conditions. It should be noted that receivables are shown net of the provision for write-downs allocated over the years to cover bad or doubtful debts that are still in the financial statements pending the conclusion of the related bankruptcy proceedings or out-of-court settlement attempts. There are no receivables due beyond five years. It is believed that the provision for bad debts is appropriate to cope with the risk of potential non-collection of past due receivables.
At December 31, 2020, “Receivables from third parties” showed a decrease of Euro 5,960 thousand, mainly due to the great attention paid by the Group in monitoring the collection of receivables and the different trend in the volume of collections in the days immediately preceding and following December 31.
The balance of receivables due from related and associated Group companies mainly refers to normal trade receivables; an analysis of the positions is given in Note 34 on related parties.
The change in the 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. As at the reporting date, Euro 12.1 million, are entered, of which the most part, almost Euro 9 million, assigned to the Portuguese, Greek and Spanish companies in view of past-due receivables and almost entirely written-off in the segment due beyond the year.

Thousands of euro	Provision for bad debts
Balance at December 31, 2019	**(12,537)**
Change of year	
Accruals	(1,190)
Utilizations	1,535
Change of consolidation scope	(31)
Others	90
Balance at December 31, 2020	**(12,132)**

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

Thousands of euro	31.12.2020	31.12.2019	Change
Italy	54,475	59,670	(5,195)
EU countries	57,834	58,370	(536)
Non-Eu countries	3,170	3,399	(230)
Trade receivables	**115,479**	**121,439**	**(5,960)**

NOTE 9. Current tax assets

Thousands of euro	31.12.2020	31.12.2019	Change
For value added tax	9,616	12,028	(2,412)
For income tax	2,639	4,942	(2,303)
Current tax assets	**12,256**	**16,971**	**(4,715)**

At December 31, 2020, current tax assets showed an overall decrease of Euro 4,715 thousand linked to the different VAT credit of Euro 2,412 thousand and the reduction in the income tax receivable of Euro 2,303 thousand, of which Euro 981 thousand relating to IRES/IRAP for years prior to 2012, for which a refund was obtained in 2020, and Euro 239 thousand relating to IRES used as an offset.

NOTE 10. Other receivables and other current assets

Thousands of euro	31.12.2020	31.12.2019	Change
Advances to suppliers	4,348	3,706	643
Other receivables	5,709	4,669	1,040
Accruals and pre-payments	2,330	2,672	(342)
Current financial assets	237	19	218
Other receivables and other current assets	**12,625**	**11,066**	**1,559**

As at December 31, 2020, the item recorded an overall increase of Euro 1,559 thousand, due to the rise in other receivables for Euro 1,040 thousand, mainly due to the increase in current receivables for guarantee deposits, the increase in the advances to suppliers by Euro 643 thousand and the increase in the item Current financial assets of Euro 218 thousand due to the recognition of the mark-to-market on the bunker, partially offset by the reduction in accruals and pre-payments for Euro 342 thousand.
As already noted in previous reports beginning from the 2017 financial statements, the balance of "Other receivables" was not affected by the receivable from the related party, Argentina S.r.l., for Euro 8,000 thousand, as it has been entirely written off (Note 34).
The item "Accruals and pre-payments" refers to the normal allocations for the recognition and proper allocation of costs related to the following year, typically insurance expenses, leases, and interest.

NOTE 11. Cash and cash equivalents

Thousands of euro	31.12.2020	31.12.2019	Change
Cash and cash equivalents	**40,489**	**56,562**	**(16,074)**

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. Shareholders' equity attributable to Owners of the Parent

The share capital at December 31, 2020, fully paid in, consisted of 17,682,500 shares without par value for a value of Euro 69,163,340.00; there are no preference shares. Holders of ordinary shares have the right to receive the dividends as they are resolved and, for each share held, have a vote to be cast in the Company's shareholders' meeting.
The shareholders' equity as at December 31, 2020 increased when compared to December 31, 2019 due essentially to the profit attributable to Owners of the Parent in 2020.
At December 31, 2020, Orsero held 152,514 treasury shares, equal to 0.86% of the share capital, for a value of Euro 942 thousand, 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 in

the current year 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. In 2020 the Parent Company acquired a total of 140,000 treasury shares at an average price of Euro 6.08 per share for a total of Euro 851 thousand and transferred 176,825 treasury shares to the company Salvatore Moncada S.r.l. in relation to the acquisition of the remaining 50% of the company Moncada Frutta S.r.l., referred to above. As at December 31, 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.

The share premium reserve comes to Euro 77,438 thousand at December 31, 2020, whilst the legal reserve is Euro 396 thousand.

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

The reserve of cash flow hedges, recognized for Euro 931 thousand (negative), exposes the change relating to the adjustment to fair value as at December 31, 2020 net of the tax effect with indication thereof in the statement of comprehensive income of the derivative on the bunker for Euro 206 thousand (positive fair value), the derivative on interest rates for Euro 483 thousand and the derivative on exchange rates for Euro 654 thousand, all accounted for with the cash flow hedging method.

The reserve of remeasurements of defined benefit plans, established in compliance with the application of IAS 19, changed by Euro 395 thousand compared to December 31, 2019.

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 was May 11, 2020, the record date was May 12 and payments began on May 13, 2020.

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 December 31, 2019 and between December 31, 2019 and December 31, 2020, of the individual reserve items.

The reconciliation as at December 31, 2020 between the Shareholders' Equity of the Parent Company and the Shareholders' Equity attributable to owners of the parent and between the profit for the year of the Parent Company and the profit for the year attributable to owners of the parent, is presented below.

Thousands of euro	**Share capital and reserves at 31.12.2020**	**Profit/loss 2020**	**Total Shareholders' equity at 31.12.2020**
Orsero S.p.A. (Parent company)	**142,579**	**5,012**	**147,591**
The difference between the carrying amount and the corresponding equity	(61,660)	-	(61,660)
Pro-quota gains/losses achieved by subsidiaries	-	20,683	20,683
Pro-quota recognition of associated companies consolidated using the equity method	(983)	795	(188)
Dividends distributed by consolidated companies to the Parent company	14,858	(14,858)	-
Consolidation differences	46,737	799	47,536
Elimination of capital gain and/or other transactions carried out by subsidiaries	5,870	(214)	5,656
Total Group equity and net profit attributable to Parent company	**147,400**	**12,217**	**159,617**
Minority interests and net profit attributable to non controlling interests	442	52	494
Total shareholders' equity and profit/loss	**147,843**	**12,269**	**160,111**

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

- the derecognition of intergroup dividends relates to dividends paid by the subsidiaries consolidated on a line-by-line basis (Productores Aguacate Jalisco to Comercializadora de Frutas; Comercializadora de Frutas to AZ France; Fruttital, Fruttital Firenze, Galandi, Moncada Frutta, Fresco, Hermanos Fernández López, Cosiarma ad Orsero), as well as the dividend of the associate Fruport to Orsero;
- the amounts relating to the effect of the derecognition of capital gains and/or other transactions implemented by subsidiaries, derive essentially from the year's intercompany transactions, in particular the recovery of capital gains from the sale of M.a.p. General Services, the recognition of the gain as per IFRS 3 "Step acquisition" on the acquisition of Moncada, as well as the recognition of the depreciation on the higher value attributed to the buildings recorded by Hermanos Fernández López determined at the time of acquisition.

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

Shareholder's name (1)	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. (2)	1,014,440	5.74%

(1) Updated on November 3, 2020

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

NOTE 13. Non-controlling Interests

The change in the item "Non-controlling interests" is due to the results for the period and the period noted above of MAP Servizi Generali Srl, in which third parties held a 30% stake, from the scope of consolidation. Non-controlling interests in the capital of consolidated companies are now limited, as shown in the table below.

Consolidated company (thousands of euro)	% non-controlling interests	Capital and reserves	Profit/(Loss)	Equity non-controlling interests
Productores Aguacate Jalisco S.A.C.V.	30.00%	442	55	497
Kiwisol LDA	0.25%	4	-	4

NOTE 14. Financial liabilities

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

Thousands of euro	31.12.2020	31.12.2019	Change
Bond payables (over 12 months)	30,000	30,000	-
Non - current medium term bank loans (over 12 months)	47,663	44,737	2,926
Non - current other lenders (over 12 months)	1,828	2,520	(692)
Non - current other lenders (over 12 months) ex IFRS 16	22,445	51,907	(29,462)
Non-current liabilities for derivative (over 12 months)	636	476	160
Non-current payables for price balance on acquisitions (over 12 months)	775	1,943	(1,168)
Non - current financial liabilities	**103,347**	**131,583**	**(28,236)**
Bond payables (current)	-	-	-
Current medium term bank loans	15,785	13,894	1,892
Bank overdrafts	13,829	25,204	(11,375)
Current other lenders	1,061	1,064	(3)
Current other lenders ex IFRS 16	6,430	8,081	(1,651)
Other current lenders short term	1,057	1,340	(283)
Current liabilities for the derivatives	861	50	810
Current payables for price balance on acquisitions	1,666	2,264	(597)
Current financial liabilities	**40,689**	**51,897**	**(11,207)**

The change in FY 2020 of a total of Euro 39,443 thousand (between non-current and current) reflects the primary components, mostly related to medium-term loans, as detailed below:

- the payment by the Parent Company of the June 30 and December 31 installment of Euro 10,909 thousand on the pool loan, along with Euro 167 thousand accounted for as implicit interest deriving from the recognition of the item with the amortized cost method. Please recall that at December 31, a hedge is in place on 76% of that loan against interest rate fluctuations, for which the mark to market value is a negative Euro 437 thousand. Please note that this loan is subject to covenants calculated as the ratio between the net financial position and Adjusted EBITDA and the net financial position and shareholders' equity at the reporting date, which were fully respected;
- the payment of Euro 1,110 thousand in interest on the debenture loan of Euro 30,000 thousand (remember that the first installment on capital account will be due in October 2023). Please also note that the debenture loan calls for compliance with the financial covenants, such as the ratio of net financial position and Adjusted EBITDA and the net financial position and shareholders' equity at the reporting date; as at this date, full compliance was noted;
- the 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 188 thousand, linked to the acquisition of the Italian warehouses and on the other hand the regular repayment by the company of loan installments falling due for Euro 2,828 thousand. A hedge is in place on 65% of that new loan against interest rate fluctuations, for which the mark to market value is a negative Euro 199 thousand at December 31. This loan is subject to respect for financial covenants, verified on an annual basis and respected in full at December 31;
- the disbursement to the company AZ France S.A.S. 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 714 thousand;
- the payment by GFB S.r.l. of the amounts due for maturing loan installments of Euro 38 thousand;
- new loans taken out by Hermanos Fernández López S.A. for Euro 2,460 thousand and the repayment of outstanding loans at maturity for a total of Euro 613 thousand;
- a new 4-year loan taken out by Cosiarma S.p.A. for Euro 2,000 and repayments at maturity with respect to the same loan for Euro 121 thousand;

- the entry of Moncada involves a change in the scope of consolidation of Euro 149 thousand relating to a loan that arose in 2017 and its regular repayment for Euro 63 thousand;
- the regular repayment of installments due for the Mexican company Comercializadora de Frutas for Euro 231 thousand;
- new finance leases taken out by Hermanos Fernández López S.A. amounting to Euro 455 thousand against the regular payments on finance leases totaling Euro 1,016 thousand;
- the repayment of the installments set forth in the lease agreement by Fruttital Cagliari for Euro 67 thousand;
- the payment of finance leases for the company Eurofrutas for Euro 85 thousand;
- the stipulation of a new lease agreement of the Mexican company Productores Aguacate Jalisco S.A.C.V. for Euro 23 thousand and repayments for Euro 5 thousand;
- within the item other financial payables, the IFRS 16 component amounted to Euro 28,875 thousand, with to Euro 3,674 thousand due to new contracts entered into in 2020, Euro 188 thousand due to changes in the consolidation area, payments during the reference period amounting to Euro 6,831 thousand and write-offs amounting to Euro 28,150 thousand, of which Euro 27,477 thousand related to the purchase of the Italian warehouses previously rented on a long term basis;
- financial payables also include the changes of Euro 970 thousand in the mark-to-markets of the hedging derivatives on interest rates (negative mark-to-market equal to Euro 199 thousand for Fruttital S.r.l. and Euro 437 thousand for Orsero S.p.A.) and exchange rates (negative mark-to-market of Euro 861 thousand);
- the regular payment of Euro 1,000 thousand for the price installment linked to the acquisition of the Fruttica Group;
- the regular payment of Euro 214 thousand for the price installment linked to the acquisition of Sevimpor;
- the regular payment of the balance of the price of Euro 1,050 thousand linked to the acquisition of Fruttital Cagliari;
- the recognition of Euro 499 thousand for the residual price payable for the acquisition of Moncada Frutta.

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 loan 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 mortgage loan in Hermanos Fernández López originally for Euro 1.8 million, falling due in 2022;
- Comercializadora de Frutas mortgage loans for an original USD 1.5 million, falling due in April and August 2022.

The timeframe of medium-term debt to banks and other lenders at December 31, 2019 and December 31, 2020 is detailed in the following table, organized in two columns (due in 2021 and due beyond December 31, 2021, in turn broken down by amounts due by December 31, 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	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	-
Financial liabilities at 31.12.2019	**183,480**	**51,897**	**131,583**		**79,349**	**52,234**

Thousands of euro	Total	2,021	> 31.12.21		2022-2025	> 31.12.25
Bond payables (Non-current/current)	30,000	-	30,000	as follows:	15,000	15,000
Medium term bank loans (Non - current/ current)	63,448	15,785	47,663		40,404	7,259
Other lenders (Non - current/ current)	2,890	1,061	1,828		1,828	-
Other lenders (Non - current/ current) ex IFRS 16	28,875	6,430	22,445		11,822	10,622
Liabilities for the derivatives (Non-current/current)	1,496	861	636		636	-
Bank overdrafts	13,829	13,829	-		-	-
Other current lenders short term	1,057	1,057	-		-	-
Payables for price balance on acquisitions (Non-current/current)	2,442	1,666	775		775	-
Financial liabilities at 31.12.2020	**144,037**	**40,689**	**103,347**		**70,465**	**32,882**

At December 31, 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 positive and equal to Euro 217 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 437 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 199 thousand; (iii) a hedge on purchases in USD, the mark-to-market of which is negative and equal to Euro 861 thousand.

Please note that in view of the loans granted, as at December 31, 2020, mortgages were posted on corporate assets, as follows:

Fruttital S.r.l.: mortgage on the 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 671 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 372 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 certain loan agreements and the debenture loan envisage compliance with financial and equity covenants, summarized in the table below. Please note that the financial covenants existing on the bond and pool loan of the Parent Company 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. Such covenants were respected in full at the reporting date.

Thousands of euro	Duration	Period	Parameter	Limit	Respected
Bond payables 30 M€ - Parent company	2018-2028	Annually/ Half-yearly	Net financial position / Total Shareholders' Equity	<1.25	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 table below shows the Net Financial Position of the Group as at December 31, 2020 according to the instructions outlined in 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".

	Thousands of euro	31/12/2020	31/12/2019
A	Cash and cash equivalent	40,489	56,562
B	Other liquid assets	-	-
C	Current financial assets	237	19
D	**Liquidity (A+B+C)**	**40,725**	**56,581**
E	**Current financial receivables**	**-**	**-**
F	Current bank payables	(13,829)	(25,204)
G	Current portion of non-current debt	(15,785)	(13,894)
H	Other current financial payables *	(11,075)	(12,799)
I	**Current financial debt (F+G+H)**	**(40,689)**	**(51,897)**
J	**Net current financial debt (I-E-D)**	**36**	**4,684**
K	Non-current bank payables	(47,663)	(44,737)
L	Bonds	(30,000)	(30,000)
M	Other non-current financial payables*	(25,684)	(56,846)
N	**Non-current financial debt (K+L+M)**	**(103,347)**	**(131,583)**
O	**Net financial debt in accordance with ESMA (J+N)**	**(103,311)**	**(126,898)**

* Other current financial payables and other non-current financial payables include financial leases, factoring with recourse, payables for price balance on acquisition, 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 28.875 thousand (Non-current Euro 22.445 thousand e Current Euro 6.430 thousand) at December 31, 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 the change in liquidity for the year in relation to cash flows generated by operating, investing and financing activities as detailed in the cash flow statement.

Thousands of Euro	31.12.2020	31.12.2019
Cash flow from operating activities	37,993	25,468
Cash flow from investing activities	(10,981)	(42,134)
Cash flow from financing activities	(43,086)	(3,056)
Increase/decrease in cash and cash equivalent	(16,074)	(19,722)
Net cash and cash equivalents, at beginning of the year	**56,562**	**76,285**
Net cash and cash equivalents, at end of the year	**40,489**	**56,562**

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 from financing activities	31/12/2019	New loans	Reimbursements/ decrements	Cash Flow	Derivatives	Changes of consolidation scope	Changes of exchange rate/other	31/12/2020
Bond payables (over 12 months)	30,000	-	-	-	-	-	-	30,000
Non-current medium term bank loans	58,631	20,072	(15,350)	-	-	149	(53)	63,448
Non-current other lenders (over 12 months)	3,584	478	(1,173)	-	-		-	2,890
IFRS 16 Effect	59,988	3,674	(34,981)	-	-	188	7	28,875
Factor*	1,068	1,057	(1,068)	-	-	-	-	1,057
Current other lenders short term*	272		(272)	-	-		-	-
Current liabilities for the derivatives	526	-	-	-	970	-	-	1,496
Bank overdrafts	25,204	-	-	(11,375)	-		-	13,829
Payables for price balance on acquisitions (Non current-current)	4,207	499	(2,264)	-	-	-	-	2,442
Current financial assets	(19)	(1)	-	-	(217)	-	-	(237)
Total	**183,462**	**25,777**	**(55,108)**	**(11,375)**	**754**	**336**	**(46)**	**143,801**

* Included in the "Other current lenders short term"

NOTE 15. Other non-current liabilities

Thousands of euro	31.12.2020	31.12.2019	Change
Other non-current liabilities	**1,240**	**349**	**892**

"Other non-current liabilities" amounted to Euro 1,240 thousand as at December 31, 2020, with an increase of Euro 892 thousand compared to December 31, 2019, due to the increase of deferred income for gains and contributions to be released to the income statement in future years.

NOTE 16. Deferred tax liabilities

Thousands of euro	31.12.2020	31.12.2019	Change
Deferred tax liabilities	**5,048**	**5,216**	**(168)**

Deferred tax liabilities are allocated on the basis of temporary differences, subject to deferred taxation, resulting from adjustments made to individual financial statements of consolidated companies in accordance with homogeneous Group accounting standards and on temporary differences between the value of assets and liabilities recorded in the consolidated financial statements and their value for tax purposes. At December 31, 2020, the item decreased by Euro 168 thousand.

For further details, reference is made to Note 29 "Income tax expense".

NOTE 17. Provisions

Thousands of euro	31.12.2020	31.12.2019	Change
Provision for the return of containers	1,915	1,823	92
Provisions for risks and charges	2,471	2,522	(51)
Provisions	**4,386**	**4,345**	**40**

The item “Provisions” includes allocations made in respect to litigations outstanding at December 31, 2020 in various Group companies, following accurate estimates made by the Directors, as well as the provision set up for expected maintenance costs to be incurred when the containers used in the shipping business are returned at the end of the contract.
During 2020, the amount of provisions increased slightly overall, essentially due to the accrual of Euro 556 thousand to the provision for the return of containers, against uses for Euro 464 thousand. 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.
As far as the provisions for other risks on disputes are concerned, the change is the result of provisions for Euro 156 thousand against uses of Euro 207 thousand. Below is a brief overview of the status of significant tax, civil and labor disputes outstanding at December 31, 2020, most of which, as specified, have not been the subject of provisions since a negative outcome is not considered likely in light of the opinions received from legal advisors. Indeed, IAS 37 establishes that directors must recognize provisions in the financial statements only if the risk is considered likely and quantifiable, with the purpose, therefore, of expressing the most truthful and fairest view, whilst for other risks which lack this characteristic, the international accounting standards exclude any provisioning for purely “prudent” reasons.

(a) *Customs dispute*

- In this regard, it should be noted that a series of disputes had been pending for many years between the Savona Customs Agency and the companies Simba and Fresco, concerning certain banana imports carried out by the Group between 1997 and 2000. These disputes carry a theoretical risk of about Euro 5 million in customs duties and VAT, plus any interest and incidentals. Although an unfavorable outcome of these disputes was not considered probable, given the theoretical risk and the possible negative impact on the Group's economic and financial position and results of operations, in September 2020 the Directors, as already highlighted, deemed it convenient and appropriate to take out insurance coverage, taken out ad hoc for a cost of Euro 600 thousand plus tax, so as to hold the Group harmless from any future negative outcome of such proceedings.
- As at December 31, 2020, the provision for risks of Euro 1,600 thousand was maintained in relation to the sentence to pay in favor of the MEF and the Customs Agency a provisional sum of Euro 1,580,950.15 jointly and severally with a third party, plus legal interest and reimbursement of court costs (which have not yet been settled as at today's date), issued in 2019 by the Venice Court of Appeal, subject to possible quantification of the related damages in favor of the MEF, the Customs Agency and the European Union Commission following separate civil proceedings. The Court of Cassation has not yet scheduled a hearing on the appeal against the sentence.

(b) *Tax dispute*

- At December 31, 2020, the Mexican subsidiary Comercializadora de Frutas Acapulco was involved in a tax dispute that had originated following a tax audit on tax period 2013, covering income tax (ISR), Imposta Empresarial a Tasa Unica (IETU) and VAT. As also specified last year, the local tax administration mainly disputed the deductibility of certain costs connected with the purchase, harvest and transport of fruit, ascertaining greater tax for 34,193 thousand Mexican pesos, plus sanctions and additional charges for a total of 70,555 thousand Mexican pesos (equal to approximately Euro 3,000 thousand). On February 4, 2020, the Federal Court of Administrative Justice upheld the petition submitted by the company, declaring null the deed with whic the Tax Administration had activated the tax claim. The Tax Administration appealed this ruling on December 8, 2020, and the case is now pending before the local regional administrative court. The Company has not recognized any provision for risks on this dispute insofar as, with the support of local consultants, it considers the risk of losing to be unlikely.

- As at December 31, 2020, the Portuguese subsidiary, Eurofrutas, was involved in a dispute concerning a tax assessment notice relative to 2014, through which the Portuguese tax administration ascertained presumptively (through the indirect method) greater revenues for Euro 1,677 thousand, which led to greater VAT including interest, for Euro 111 thousand. As noted in the last financial statements, in April 2018, the company started a dispute against said assessment, with the suspension of the payment of the contested amounts; the results are still pending. As at the reporting date, no provisions had been made for risks on this dispute insofar as, with the support of local consultants, the Company considers it unlikely to lose.

(c) *Civil dispute*

- At December 31, 2020, the dispute with Gasparri Srl, already mentioned in last year's financial statements, was still in progress in relation to the latter's request to classify the relations with Fruttital in 2010-2016 as an agency contract in order to claim alleged severance indemnities for an amount of Euro 335 thousand plus VAT and incidentals. On September 23, 2020 the hearing was held to swear in the consultant appointed by the Judge to write the accounting expert witness report and the expert’s activities began. During this time, Fruttital became aware of relevant information for the expert witness report in progress and therefore presented a request for referral in terms pursuant to article 153 of the Italian Code of Civil Procedure; pending acceptance of this request, the expert’s activities were suspended. The request was then granted with a measure dated January 1, 2021, which also ordered the continuation of the expert’s activities. The hearing for the filing of the expert witness report previously scheduled for March 10, 2021 has been postponed to April 28, 2021.
- The company Fruttital is involved in the labor lawsuit brought by some former employees of the Rome branch against the company’s dismissal for just cause, claiming the illegitimacy of the dismissal and demanding compensation for overtime, severance pay and mental and physical damages caused by the alleged excess of overtime hours. The company fully disputes the claims made and will appear at the first hearing scheduled for April 21, 2021 within legal terms. No provision has been recognized for these disputes at this time.
- As at December 31, 2020, Fruttital Firenze is involved in a lawsuit brought by Sun World, also against CONAD and Tropico S.r.l., claiming the alleged infringement of a patent for a plant variety and a distinctive mark owned by the plaintiff and the alleged commission of acts of unfair competition pursuant to article 2598, paragraphs 1, 2 and 3 of the Italian Civil Code, with the consequent request (i) that the defendants be sentenced to pay damages and to return profits, (ii) that an injunction be issued prohibiting the continuation of the alleged unlawful conduct and (iii) that the sentence to be issued be published in specialized magazines. Fruttital Firenze appeared before the court with a brief of appearance and response and a request to summon Corallo S.r.l., in order to be held harmless and indemnified by the latter in the unlikely event of losing the case. In accepting Fruttital Firenze's request, at the hearing on June 30, 2020, the Judge postponed the date of the first appearance hearing to January 13, 2021, in order to allow Corallo S.r.l. to be summoned, which Fruttital Firenze promptly did. The summoned third party Corallo S.r.l. appeared before the court in view of the hearing of January 13, 2021, during which each party referred to its own defense petitions, pleadings and objections in the records. At the end of the hearing, the Judge granted the terms pursuant to art. 183, paragraph 6, of the Code of Civil Procedure for the filing of preliminary statements and scheduled the hearing for June 9, 2021 for the decision on the parties' petitions. At present, it is not possible to express an opinion on the risks

connected with the proceedings, given that the preliminary investigation phase has yet to take place and that the plaintiff's claims do not mention a specific sum.

- Since January 2021, the company Fruttital has been party to a series of lawsuits filed against it by various workers who carried out work activities as part of the contract between Fruttital S.r.l. itself (principal), Skill S.p.A. (contractor) and Mizar S.r.l. (subcontractor) at Fruttital's warehouse in Milan. These are labor law claims of an indefinite amount, which could be augmented by further claims threatened by other workers. In the disputes already under way, the workers claimed the right to the establishment of a permanent, subordinate employment relationship and for Fruttital to be required to establish such employment relationship with Fruttital S.r.l. It is not possible at this stage to determine the economic risk associated with these proceedings.

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

NOTE 18. Employees benefits liabilities

A statement of changes in the liabilities for employee benefits at December 31, 2020 is attached.

Thousands of euro	Employees benefits liabilities
Balance at December 31, 2019	**9,422**
Change of year:	
Accruals	719
Benefits paid and transferred	(478)
Interest cost	(23)
Gain/losses resulting from changes in actuarial assumptions	535
Change of consolidation scope	(170)
Other changes	(145)
Balance at December 31, 2020	**9,861**

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

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

Discount rate	
Italy, France, Greece, Spain, Portugal	Curva Euro Composite AA al 31.12.2020
Mexico	Iboox GEMX Aggregate 10-15 as of 31.12.20_ 5,752% e Iboox GEMX Aggregate 7-10 as of 31.12.20_ 5,345%
Inflation rate	
Italy	1.5%
France, Greece, Spain, Portugal, Mexico, Fruttital	Incluso nel tasso di incremento delle retribuzioni tranne Messico
Salary increases (included inflation)	
Italy, France, Greece, Spain, Portugal	1.00%
Mexico	n.a.
Mortality rate	
Italy	SIMF 2019
Mexico	Mexico Life Table 2010
Spain	Spanish Life Table 2018
Portugal	Portugal Life Table 2018
Greece	Greek Life table 2017
France	France Life Table 2018
Access to retirement	
Italy	Requisiti minimi previsti dalle Riforme Monti-Fornero
Portugal, Spain, Mexico, Greece, France	Requisiti minimi previsti dalla corrente legislazione
Probability of termination	
Italy	Cosiarma e Galandi 5,2%, Fruttital, Orsero Servizi e Fresco 5%, Fruttital Firenze 8,5%, Orsero 6,3%, Simba 8% e Moncada 4%
France	Cas général 9,00%, Cadres 10,00%, Agent de maîtrise 8,00%
Greece	White Collar 7,00%, Blue Collar 6,00%
Spain	Barcellona 3,5%, Alicante 4,2%, Tarragona 2%, Siviglia e Madrid 8%
Portugal	6.00%
Mexico	Acapulco 5,5%, Jalisco 6,5%

The equity adjustment for actuarial gains/losses includes an actuarial loss of Euro 535 thousand, gross of the tax effect of Euro 139 thousand. The actuarial gains and losses are booked to shareholders' equity through the statement of comprehensive income, while the provision for the year is recorded in an appropriate item relating to "personnel costs".

NOTE 19. Trade payables

Thousands of euro	31.12.2020	31.12.2019	Change
Payables to suppliers	111,704	125,760	(14,057)
Payables to subsidiaries and associates of the Group not fully consolidated	1,078	827	251
Payables to related parties	130	935	(805)
Trade payables	**112,912**	**127,523**	**(14,611)**

There are no trade payables with a residual maturity of more than 5 years recognized in the financial statements. As at December 31, 2020, there are no past-due payables of significant value. At December 31, 2020, the net decrease of the item amounted to Euro 14,611 thousand as a result of the reduction by Euro 14,057 thousand of the value of payables to suppliers and of Euro 805 thousand of payables to related companies, partly offset by the increase by Euro 251 thousand in payables to Group companies not consolidated line-by-line.
The change in payables to suppliers in 2020 compared to December 31, 2019 reflects the different payment trends around year-end.

The geographic breakdown of the payables is as follows:

Thousands of euro	31.12.2020	31.12.2019	Change
Italy	67,199	73,658	(6,459)
EU countries	43,506	50,985	(7,479)
Non-Eu countries	2,207	2,880	(673)
Trade payables	**112,912**	**127,523**	**(14,611)**

NOTE 20. Current tax liabilities

Thousands of euro	31.12.2020	31.12.2019	Change
For value added tax (VAT)	377	187	190
For income tax of the year	1,740	1,337	403
For withholding tax	1,183	1,184	(1)
For indirect taxes	401	387	14
Other payables	2	135	(133)
Current tax liabilities	**3,703**	**3,230**	**473**

At December 31, 2020, this item had a balance of Euro 3,703 thousand, up compared to the balance at December 31, 2019 by a total of Euro 473 thousand, of which Euro 190 thousand for higher VAT payable, Euro 403 thousand for a higher payable for income tax of the year and Euro 14 thousand for indirect taxes. The positive change is partially offset by the reduction in other payables by Euro 133 thousand and by Euro 1 thousand for payables for withholding tax to be paid. There are currently no past due amounts related to the item in question.

NOTE 21. Other current liabilities

Thousands of euro	31.12.2020	31.12.2019	Change
Social security contributions	3,353	3,170	183
Payables to personnel	8,493	6,880	1,612
Payables relating to operations on behalf of third parties	1,286	1,519	(233)
Other current payables	3,493	2,359	1,134
Accrued expenses and deferred income	1,061	584	477
Other current liabilities	**17,686**	**14,512**	**3,173**

At December 31, 2020, the item “Other current liabilities” shows an increase of Euro 3,173 thousand, mainly due to the increase in the item payables to personnel of Euro 1,612 mainly related to the recognition of the LTI/MBO bonus for the year 2020 and the increase in the item other current payables of Euro 1,134 thousand mainly related to an increase in suspended revenues pertaining to the following year posted by the shipowner company. There was a reduction of Euro 233 thousand in payables relating to operations on behalf of third parties.
Payables to personnel relate to current items for December, as well as accrued and unused holidays, 13th and 14th month accruals, and year-end bonuses, inclusive of those institutionally due to the workforce of the French and Mexican companies on the basis of local regulations.

NOTE 22. Segment reporting

Based on the current organizational structure of the Orsero Group, the information required by IFRS 8, broken down by “business segment”, is shown below. The performances and trend of the three sectors in which the Group operates are monitored and mainly valued on the basis of revenues and Adjusted EBITDA; this latter parameter, though not defined by international accounting standards, is the indicator that shows the Group’s true business performance. Adjusted EBITDA is calculated as the operating result (EBIT) less depreciation, amortization and provisions, non-recurring costs/income, and costs associated with Top Management incentives. The parameter thus determined does not consider financial income, financial expense and exchange rate differences, income tax expense, other investment income/expense and the share of profit/loss of associates and joint ventures accounted for using the equity method.

Thousands of euro	31.12.2020				
	Import & Distribution	**Shipping**	**Services**	**Eliminations/ Consolidated adjustments**	**Total**
Net sales to third parties	982,805	54,254	4,475	-	1,041,535
Inter-segment net sales	22	41,041	6,061	(47,125)	-
Net sales of the sector	**982,827**	**95,296**	**10,536**	**(47,125)**	**1,041,535**
Adjusted Ebitda	**36,656**	**17,660**	**(5,911)**	**-**	**48,404**
Adjusted Ebit	**22,844**	**6,421**	**(6,850)**	**-**	**22,414**
Amortization and depreciation	(12,686)	(10,559)	(936)	-	(24,180)
Accruals of provision	(1,126)	(680)	(3)	-	(1,809)
Non recurring income	33	-	2	-	35
Non recurring expense	(2,647)	(39)	(1,001)	-	(3,687)
Financial income	170	20	252	(190)	252
Financial expesense	(1,669)	(355)	(2,201)	190	(4,034)
Exchange rate differences	194	(115)	12	-	91
Share of profit from companies consolidated at equity	-	-	-	795	795
Revaluations of securities and investments	-	-	-	799	799
Devaluations of securities and investments	(44)	-	-	44	-
Intra-group dividends	-	-	12,553	(12,553)	-
Result of securities and investments negotiation	77	-	-	(63)	14
Profit/loss before tax	**18,958**	**5,932**	**2,766**	**(10,977)**	**16,679**
Income tax expense	(5,681)	(742)	2,012	-	(4,411)
Profit/loss	**13,277**	**5,190**	**4,778**	**(10,977)**	**12,269**

Thousands of euro	31.12.2020			
	Import & Distribution	**Shipping**	**Services**	**Total**
Total assets without investments in Joint ventures and associates	323,262	71,861	239,125	634,248
Investments in Joint ventures and associates	4,519	-	2,159	6,678
Total aggregate assets	**327,781**	**71,861**	**241,284**	**640,927**
Total aggregate liabilities	**235,328**	**30,648**	**90,725**	**356,701**
Total aggregate shareholders'equity	**92,453**	**41,213**	**150,560**	**284,226**

Thousands of euro	31.12.2019 Import & Distribution	Shipping	Services	Eliminations/ Consolidated adjustments	Total
Net sales to third parties	950,629	49,870	5,219	-	1,005,718
Inter-segment net sales	226	35,355	7,161	(42,742)	-
Net sales of the sector	**950,855**	**85,225**	**12,380**	**(42,742)**	**1,005,718**
Adjusted Ebitda	**29,222**	**13,992**	**(4,508)**	**-**	**38,706**
Adjusted Ebit	**14,963**	**3,393**	**(5,403)**	**-**	**12,953**
Amortization and depreciation	(12,776)	(10,035)	(896)	-	(23,707)
Accruals of provision	(1,483)	(563)	-	-	(2,046)
Non recurring income	351	-	584	(114)	820
Non recurring expense	(3,205)	(360)	(1,942)	112	(5,395)
Financial income	217	29	191	(173)	264
Financial expesense	(1,661)	(398)	(2,385)	173	(4,271)
Exchange rate differences	(619)	(62)	65	-	(617)
Share of profit from companies consolidated at equity	-	-	-	751	751
Revaluations of securities and investments	-	-	-	827	827
Devaluations of securities and investments	-	-	-	-	-
Intra-group dividends	-	-	9,490	(9,490)	-
Result of securities and investments negotiation	11	-	121	-	132
Profit/loss before tax	**10,056**	**2,601**	**720**	**(7,911)**	**5,465**
Income tax expense	(4,067)	(738)	1,604	-	(3,201)
Profit/loss	**5,989**	**1,863**	**2,324**	**(7,911)**	**2,264**

Thousands of euro	31.12.2019 Import & Distribution	Shipping	Services	Total
Total assets without investments in Joint ventures and associates	354,377	76,588	241,040	672,005
Investments in Joint ventures and associates	4,519	-	2,783	7,302
Total aggregate assets	**358,897**	**76,588**	**243,823**	**679,307**
Total aggregate liabilities	**262,018**	**30,625**	**97,701**	**390,344**
Total aggregate shareholders'equity	**96,879**	**45,963**	**146,122**	**288,963**

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 Directors' 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	31.12.2020	31.12.2019	Change
Revenues from sales	985,496	951,644	33,852
Revenues from services	56,039	54,075	1,965
Net Sales	**1,041,535**	**1,005,718**	**35,817**

At December 31, 2020, turnover was Euro 1,041,535 thousand, an increase of Euro 35,817 thousand compared to December 31, 2019. For a detailed analysis of sales, please refer to the single Report on Operations, in the section "Commentary on performance of the business sectors". Please note that Group revenues mainly derive from the sale of fresh fruit and vegetables coming 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 FYs 2020 and 2019, showing the Group's substantially eurocentric nature.

Thousands of euro	**31.12.2020**	**31.12.2019**	**Change**
Europe	**1,005,686**	**963,462**	**42,225**
of which Italy	*462,280*	*453,417*	*8,863*
of which France	*195,874*	*187,229*	*8,645*
o which Spain	*276,271*	*257,098*	*19,173*
Latin America and North America	**35,849**	**42,257**	**(6,408)**
Total net sales	**1,041,535**	**1,005,718**	**35,817**

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

NOTE 24. Cost of goods sold

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

Thousands of euro	**31.12.2020**	**31.12.2019**	**Change**
Raw materials and finished goods costs	713,906	692,273	21,633
Cost of commissions on purchases and sales	1,890	2,065	(175)
Transport and handlig costs	134,108	125,988	8,120
Personnel costs	28,228	27,404	825
Depreciation and amortization	20,207	19,890	317
Accruals of provision	556	563	(6)
External production and maintenance costs	26,468	25,677	791
Utilities	6,911	7,061	(150)
Bunker'cost	22,107	25,591	(3,484)
Rental costs for ships and containers	4,916	6,208	(1,292)
Containers costs	1,515	1,875	(359)
Leases and rentals	1,346	1,129	218
Other costs	1,146	766	380
Other operating revenues and cost recoveries	(9,579)	(8,562)	(1,017)
Cost of goods sold	**953,725**	**927,927**	**25,798**

The increase in the cost of goods sold is linked to net sales 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 directors' report on operations. Also note the increase in costs following the contribution made by the companies acquired in 2019 for Euro 6,762 thousand (the Fruttica Group for the first quarter of 2020 and Fruttital Cagliari for the first half of 2020) and in 2020 for Euro 3,935 thousand related to the acquisition of Moncada Frutta. In addition to this, there was a reduction in bunker costs compared to the previous year mainly related to the reduction in the price in USD/Ton, a decrease in the cost related to vessel charters and container rentals due to both the reduction in container rental activity on behalf of third parties in 2020 and the charter of an additional spot vessel in 2019 to meet operational requirements.

Note that the item "Raw material and finished goods costs" comprises Euro 4,081 thousand of costs due to associates, valued at market value and included in the balances indicated in Note 34, to which reference is made.
Instead, the item "Transport and handling costs" comprises Euro 4,773 thousand to associated companies of the Group; this balance is also included in the details provided in Note 34.
Instead, "Leases and rentals" comprises Euro 82 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 96 thousand in revenues from associates of the Group. For further details, reference is made to Note 34.

NOTE 25. General and administrative expense

The table below details the general and administrative expense by allocation and by nature.

Thousands of euro	31.12.2020	31.12.2019	Change
Corporate bodies fees	1,395	2,232	(837)
Costs for notary, tax, legal and other professional services	4,154	3,960	193
Commercial, advertising, promotional, representation expenses	1,111	2,329	(1,218)
Personnel costs	38,735	36,557	2,178
Depreciation and amortization	3,974	3,818	156
Accruals for provision	1,253	1,483	(230)
Costs for maintenance, external labor and various other services	6,931	6,907	25
Insurance expenses	1,648	1,504	144
Utilities	1,625	1,754	(130)
Travel expenses	804	1,620	(816)
Costs of company car fleet	822	968	(146)
Rental costs and various rentals	508	509	(1)
Charges for purchase and services to associates/related companies	496	60	436
Other costs	2,907	2,732	175
Acquisition costs of stationery and material of consumption	378	317	61
Fees, commissions, bank guarantees charges and factoring	909	942	(33)
General and administrative expense	**67,650**	**67,693**	**(43)**

The table shows costs for general and administrative expense in line with the previous year; note that the 2019 and 2020 scope of consolidation effect had an impact of Euro 679 thousand. It is worth mentioning the significant reduction of Euro 1,218 thousand in commercial, advertising and promotional expenses. The reduction in the remuneration of corporate bodies must be analyzed together with the increase in labor costs as there has been a change in the remuneration framework of the Group's top management. There was also an increase in the headcount. In addition, the decrease in travel expenses is strictly linked to the effect of the Covid-19 outbreak.

"Charges for purchases and services to associates/related companies" comprises Euro 107 thousand to associated companies and Euro 390 thousand to related companies, the significant impact of which is due to the cost to Grupo Fernández. For further details, reference is made to Note 34.

NOTE 26. Other operating income/expense

Thousands of euro	31.12.2020	31.12.2019	Change
Other operating income	3,751	4,820	(1,069)
Other operating expenses	(5,148)	(6,540)	1,392
Total other operating income/expense	**(1,397)**	**(1,720)**	**323**

Annexed are details of the items "Other operating income" and "Other operating expense" for the years 2020 and 2019 with separate indication of ordinary positions with respect to non-recurring items.

Thousands of euro	31.12.2020	31.12.2019	Change
Revenues from recovery of costs and insurance reimbursements	360	369	(9)
Plusvalues and contingent revenues in ordinary course of business	1,331	1,608	(277)
Others	2,024	2,023	2
Other ordinary operating income	**3,716**	**4,000**	**(284)**
Covid-19 income	35	-	35
Gains on disposal of businesses or significant intangible assets and materials	-	51	(51)
Release of provisions previously set aside	-	517	(517)
Non-recurring reimbursements received	-	48	(48)
Others	-	204	(204)
Other non-recurring operating income	**35**	**820**	**(785)**

Other ordinary income, like the item "Other ordinary expense" below, includes cost and revenue elements not already classified in the above sections of the income statement and elements such as contingent 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 2020, in particular, capitalization was recorded with reference to the progress status of the new ERP system implementation for Euro 737 thousand. In terms of non-recurring income for 2020, please note that the Group recognized Euro 35 thousand in income linked to the measures taken following the spread of the Covid-19 epidemic. The significant change in non-recurring income in 2020 compared to 2019 is due to the recognition in the prior year of income related to the elimination of the outstanding debt to the related company K-air by the Parent Company following the payment of the balance due, agreed upon as part of the liquidation process of the related company.

The item "Other operating income" comprises Euro 46 thousand to associated companies and Euro 38 thousand to related companies.

Thousands of euro	31.12.2020	31.12.2019	Change
Penalties, sanctions and costs for damage to third parties	(81)	(92)	11
Minusvalues and contingent losses in ondinary course of business	(1,338)	(1,053)	(285)
Others	(42)	-	(42)
Other ordinary operating expenses	**(1,461)**	**(1,145)**	**(315)**
Top Management incentives	(1,092)	-	(1,092)
Covid-19 costs	(887)	-	(887)
MTA/STAR listing costs	-	(1,297)	1,297
Simba insurance policy and litigation	(727)	(1,600)	873
Others	(981)	(2,498)	1,517
Other non - recurring operating expenses	**(3,687)**	**(5,395)**	**1,708**

Given what is noted above with respect to the nature of the ordinary expense shown in this table, there were no significant deviations in 2020 with respect to the previous year. As regards non-recurring components, at December 31, 2019 the Group recognized Euro 1,600 thousand against the customs dispute involving the importing company, while in 2020 there was a cost of Euro 727 thousand related to the insurance policy taken out to cover the risk of litigation established between the Customs Administration and the companies Simba and Fresco.
Allocations were made for top management incentives in the amount of Euro 1,092 thousand, divided into Euro 815 thousand for MBO (bonus component that will be paid after the approval of the 2020 financial statements) and Euro 277 thousand for the LTI (deferred bonus component, payable in two equal tranches in 2023 and 2024, subject to the condition that the beneficiaries remain with the company during the vesting period and indexed to Orsero share price performance). For further details, reference should be made to the paragraph "Incentive remuneration for Top Management - 2020-2022 LTI Plan and 2020 Top Manager incentives" in the director's report on operations.
Euro 887 thousand in costs incurred to cope with the Covid-19 epidemic emergency were also recorded.
The item "Other operating expense" does not include charges to associates or related companies.
For further details, reference is made to Note 34.

NOTE 27. Financial income, financial expense and exchange differences

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

Thousands of euro	31.12.2020	31.12.2019	Change
Financial income	252	264	(13)
Financial expense	(4,034)	(4,271)	237
Exchange rate differences	91	(617)	708
Financial income, financial expense and exchange differences	**(3,691)**	**(4,623)**	**932**

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

Thousands of euro	31.12.2020	31.12.2019	Change
Interest income to third parties	194	221	(27)
Interest income to associates and joint ventures	34	32	3
Interest for IAS 19	23	12	12
Financial income	**252**	**264**	**(13)**

Thousands of euro	31.12.2020	31.12.2019	Change
Interest expenses from bank/bond	(3,022)	(2,847)	(175)
Interest expenses to third parties	(15)	(10)	(5)
Interest expenses IFRS 16	(996)	(1,414)	417
Financial expense	**(4,034)**	**(4,271)**	**237**

Thousands of euro	31.12.2020	31.12.2019	Change
Realized exchange rate differences	545	(669)	1,214
Unrealized exchange rate differences	(454)	52	(507)
Exchange rate differences	**91**	**(617)**	**708**

Note that Euro 996 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 3.7%. The significant reduction in interest expense related to IFRS 16 is mainly linked to the cancellation of the rights of use on Italian warehouses following the purchase by Fruttital S.r.l. It should also be noted that most of the positive effect of exchange rate differences is related to the change in the Peso/Euro exchange rate in Mexico in 2020.

NOTE 28. Other investment income/expense and the share of profit/loss of associates and joint ventures accounted using the equity method

Thousands of euro	31.12.2020	31.12.2019	Change
Dividends	7	11	(5)
Share of profit from companies consolidated at equity	795	751	44
Revaluations of securities and investments	799	827	(28)
Result of securities and investments negotiation	7	120	(113)
Other investment income/expense and Share of profit/loss of associates and joint ventures accounted for using the equity method	**1,608**	**1,710**	**(102)**

The change in the amount of the item "Other investment income/expense" and the share of profit/loss of associates and joint ventures accounted using the equity method essentially refers to the change in the Result of securities and investments negotiation for Euro 113 thousand due to the fact that the impact of the sale of the minor company Vado Container Services S.r.l. was recorded in 2019.
It should be noted that the item "Revaluations of securities and investments" includes the income pursuant to IFRS 3 "Step-up acquisition" of Euro 827 thousand relating to the acquisition of Fruttital Cagliari at December 31, 2019 and of Euro 799 relating to the acquisition of Moncada Frutta at December 31, 2020.
The amount of the "Share of profit from companies consolidated at equity" is equal to Euro 795 thousand. This result shows an increase of Euro 44 thousand compared to 2019 and includes the result for the first half of 2020 of Moncada Frutta as from July 1, 2020 it was consolidated line-by-line.
The result of securities and investments negotiation for FY 2019 is related to the sale of the investee company Vado Container Services S.r.l., while for FY 2020 it reflects the sale of M.a.p. Servizi Generali S.r.l. and the effect of the sale of a minor shareholding.

NOTE 29. Income tax expense

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	31.12.2020	31.12.2019	Change
Current taxes for the year	(7,855)	(5,712)	(2,143)
Deferred taxes = from statutory tax consolidation	3,864	2,403	1,461
Deferred taxes incomes and liabilities	(419)	109	(528)
Income tax expense	**(4,411)**	**(3,201)**	**(1,209)**

The comparison with the previous year shows the higher level of current taxes linked to the increase in the profit for the year 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	2020 -Rate 24%		2019 -Rate 24%	
	Taxable	Tax	Taxable	Tax
Profit before tax	**16,679**		**5,465**	
Theoretical tax		**(4,003)**		**(1,312)**
Benefit "step acquisition" ex-IFRS 3	(799)	192	(827)	198
Simba duty litigation			1,600	(384)
International register Cosiarma		860		66
Share of profit from companies consolidated at equity	(795)	191	(751)	180
Foreign companies for different tax rate		(411)		(250)
Taxed dividends from companies of Group	(14,858)	(178)	(10,615)	(127)
Non imposable items/recoveries		(37)		(682)
Effective tax		**(3,386)**		**(2,310)**
Irap/Cvae taxes		(1,024)		(891)
Income tax expense in the consolidated financial statement		**(4,411)**		**(3,201)**
Effective rate		26.4%		58.6%

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 activity in 2020 and a reduction in the container management activity, the latter subject to taxation at the normal rate, added to the fact that in 2019 an additional ship was chartered to meet operational requirements. 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 assets components by type.

Thousands of euro	Statement of financial position		Income statement		Comprehensive income statement	
	2020	2019	2020	2019	2020	2019
Previous tax losses	4,991	5,141	(150)	93	-	-
Effect IAS 19	931	832	(39)	29	139	116
Depreciation/Goodwill/trademarks	763	780	22	28	-	-
Reductions in value and provisions	1,118	1,231	(114)	(196)	-	-
Cost deductible in the future*	-	730	(730)	-	-	-
Financial derivatives	359	117	-	-	242	(25)
Others	836	291	264	(161)	-	-
Deferred tax assets	**8,999**	**9,122**	**(746)**	**(206)**	**381**	**91**

* Related to medium/long term incentivisation plan for management

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

Thousands of euro	Statement of financial position		Income statement		Comprehensive income statement	
	2020	2019	2020	2019	2020	2019
Leasing	(1,620)	(1,524)	(96)	(36)	-	-
Warehouse revaluation	(227)	(228)	-	-	-	-
On J-entries FV Magazzini Fernández	(1,885)	(1,950)	65	65	-	-
Ships depreciation	(1,309)	(1,481)	328	298	-	-
Financial derivatives	(10)	-	-	-	(10)	-
Others	3	(33)	30	(13)	-	-
Deferred tax liabilities	**(5,048)**	**(5,216)**	**327**	**315**	**(10)**	**-**

As at December 31, 2020, there are no significant tax disputes in progress, apart from those mentioned previously in Note 17.
There are no other significant amendments to the tax legislation between 2020 and 2019, with the exception of the reduction of the tax rate in France, which declined from 31% to 28% starting on January 1, 2020.

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 as a performance indicator monitored on a consolidated level, with the profit/loss for the year presented in the income statement.

Thousands of euro	31.12.2020	31.12.2019	Change
Profit/loss	**12,269**	**2,264**	**10,005**
Income tax expense	4,411	3,201	1,209
Financial income	(252)	(264)	13
Financial expense and exchange rate differences	3,943	4,888	(945)
Other investment income/expense	(813)	(959)	146
Share of profit/loss of associates and joint ventures accounted for using equity method	(795)	(751)	(44)
Operating result (Ebit)	**18,763**	**8,378**	**10,384**
Amortization of intangible and depreciation tangible assets	24,180	23,707	473
Accruals of provision	1,809	2,046	(236)
Non recurring income	(35)	(820)	785
Non recurring expense**	3,687	5,395	(1,708)
Adjusted Ebitda*	**48,404**	**38,706**	**9,698**

* Please note that the Adjusted Ebitda at December 31, 2020 equal of Euro 48.404 thousand (Euro 38.706 thousand at December 31, 2019) includes Euro 7.998 thousand of positive effect related to IFRS 16 "leases"(Euro 9.777 thousand at December 31, 2019). This improving effect is almost completely offset by the higher depreciation Euro 7.184 thousand and interest expenses Euro 996 thousand (at December 31, 2019 Euro 8.738 thousand and interest expenses Euro 1.414

** The 2020 non recurring expense include Euro 1.092 thousand related to Top Management incentives

NOTE 31. Earnings per share

The "base" earnings per share are calculated, in accordance with IAS 33, dividing the Group's portion of the profit by the average number of shares outstanding during the period. The "Fully Diluted" earnings per share are calculated dividing the net profit of the Group by the average number of outstanding shares including special shares and warrants, in both cases excluding treasury shares in the portfolio. The average number of outstanding shares used to calculate the 2019 "Fully Diluted" earnings per share includes the treasury shares assigned following the achievement of the 2017 and 2018 targets envisaged in the medium/long-term management incentive plan.

Euro	2020	2019
Profit/loss attributable to Owners of Parent	**12,217,004**	**2,021,588**
Average number of outstanding shares during the period	**17,298,044**	**16,929,344**
Earnings per share "base" in euro	**0.706**	**0.119**
Average number of outstanding shares during the period	17,298,044	16,929,344
Average number of outstanding shares granted for the medium/long-term management incentive plan	-	320,002
Diluted average number of outstanding shares during the period	**17,298,044**	**17,249,346**
Earning per share "Fully Diluted" in euro	**0.706**	**0.117**

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 2020 and 2019.

Thousands of euro	Balance at 31.12.20	Assets measured at amortized cost	Assets at FV with changes recognized in the PL*	Assets at FV in the CI*	Liabilities measured at amortized cost	Liabilities at FV with changes recognized in the CI *
Financial assets						
Investments in other companies	734	734	-	-	-	-
Other non-current financial assets	4,625	4,625	-	-	-	-
Trade receivables	115,479	115,479	-	-	-	-
Current tax assets	12,256	12,256	-	-	-	-
Other receivables and other current assets	12,625	12,388	20	217	-	-
Cash and cash equivalent	40,489	40,489	-	-	-	-
Financial assets	**186,208**	**185,971**	**20**	**217**	**-**	**-**
Financial liabilities						
Financiali liabilities of which:						
Bond payables	*(30,000)*	-	-	-	*(30,000)*	-
Non-current medium term bank loans (over 12 months)	*(47,663)*	-	-	-	*(47,663)*	-
Non-current other lenders (over 12 months)	*(1,828)*	-	-	-	*(1,828)*	-
Non-current other lenders (over 12 months) ex IFRS 16	*(22,445)*	-	-	-	*(22,445)*	-
Non-current liabilities for derivative (over 12 months)	*(636)*	-	-	-	-	*(636)*
Non-current payables for price balance on acquisition (over 12 months)	*(775)*	-	-	-	*(775)*	-
Current medium term bank loans	*(15,785)*	-	-	-	*(15,785)*	-
Bank overdraft	*(13,829)*	-	-	-	*(13,829)*	-
Current other lenders	*(1,061)*	-	-	-	*(1,061)*	-
Current other lenders ex IFRS 16	*(6,430)*	-	-	-	*(6,430)*	-
Other current lenders short term	*(1,057)*	-	-	-	*(1,057)*	-
Current liabilities for derivative	*(861)*	-	-	-	-	*(861)*
Current payables for price balance on acquisition	*(1,666)*	-	-	-	*(1,666)*	-
Other non-current liabilities	(1,240)	-	-	-	(1,240)	-
Trade payables	(112,912)	-	-	-	(112,912)	-
Current tax liabilities	(3,703)	-	-	-	(3,703)	-
Other current liabilities	(17,686)	-	-	-	(17,686)	-
Financial liabilities	**(279,578)**	**-**	**-**	**-**	**(278,081)**	**(1,496)**

* CI=Comprehensive income; PL=Income Statement; FV= Fair Value

Thousands of euro	Balance at 31.12.19	Assets measured at amortized cost	Assets at FV with changes recognized in the PL*	Liabilities measured at amortized cost	Liabilities at FV with changes recognized in the CI *
Financial assets					
Investments in other companies	840	840	-	-	-
Other non-current financial assets	5,401	5,401	-	-	-
Trade receivables	121,439	121,439	-	-	-
Current tax assets	16,971	16,971	-	-	-
Other receivables and other current assets	11,066	11,047	19	-	-
Cash and cash equivalent	56,562	56,562	-	-	-
Financial assets	**212,279**	**212,261**	**19**	**-**	**-**
Financial liabilities					
Financiali liabilities of which:					
Bond payables	*(30,000)*	-	-	*(30,000)*	-
Non-current medium term bank loans (over 12 months)	*(44,737)*	-	-	*(44,737)*	-
Non-current other lenders (over 12 months)	*(2,520)*	-	-	*(2,520)*	-
Non-current other lenders (over 12 months) ex IFRS 16	*(51,907)*	-	-	*(51,907)*	-
Non-current liabilities for derivative (over 12 months)	*(476)*	-	-	-	*(476)*
Non-current payables for price balance on acquisition (over 12 months)	*(1,943)*	-	-	*(1,943)*	-
Current medium term bank loans	*(13,894)*	-	-	*(13,894)*	-
Bank overdraft	*(25,204)*	-	-	*(25,204)*	-
Current other lenders	*(1,064)*	-	-	*(1,064)*	-
Current other lenders ex IFRS 16	*(8,081)*	-	-	*(8,081)*	-
Other current lenders short term	*(1,340)*	-	-	*(1,340)*	-
Current liabilities for derivative	*(50)*	-	-	-	*(50)*
Current payables for price balance on acquisition	*(2,264)*	-	-	*(2,264)*	-
Other non-current liabilities	(349)	-	-	(349)	-
Trade payables	(127,523)	-	-	(127,523)	-
Current tax liabilities	(6,400)	-	-	(6,400)	-
Other current liabilities	(11,343)	-	-	(11,343)	-
Financial liabilities	**(329,094)**	**-**	**-**	**(328,568)**	**(526)**

* CI=Comprehensive income; PL=Income Statement; FV= Fair Value

Note that within financial assets, only "Other receivables and other current assets" include securities, i.e. financial instruments that are valued at fair value with impact on the income statement and they also include the positive fair value of hedging derivatives with an impact on the statement of comprehensive income. Trade and other receivables are measured at the nominal value that, considering the speed of collection, coincides with the value determined by the application of amortized cost, in compliance with IFRS 9. Among financial liabilities, trading derivatives fall within the category "Liabilities measured at fair value", while hedging derivatives are recorded at fair value; the related change is accounted for in a shareholders' equity reserve that constitutes the comprehensive income statement. In this regard, it is noted that the Group has derivative contracts outstanding as at December 31, 2020 related to interest rate, exchange rate and the bunker hedges as reported in Notes 9 and 14.
Indeed, at December 31, 2020, there was a hedging instrument (swap) on the bunker that the shipbuilding company activated in order to reduce and control the risks associated with changes in the price of raw material. At December 31, 2020, its positive fair value of Euro 217 thousand was recognized under the item "Other receivables and other current assets", with the specially designated shareholders' equity reserve as counter-entry.

As at December 31, 2020, there is an interest rate hedge in place linked to the Euro 60 million loan, in addition to that initially activated by the sub-holding company GF Distribuzione S.r.l. on the Euro 20 million loan transferred to the Parent Company following the refinancing operation, whose negative fair value amounts to Euro 437 thousand, booked to the item "Non-current financial liabilities", with a specially designated shareholders' equity reserve as counter-entry. At December 31, Fruttital S.r.l. had another interest rate hedge in place on the loan of Euro 15,000 thousand, whose mark-to-market at the reporting date was a negative Euro 199 thousand, recorded under non-current financial liabilities with a shareholders' equity reserve as counter-entry. In addition, there is a hedge on USD purchases with a negative mark-to-market of Euro 861 thousand, recorded under current financial liabilities with a shareholders' equity reserve as counter-entry.

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

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

Fair value of financial instruments:

- for financial assets and liabilities that are liquid or have a very short maturity, the book amount is considered to approximate fair value; this hypothesis also applies to term deposits, disposable securities and floating rate financial instruments;
- for the measurement of the fair value of hedging instruments, valuation models based on market parameters are used. At the reporting date, interest rate, USD purchase and bunker hedging derivatives had been stipulated, as already described;
- the fair value of non-current financial liabilities 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	31.12.20			31.12.19		
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Current financial assets	20	-	-	19	-	-
Hedging derivatives	-	217	-	-	-	-
Financial liabilities						
Speculative derivatives	-	-	-	-	-	-
Hedging derivatives	-	(1,496)	-	-	(526)	-

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, exchange rates and interest rates that are quoted in active or observable markets on official rate curves. The financial asset measured at Level 2 as of December 31, 2020 relates to the positive fair value of the bunker derivative while the liability measured at Level 2 as of December 31, 2020 relates to the negative fair values of the interest rate and exchange rate derivatives.

Non-financial instruments

It is noted that there are non-financial instruments measured at fair value as at December 31, 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 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 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 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 (first half of 2020) 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 loading/uploading services for fruit and vegetable products and containers, operating out of the port of Tarragona (Spain).

Thousands of euro	Related parties at December 31, 2020								
	Non-current receivables[4]	Trade receivables	Trade payables	Net sales	Other operating revenues and cost recoveries [5]	Other operating income /expense	Financial income	Trade expenses [5]	Trade expenses [6]
Associates									
Moño Azul S.A.[2]	165	992	157	91	-	-	8	(2,839)	(89)
Moncada S.r.l.	-	-	-	4,189	3		-	(1)	-
Citrumed S.A.	982	40	230	-	93	4	24	(1,204)	-
Bonaoro S.L.	-	608	110	430	-	-	2	(1,187)	(18)
Decofruit S.L.	-	252	-	-		24	-	(301)	-
Fruport S.A.	-	-	581	21	-	18	-	(3,322)	-
Total exposure to Associates	**1,147**	**1,892**	**1,078**	**4,731**	**96**	**46**	**34**	**(8,854)**	**(107)**
Related companies									
Grupo Fernández	-	4	-	-	-	35	-	-	(314)
NBI[3]	-	137	74	127	-	1	-	(82)	(76)
Business Aviation[1]	-	114	56	17	-		-	-	-
Immobiliare Ranzi	-	3	-	2	-	1	-	-	-
Argentina S.r.l.	-	6	-	2	-	1	-	-	-
Fif Holding S.p.A.	-	26	-	11	-	1	-	-	-
Total exposure to related companies	**-**	**290**	**130**	**159**	**-**	**38**	**-**	**(82)**	**(390)**
Total associates-related	**1,147**	**2,182**	**1,208**	**4,890**	**96**	**84**	**34**	**(8,937)**	**(496)**
Balance	**5,359**	**115,479**	**112,912**	**1,041,535**	**(953,725)**	**(1,397)**	**252**	**(953,725)**	**(67,650)**
% of Balance	**21.40%**	**1.89%**	**1.07%**	**0.47%**	**-0.01%**	**-5.99%**	**13.68%**	**0.94%**	**0.73%**

[1] Referred to the companies GF Aviation S.r.l., K-Air S.p.A..
[2] Net to bad provisions
[3] Nuova Beni Immobiliari S.r.l.
[4] Within the "Non current financial assets"
[5] Within the "Cost of goods sold"
[6] Within the "General and administrative expense"

Note that the item "Other 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.
"Non-current receivables" due from associated companies come to Euro 1,147 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 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 1,892 thousand refer to normal receivables for the supply of services to Spanish associates, whilst for Moño Azul, they are normal advances to be settled at the close of the fruit harvest. "Trade payables" due to associated companies in the amount of Euro 1,078 thousand derive from normal service and/or supply

contracts with companies mainly operating in the Import & Distribution and Services sectors, all at arm's length. "Net sales" in regard to associated companies, in the amount of Euro 4,731 thousand, are linked to fruit sales, whilst those to related companies come to Euro 159 thousand and mainly refer to revenues for consultancy services provided to related companies. "Trade expenses" toward associated companies for Euro 8,961 thousand mainly refer to costs for the purchase of fruit and terminal services.
For more details, refer to Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

NOTE 35. Share-based payments

Following the Orsero Shareholders' Meeting of April 30, 320,000 shares were delivered to the beneficiaries as part of the 2017-2019 medium/long-term management incentive plan; the same Shareholders' Meeting also approved the free assignment to the shareholders of 246,298 shares by way of the 2019 dividend.
Lastly, please note that on September 10, 2020, following the execution of the agreement for the acquisition of Moncada Frutta S.r.l., effective July 1, 2020, 176,825 treasury shares were delivered to the company Salvatore Moncada S.r.l.
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/.
In accordance with Group policy, within the scope of this annual report, allocations were made for top management incentives in the amount of Euro 1,092 thousand, divided into Euro 815 thousand for MBO (bonus component that will be paid after the approval of the 2020 financial statements) and Euro 277 thousand for the LTI (deferred bonus component, payable in two equal tranches in 2023 and 2024, subject to the condition that the beneficiaries remain with the company during the vesting period and indexed to Orsero share price performance).
It should be noted that, in application of IFRS 2, the cost for the "LTI" deferred bonus is to be accounted for in relation to the "vesting period", until 1-1-2023 (i.e. three years) for the first tranche of the total bonus that can be accrued in the Plan period, and until 1-1-2024 (i.e. four years) for the second tranche. Therefore, against the LTI bonus accrued by the beneficiaries for a total of Euro 745 thousand (Euro 909 thousand including social security contributions), only Euro 277 thousand will have an impact on the 2020 economic result, with the difference being accounted for, combined with the additional bonuses accruing in 2021 and 2022 and accounted for using the same approach, in the following years.

NOTE 36. Employees

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

	31.12.2020	31.12.2019	Change
Import & Distribution Sector			
Number of employees	1,398	1,316	82
Shipping Sector			
Number of employees	148	147	1
Services Sector			
Number of employees	85	82	3
Number of employees	**1,631**	**1,545**	**86**

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

The guarantees provided by the Company are as follows:

Thousands of euro	31.12.2020	31.12.2019	Change
Guarantees issued in the interest of the Group	3,585	6,625	(3,040)
Guarantees issued to third parties	1,911	2,828	(917)
Total guarantees	**5,496**	**9,453**	**(3,957)**

Relative to the closing of the previous year, of note is the reduction of the guarantees by Euro 3,957 thousand, of which roughly Euro 1,157 thousand linked to the elimination of guarantees on VAT refunds received in previous years and Euro 3,040 thousand essentially due to the elimination of the Aon guarantee in favor of Customs. As in previous years, the guarantees outstanding at December 31, 2020 are essentially related to guarantees issued to Customs in respect of the business of Group companies.

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

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

The following table details the remuneration for the members of the corporate bodies of Orsero S.p.A. in 2020.

Thousands of euro	2020
Board of Directors	343
Board of Statutory Auditors	100

"Directors' fees" include remuneration from letters of appointment of Euro 286 thousand, committee remuneration of Euro 57 thousand and contributions for Euro 32 thousand.

NOTE 39. Significant events after December 31, 2020

At the date of this Report, there were no significant events.
With reference to the most recent evolutions of the Covid-19 pandemic, the Group's management continues to follow and monitor developments in order to reduce risks for its personnel and maintain an efficient distribution logistics chain.

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

The table below, prepared in accordance with Art. 149-duodecies of the Consob Issuers' Regulation, shows the fees for 2020 for auditing and other non-auditing services provided by the independent auditing firm appointed or by companies belonging to its network.

Tyoe of services - Thousands of euro	Company that provided the service	Addressee	Fees for 2020
Audit (*)			
	Kpmg S.p.A.	Parent company	113
		Italian subsidiaries	133
	Kpmg Auditores S.L.	Foreign subsidiaries	48
Other services			
Tax declaration	Kpmg S.p.A.	Parent company	3
Tax declaration	Kpmg S.p.A.	Italian subsidiaries	20

(*) Includes the audit at December 31, 2020 and the limited review of the interim report as of June 30

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

Consolidated statement of financial position 2020 and 2019

Thousands of euro	31/12/2020	of which related parties			
		Associates	Related	Total	%
ASSETS					
Goodwill	48,426	-	-	-	-
Intangible assets other than Goodwill	7,263	-	-	-	-
Property, plant and equipment	166,582	-	-	-	-
Investment accounted for using the equity method	6,175	6,175	-	6,175	100%
Non-current financial assets	5,359	1,463	-	1,463	27%
Deferred tax assets	8,999	-	-	-	-
NON-CURRENT ASSETS	**242,804**	**7,638**	**-**	**7,638**	**3%**
Inventories	35,331	-	-	-	-
Trade receivables	115,479	1,892	290	2,182	2%
Current tax assets	12,256	-	-	-	-
Other receivables and other current assets	12,625	-	-	-	-
Cash and cash equivalents	40,489	-	-	-	-
CURRENT ASSETS	**216,179**	**1,892**	**290**	**2,182**	**1%**
Non-current assets held for sale	**-**	**-**	**-**	**-**	**-**
TOTAL ASSETS	**458,983**	**9,530**	**290**	**9,820**	**2%**
Share Capital	69,163	-	-	-	-
Other Reserves and Retained Earnings	78,237	-	-	-	-
Profit/loss attributable to Owners of Parent	12,217	-	-	-	-
Equity attributable to Owners of Parent	**159,617**	**-**	**-**	**-**	**-**
Non-controlling interests	**494**	**-**	**-**	**-**	**-**
EQUITY	**160,111**	**-**	**-**	**-**	**-**
LIABILITIES					
Financial liabilities	103,347	-	-	-	-
Other non-current liabilities	1,240	-	-	-	-
Deferred tax liabilities	5,048	-	-	-	-
Provisions	4,386	-	-	-	-
Employees benefits liabilities	9,861	-	-	-	-
NON-CURRENT LIABILITIES	**123,882**	**-**	**-**	**-**	**-**
Financial liabilities	40,689	-	-	-	-
Trade payables	112,912	1,078	130	1,208	**1%**
Current tax liabilities	3,703	-	-	-	-
Other current liabilities	17,686	-	-	-	-
CURRENT LIABILITIES	**174,990**	**1,078**	**130**	**1,208**	**1%**
Liabilities directly associated with non-current assets held for sale	**-**	**-**	**-**	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**458,983**	**1,078**	**130**	**1,208**	-

Thousands of euro	31/12/2019	of which related parties Associates	Related	Total	%
ASSETS					
Goodwill	46,828	-	-	-	-
Intangible assets other than Goodwill	5,145	-	-	-	-
Property, plant and equipment	181,722	-	-	-	-
Investment accounted for using the equity method	7,278	7,278	-	7,278	100%
Non-current financial assets	6,241	1,594	-	1,594	26%
Deferred tax assets	9,122	-	-	-	-
NON-CURRENT ASSETS	**256,336**	**8,872**	**-**	**8,872**	**3%**
Inventories	36,634	-	-	-	-
Trade receivables	121,439	2,158	473	2,630	2%
Current tax assets	16,971	-	-	-	-
Other receivables and other current assets	11,066	-	-	-	-
Cash and cash equivalent	56,562	-	-	-	-
CURRENT ASSETS	**242,672**	**2,158**	**473**	**2,630**	**1%**
Non-current assets held for sale	**-**	**-**	**-**	**-**	**-**
TOTAL ASSETS	**499,008**	**11,030**	**473**	**11,502**	**2%**
Share Capital	69,163	-	-	-	-
Other Reserves and Retained Earnings	79,036	-	-	-	-
Profit/loss attributable to owners of Parent	2,022	-	-	-	-
Equity attributable to Owners of Parent	**150,221**	**-**	**-**	**-**	**-**
Non-controlling interests	**710**	**-**	**-**	**-**	**-**
EQUITY	**150,931**	**-**	**-**	**-**	**-**
LIABILITIES					
Financial liabilities	131,583	-	-	-	-
Other non current liabilities	349	-	-	-	-
Deferred tax liabilities	5,216	-	-	-	-
Provisions	4,345	-	-	-	-
Employees benefits liabilities	9,422	-	-	-	-
NON-CURRENT LIABILITIES	**150,915**	**-**	**-**	**-**	**-**
Financial liabilities	51,897	-	-	-	-
Trade payables	127,523	827	935	1,762	**1%**
Current tax liabilities	3,230	-	-	-	-
Other current liabilities	14,512	-	-	-	-
CURRENT LIABILITIES	**197,162**	**827**	**935**	**1,762**	**1%**
Liabilities directly associated with non-current assets held for sale	**-**	**-**	**-**	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**499,008**	**827**	**935**	**1,762**	-

Consolidated income statement and Consolidated statement of comprehensive income 2020 and 2019

Thousands of euro	Year 2020	of which related parties			
		Associates	Related	Total	%
Net sales	1,041,535	4,731	159	**4,890**	0%
Cost of sales	(953,725)	(8,758)	(82)	**(8,840)**	1%
Gross profit	**87,810**	**-**	**-**	**-**	**-**
General and administrative expense	(67,650)	(107)	(390)	**(496)**	1%
Other operating income/expense	(1,397)	46	38	**84**	-6%
- of which non-recurring operating income	*35*	-	-	-	-
- of which non-recurring operating expense	*(3,687)*	-	-	-	-
Operating result	**18,763**	**-**	**-**	**-**	**-**
Financial income	252	34	-	**34**	14%
Financial expense and exchange rate differences	(3,943)	-	-	-	-
Other investment income/expense	813	-	-	-	-
Share of profit/loss of associates and joint ventures accounted for using equity method	795	-	-	-	-
Profit/loss before tax	**16,679**	**-**	**-**	**-**	**-**
Income tax expense	(4,411)	-	-	-	-
Profit/loss from continuing operations	**12,269**	**-**	**-**	**-**	**-**
Profit/loss from discontinued operations	-	-	-	-	-
Profit/loss	**12,269**	**-**	**-**	**-**	**-**
Profit/loss attributable to non controlling interests	**52**	-	-	-	-
Profit/loss attributable to Owners of Parent	**12,217**	**-**	**-**	**-**	**-**

Thousands of euro	Year 2020	of which related parties			
		Associates	Related	Total	%
Profit/loss	**12,269**	**-**	**-**	**-**	**-**
Other comprehensive income that will not be reclassified to profit/loss, before tax	(535)	-	-	-	-
Income tax relating to components of other comprehensive income that will not be reclassified to profit/loss	139	-	-	-	-
Other comprehensive income that will be reclassified to profit/loss, before tax	(2,290)	-	-	-	-
Income tax relating to components of other comprehensive income that will be reclassified to profit/loss	232	-	-	-	-
Comprehensive income	**9,814**	**-**	**-**	**-**	**-**
Comprehensive income attributable to non controlling interests	**52**	-	-	-	-
Comprehensive income attributable to Owners of Parent	**9,763**	-	-	-	-

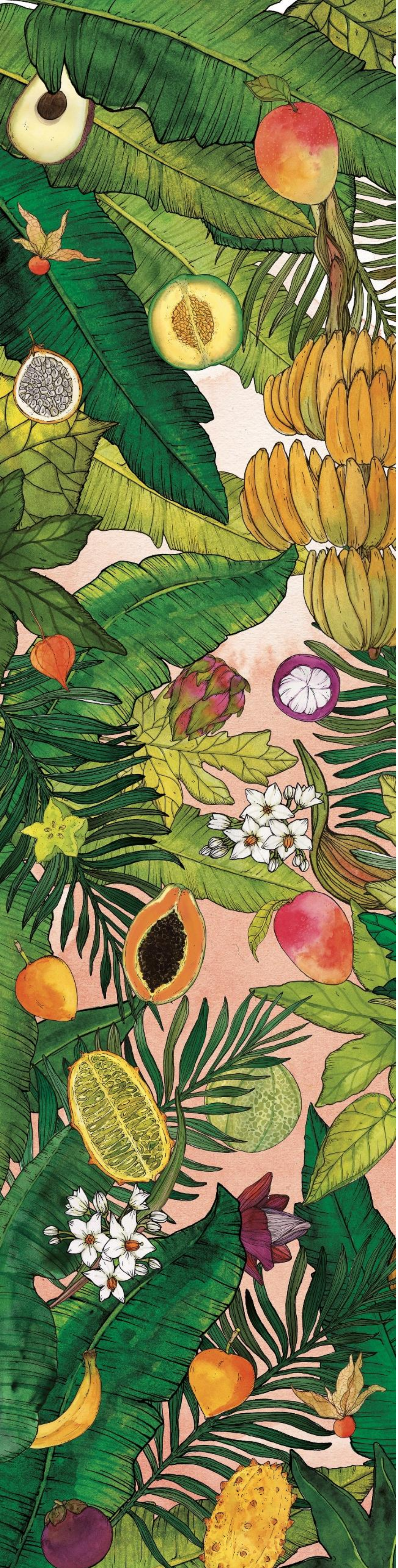
Thousands of euro	Year 2019	of which related parties Associates	Related	Total	%
Net sales	1,005,718	10,588	230	**10,817**	1%
Cost of sales	(927,927)	(6,739)	(72)	**(6,811)**	1%
Gross profit	**77,792**	**-**	**-**	**-**	**-**
General and administrative expense	(67,693)	-	(60)	**(60)**	0%
Other operating income/expense	(1,720)	13	517	**530**	-31%
- of which non-recurring operating income	*820*	-	517	**517**	
- of which non-recurring operating expense	*(5,395)*	-	-	-	-
Operating result	**8,378**	**-**	**-**	**-**	**-**
Financial income	264	32	-	**32**	12%
Financial expense and exchange rate differences	(4,888)	-	-	-	-
Other investment income/expense	959	-	-	-	-
Share of profit/loss of associates and joint ventures accounted for using equity method	751	-	-	-	-
Profit/loss before tax	**5,465**	**-**	**-**	**-**	**-**
Income tax expense	(3,201)	-	-	-	-
Profit/loss from continuing operations	**2,264**	**-**	**-**	**-**	**-**
Profit/loss from discontinued operations	-	-	-	-	-
Profit/loss	**2,264**	**-**	**-**	**-**	**-**
Profit/loss attributable to non controlling interests	**242**	-	-	-	-
Profit/loss attributable to Owners of Parent	**2,022**	**-**	**-**	**-**	**-**

Thousands of euro	Year 2019	of which related parties Associates	Related	Total	%
Profit/loss	**2,264**	**-**	**-**	**-**	**-**
Other comprehensive income that will not be reclassified to profit/loss, before tax	(556)	-	-	-	-
Income tax relating to components of other comprehensive income that will not be reclassified to profit/loss	116	-	-	-	-
Other comprehensive income that will be reclassified to profit/loss, before tax	955	-	-	-	-
Income tax relating to components of other comprehensive income that will be reclassified to profit/loss	(25)	-	-	-	-
Comprehensive income	**2,754**	**-**	**-**	**-**	**-**
Comprehensive income attributable to non controlling interests	**242**	-	-	-	-
Comprehensive income attributable to Owners of Parent	**2,511**	**-**	**-**	**-**	**-**

Consolidated cash flow statement 2020 and 2019

Thousands of euro	Year 2020	of which related parties Associates	Related	Total
A. Cash flows from operating activities (indirect method)				
Profit/loss	**12,269**			
Adjustments for income tax expense	4,411	-	-	-
Adjustments for interest income/expense	3,782	(34)	-	**(34)**
Adjustments for provisions	1,809	-	-	-
Adjustments for depreciation/amortisation expense and impairment loss	24,180	-	-	-
Change in inventories	1,360	-	-	-
Change in trade receivables	8,579	266	183	**449**
Change in trade payables	(17,384)	251	(805)	**(554)**
Change in other receivables/assets and in other liabilities	5,873	-	-	-
Interest received/(paid)	(3,386)	10	-	**10**
(Income taxes paid)	(3,501)	-	-	-
Cash flow from operating activities (A)	**37,993**			
B. Cash flows from investing activities				
Purchase of property, plant and equipment	(36,739)	-	(17,138)	**(17,138)**
Proceeds from sales of property, plant and equipment	29,241	-	27,339	**27,339**
Purchase of intangible assets	(4,804)	-	-	-
Proceeds from sales of intangible assets	-	-	-	-
Purchase of interests in investments accounted for using equity method	(795)	(795)	-	**(795)**
Proceeds from sales of investments accounted for using equity method	1,173	1,173	-	**1,173**
Purchase of other non-current assets	-	-	-	-
Proceeds from sales of other non-current assets	1,141	131	-	**131**
(Acquisitions)/disposal of investments in controlled companies, net of cash	(198)	-	-	-
Cash Flow from investing activities (B)	**(10,981)**			
C. Cash Flow from financing activities				
Increase/decrease of financial liabilities	(10,666)	-	-	-
Drawdown of new long-term loans	25,777	-	-	-
Pay back of long-term loans	(55,108)	-	-	-
Capital increase and other changes in increase/decrease	(2,237)	-	-	-
Disposal/purchase of treasury shares	(851)	-	-	-
Dividends paid	-	-	-	-
Cash Flow from financing activities (C)	**(43,086)**			
Increase/decrease in cash and cash equivalents (A ± B ± C)	**(16,074)**			
Cash and cash equivalents at 1° January 20-19	**56,562**			
Cash and Cash equivalents at 31 December 20-19	**40,489**			

Thousands of euro	Year 2019	of which related parties Associates	Related	Total
A. Cash flows from operating activities (indirect method)				
Profit/loss	**2,264**			
Adjustments for income tax expense	3,201	-	-	-
Adjustments for interest income/expense	4,623	(32)	-	**(32)**
Adjustments for provisions	2,046	-	-	-
Adjustments for depreciation/amortisation expense and impairment loss	23,707	-	-	-
Change in inventories	(570)	-	-	-
Change in trade receivables	(9,244)	570	(152)	**418**
Change in trade payables	9,562	(374)	(294)	**(668)**
Change in other receivables/assets and in other liabilities	(1,890)	-	-	-
Interest received/(paid)	(3,553)	8	-	**8**
(Income taxes paid)	(4,678)	-	-	-
Cash flow from operating activities (A)	**25,468**			
B. Cash flows from investing activities				
Purchase of property, plant and equipment	(34,883)	-	(1,980)	**(1,980)**
Proceeds from sales of property, plant and equipment	5,442	-	-	-
Purchase of intangible assets	(15,244)	-	-	-
Proceeds from sales of intangible assets	131	-	-	-
Purchase of interests in investments accounted for using equity method	(751)	(751)	-	**(751)**
Proceeds from sales of investments accounted for using equity method	1,576	1,516	-	**1,516**
Purchase of other non-current assets	(19)	-	-	-
Proceeds from sales of other non-current assets	888	-	-	-
(Acquisitions)/disposal of investments in controlled companies, net of cash	726	-	-	-
Cash Flow from investing activities (B)	**(42,134)**			
C. Cash Flow from financing activities				
Increase/decrease of financial liabilities	9,885	-	-	-
Drawdown of new long-term loans	20,630	-	-	-
Pay back of long-term loans	(32,059)	-	-	-
Capital increase and other changes in increase/decrease	605	-	-	-
Disposal/purchase of treasury shares	(21)	-	-	-
Dividends paid	(2,096)	-	-	-
Cash Flow from financing activities (C)	**(3,056)**			
Increase/decrease in cash and cash equivalents (A ± B ± C)	**(19,722)**			
Cash and cash equivalents at 1° January 19-18	**76,285**			
Cash and Cash equivalents at 31 December 19-18	**56,562**			



Independent Auditor’s Report

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

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

*To the shareholders of
Orsero S.p.A.*

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Orsero Group (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated income statement and the statements of comprehensive income, the consolidated changes in equity and the consolidated cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Orsero Group as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

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

Key audit matters

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

Recoverability of goodwill

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

Key audit matter	Audit procedures addressing the key audit matter
The Goodwill included in the consolidated financial statements at 31 December 2020 amounts to a total of €48.4 million. Goodwill is allocated to the cash-generating units ("CGU") of the Import & Distribution sector by geographical area. In particular, goodwill is allocated to the CGU Italy for €26.3 million, the CGU France for €9.5 million, the CGU Spain for €11.2 million and the CGU Portugal for €1.4 million. In line with the procedure approved by the Orsero S.p.A.'s board of directors on 9 March 2021, the goodwill is tested for impairment at least annually and whenever there are triggering events, by comparing the carrying amounts of each CGU, including goodwill, to the related recoverable amounts. The recoverable amount is estimated based on the value in use, calculated using the discounted cash flow model by discounting the individual CGU's expected cash flows over the three-year period 2021-2023. The expected operating cash flows were estimated on the basis of the 2021 budget, approved by the Board of Directors on 29 January 2021. The expected operating cash flows for the years 2022 and 2023 and for the terminal value have been determined on the basis of the operating result of year 2021. Impairment testing is complex and entails a high level of judgement, especially in relation to: — the expected operating cash flows, calculated by taking into account the general economic performance and that of the Group's sector, the actual cash flows for recent years and the projected growth rates.	Our audit procedures, which also involved our own specialists, included: — updating our understanding of the process adopted to prepare the impairment tests and the forecasts set out in the update to the 2021-2023 plan; — checking any discrepancies between the previous year forecast and actual figures, in order to understand the accuracy of the estimation process; — analysing the reasonableness of i) the key assumptions used by the directors to identify the CGU, the criteria for the allocation of goodwill and to determine the related operating cash flows and ii) the valuation models adopted; — checking the consistency of the expected cash flows used for impairment testing with those used for the forecasts and analysing the reasonableness of any discrepancies; — checking the sensitivity analysis presented in the notes to the consolidated financial statements in relation to the key assumptions used for impairment testing; — assessing the appropriateness of the disclosures provided in the notes to the consolidated financial statements about goodwill and related impairment tests.

Key audit matter	Audit procedures addressing the key audit matter
— the financial parameters used to calculate the discount rate. For the above reasons and due to the materiality of the relevant caption, we believe that the recoverability of the carrying amounts of goodwill is a key audit matter.	

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The directors of Orsero S.p.A. are responsible for the preparation of the directors' report and the report on corporate governance and ownership at 31 December 2020 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership indicated by article 123-bis.4 of Legislative decree no. 58/98 with the Group's consolidated financial statements at 31 December 2020 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership referred to above are consistent with the Group's consolidated financial statements at 31 December 2020 and have been prepared in compliance with the applicable law.

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

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

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

Genoa, 30 March 2021

KPMG S.p.A.

(signed on the original)

Matteo Pastore
Director of Audit

Financial Statements at December 31, 2020

Parent Company Financial Statements

Statement of Financial Position [1][2]

Euro	NOTES	31/12/2020	31/12/2019
ASSETS			
Intangible assets other than Goodwill	1	151,226	180,675
Property, plant and equipment	2	2,783,100	2,746,043
Equity investments	3	160,718,955	165,693,826
Non-current financial assets	4	36,708	22,833
Deferred tax assets	5	1,327,302	2,008,939
NON-CURRENT ASSETS		**165,017,290**	**170,652,316**
Receivables	6	49,105,512	37,856,155
Current tax assets	7	924,009	2,473,891
Other receivables and other current assets	8	374,131	335,083
Cash and cash equivalents	9	21,302,294	26,728,246
CURRENT ASSETS		**71,705,946**	**67,393,375**
Non-current assets held for sale		**-**	**-**
TOTAL ASSETS		**236,723,235**	**238,045,690**
Share Capital		69,163,340	69,163,340
Other Reserves and Retained Earnings		73,415,206	72,063,526
Profit/loss		5,012,498	1,496,197
EQUITY	**10**	**147,591,044**	**142,723,063**
LIABILITIES			
Financial liabilities	11	60,029,994	70,528,871
Provisions	12	520,000	520,000
Employees benefits liabilities	13	2,373,271	1,744,998
NON-CURRENT LIABILITIES		**62,923,265**	**72,793,869**
Financial liabilities	11	11,175,749	11,167,077
Payables	14	12,223,457	9,884,279
Current tax liabilities	15	205,734	160,827
Other current liabilities	16	2,603,986	1,316,575
CURRENT LIABILITIES		**26,208,926**	**22,528,758**
Liabilities directly associated with non-current assets held for sale		**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**236,723,235**	**238,045,690**

[1] The notes commenting on the individual items are an integral part of these Separate 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 Separate Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Income Statement [1][2]

Euro	NOTES	Year 2020	Year 2019
Net sales	17	1,927,515	3,025,863
Cost of sales		-	-
Gross profit		**1,927,515**	**3,025,863**
General and administrative expense	18	(9,026,030)	(9,091,621)
Other operating income/expense	19	(1,085,615)	(1,180,830)
Operating result		**(8,184,130)**	**(7,246,588)**
Financial income	20	188,712	173,113
Financial expense and exchange rate differences	20	(2,182,537)	(2,349,275)
Other investment income/expense	21	13,052,547	9,410,163
Profit/loss before tax		**2,874,592**	**(12,587)**
Income tax expense	22	2,137,906	1,508,784
Profit/loss from continuing operations		**5,012,498**	**1,496,197**
Profit/loss from discontinued operations		-	-
Profit/loss		**5,012,498**	**1,496,197**

Comprehensive Income Statement

Euro	NOTES	Year 2020	Year 2019
Profit/loss		**5,012,498**	**1,496,197**
Other comprehensive income that will not be reclassified to profit/loss, before tax	13	(410,498)	(104,499)
Income tax relating to components of other comprehensive income that will not be reclassified to profit/loss	22	98,520	-
Other comprehensive income that will be reclassified to profit/loss, before tax	11	39,319	(108,661)
Income tax relating to components of other comprehensive income that will be reclassified to profit/loss	22	(9,437)	26,079
Comprehensive income		**4,730,402**	**1,309,116**

[1] The notes commenting on the individual items are an integral part of these Separate 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 Separate Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Statement of cash flows[1][2]

Euro	NOTES	Year 2020	Year 2019
A. Cash flows from operating activities (indirect method)			
Profit/loss		**5,012,498**	**1,496,197**
Adjustments for income tax expense	22	(2,137,906)	(1,508,784)
Adjustments for interest income/expense	20	1,993,825	2,176,055
Adjustments for dividends	21	(13,052,547)	(10,059,510)
Adjustments for depreciation and amortisation expense and impairment loss	18	504,201	432,416
Change in receivables	6	(11,249,357)	1,302,080
Change in payables	14	2,339,178	(7,170,737)
Change in other receivables/asstes and in other liabilities	7-8-12-13-15-16	5,357,334	1,823,321
Interest received/(paid)	20	(1,741,830)	(1,870,814)
(Income taxes paid)	22	-	-
Dividends received	21	13,052,547	10,059,510
Cash flow from operating activities (A)		**77,943**	**(3,320,265)**
B. Cash flows from investing activities			
Purchase of property, plant and equipment	2	(556,427)	(292,734)
Proceeds from sales of property, plant and equipment	2	71,870	81,525
Purchase of intangible assets	1	(27,252)	(122,839)
Proceeds from sales of intangible assets	1	-	-
Purchase of interests in equity investments	3	(1,458,010)	(200,000)
Proceeds from sales of equity investments	3	6,432,881	14,827,001
Purchase of other non-current assets	4-5	-	(19,023)
Proceeds from sales of other non-current assets	4-5	667,763	-
(Acquisitions)/disposal of investments in controlled companies, net of cash	3-11	-	17,518,799
Cash Flow from investing activities (B)		**5,130,825**	**31,792,730**
C. Cash Flow from financing activities			
Increase/decrease of financial liabilities	11	(292,938)	50,740
Drawdown of new long-term loans	11	736,625	-
Pay back of long-term loans	11	(10,933,891)	(10,859,811)
Capital increase and other changes in increase/decrease	10	706,827	(18,462,755)
Disposal/purchase of treasury shares	10	(851,343)	(20,908)
Dividends paid	10	-	(2,031,612)
Cash Flow from financing activities (C)		**(10,634,720)**	**(31,324,346)**
Increase/decrease in cash and cash equivalents (A ± B ± C)		**(5,425,952)**	**(2,851,880)**
Cash and cash equivalents at 1° January 20-19	**9**	**26,728,246**	**29,580,126**
Cash and Cash equivalents at 31 December 20-19	**9**	**21,302,294**	**26,728,246**

[1] The notes commenting on the individual items are an integral part of these Separate 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 Separate Financial Statements and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Statement of Changes in Shareholders' Equity [1][2]

Euro - NOTES 10	Share Capital*	Treasury shares*	Reserve of shareholding acquisition costs*	Legal reserve	Share premium reserve	Reserve of cash flow hedges	Reserve of remeasurements of defined benefit plans	Reserve of share-based payments	Other reserves	Retained earnings	Profit/Loss	Total Equity
December 31, 2018	**69,163,340**	**(7,405,158)**	**(153,461)**	**119,304**	**80,555,910**	**(279,206)**	**(195,293)**	**4,470,428**	**11,425,034**	**-**	**4,041,240**	**161,742,138**
Allocation of the profit/loss	-	-	-	202,063	-	-	-	-	1,807,565	-	(2,009,628)	**-**
Issued of equity	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Purchase of treasury shares	-	(20,908)	-	-	-	-	-	-	-	-	**-**	**(20,908)**
Other comprehensive income net of tax, gains/losses on remeasurements of defined benefit plans	-	-	-	-	-	-	(104,499)	-	-	-	**-**	**(104,499)**
Other comprehensive income net of tax, cash flow hedges interest rates	-	-	-	-	-	(82,582)	-	-	-	-	-	**(82,582)**
Dividends paid	-	-	-	-	-	-	-	-	-	-	(2,031,612)	**(2,031,612)**
Increse/decrease through share based payment transactions	-	-	-	-	-	-	-	-	-	-	-	**-**
Other changes	-	-		-	-	-	-	-	(18,275,672)	-	**-**	**(18,275,672)**
Profit/loss	-	-	-	-	-		-	-	-	-	**1,496,197**	**1,496,197**
December 31, 2019	**69,163,340**	**(7,426,066)**	**(153,461)**	**321,367**	**80,555,910**	**(361,788)**	**(299,792)**	**4,470,428**	**(5,043,072)**	**-**	**1,496,197**	**142,723,063**

Euro - NOTES 10	Share Capital**	Treasury shares**	Reserve of shareholding acquisition costs**	Legal reserve	Share premium reserve	Reserve of cash flow hedges	Reserve of remeasurements of defined benefit plans	Reserve of share-based payments	Other reserves	Retained earnings	Profit/Loss	Total Equity
December 31, 2019	**69,163,340**	**(7,426,066)**	**(153,461)**	**321,367**	**80,555,910**	**(361,788)**	**(299,792)**	**4,470,428**	**(5,043,072)**	**-**	**1,496,197**	**142,723,063**
Allocation of the profit/loss	-	-	-	74,810	-	-	-	-	-	1,421,387	(1,496,197)	**-**
Issued of equity	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Purchase of treasury shares	-	(851,343)	-	-	-	-	-	-	-	-	**-**	**(851,343)**
Other comprehensive income net of tax, gains/losses on remeasurements of defined benefit plans	-	-	-	-	-	-	(311,978)	-	-	-	**-**	**(311,978)**
Other comprehensive income net of tax, cash flow hedges interest rates	-	-	-	-	-	29,883	-	-	-	-	**-**	**29,883**
Dividends paid	-	2,456,330	-	-	(2,456,330)	-	-	-	-	-		**-**
Increse/decrease through share based payment transactions	-	3,191,357	-	-	-	-	-	(4,470,428)	-	1,279,071	**-**	**-**
Change of consolidation scope	-	1,687,820	-	-	(661,864)	-	-	-	-	**-**	**-**	**1,025,956**
Other changes	-	-	-	-		-	-	-	(37,034)	-	**-**	**(37,034)**
Profit/loss	-	-	-	-	-	-	-	-	-	-	5,012,498	**5,012,498**
December 31, 2020	**69,163,340**	**(941,902)**	**(153,461)**	**396,177**	**77,437,716**	**(331,905)**	**(611,770)**	**-**	**(5,080,106)**	**2,700,458**	**5,012,498**	**147,591,044**

(1) The notes commenting on the individual items are an integral part of these 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 Parent Financial Statement and in Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

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

(**) Espression of the share capital according to IAS 32, net of treasury shares for €/000 942 and equity investments'costs for €/000 153

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

1. The undersigned Matteo Colombini, Managing Director, and Giacomo Ricca, Corporate Accounting Reporting Officer of Orsero S.p.A., taking into account the provisions of Art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of February 24, 1998, hereby certify:

   - the adequacy, considering the Company's characteristics, and
   - the effective application of administrative and accounting procedures for the preparation of the separate financial statements during the period closed as at December 31, 2020.

2. No significant issues arose.

3. It is further certified that:

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

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

Milan, March 16, 2021

Matteo Colombini

Managing Director

Giacomo Ricca

The Reporting Officer

Notes to the Financial Statements at December 31, 2020

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

Company Structure

Orsero S.p.A. (the "Parent Company" or the "Company") is a company organized under the laws of the Republic of Italy. The company represents the Parent Company of Orsero Group, whose activities have been extensively described in the pages above with regard to the single Report on Operations. The registered office of the Parent Company is via Fantoli 6/15, Milan, Italy.
As at December 31, 2020, the Company's share capital totals Euro 69,163,340.00, divided up into 17,682,500 ordinary shares with no nominal value.
On December 16, 2019, with notice no. 8617, Borsa Italiana arranged for the admission to listing on the telematic stock market (MTA) of ordinary Orsero shares. On December 19, 2019, Borsa Italiana ordered the start-up of trading of ordinary Orsero shares on the STAR segment of the MTA, starting December 23, 2019.

Statement of compliance and preparation criteria

These Separate financial statements as at December 31, 2020, prepared on the basis that the business continues to operate as a going concern, were prepared in accordance with Art. 4, paragraph 1 of Italian Legislative Decree no. 38 of 2/28/2005 and in compliance with the International Financial Reporting Standards (IFRS), the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Commission as per the procedure envisaged by Regulation (EC) 1606/2002, issued by the European Parliament and Council in July 2002 and in force as at the reporting date, as well as with the previous International Accounting Standards (IAS). Hereinafter in the Separate Financial Statements, to simplify matters, all these standards and interpretations will together be defined as "IFRS". In preparing this document, consideration was given to the provisions of Art. 9 of Italian Legislative Decree no. 38 of 2/28/2005, the provisions of the Italian Civil Code, Consob Resolutions no. 15519 ("Provisions on the financial statements tables to be issued in implementation of Art. 9, paragraph 3 of Italian Legislative Decree no. 38 of 2/28/2005") and no. 15520 ("Amendments and supplements to the regulation setting out provisions implementing Italian Legislative Decree no. 58/1998"), both dated July 27, 2006, and those of Consob communication no. DEM/6064293 of July 28, 2006 ("Corporate disclosure of listed issuers and issuers with financial instruments disseminated amongst the public pursuant to Art. 116 of the TUF") and Art. 78 of the Issuers' Regulation. It is specified that with reference to Consob Resolution no. 15519 of July 27, 2006 on the financial statements tables, specific additional tables have been added representing the statement of financial position, the income statement, the statement of comprehensive income and statement of cash flows, highlighting significant related party transactions and the effects of non-recurring income and expense in order to avoid compromising the overall legibility of the financial statements tables.
The separate financial statements are prepared in euros, which is the functional currency of the economy in which Orsero operates; the amounts given on the accounting statements are in units of euros, whilst the data given in the notes, is in thousands of euros. These separate financial statements are compared with last year's separate financial statements, which were prepared applying the same criteria except for that described in the paragraph entitled "Accounting standards, amendments and IFRS interpretations applied starting January 1, 2020" in the notes to the Consolidated Financial Statements. It should be noted, in fact, that the accounting standards applied are in line with those adopted in preparing the separate statement of financial position at December 31, 2019, as well as the 2019 income statement, in accordance with IFRS.
The separate financial statements have been drawn up in accordance with the general historical cost principle, with the exception of financial assets and derivative instruments, which are measured at fair value. Please also note that the Directors have prepared the separate financial

statements assuming that the business will continue operating as a going concern, in accordance with paragraphs 25 and 26 of the standard IAS 1; this is possible due to the strong competitive position of the Group and the profitability and solidity of the equity and financial structure achieved. The IFRS were applied on a consistent basis with the indications provided in the "Framework for the preparation and presentation of financial statements" and no critical issues which required derogations in accordance with paragraph 19 of IAS 1, arose. Assets and liabilities are shown separately and without offsetting.
On March 16, 2021, the Board of Directors of Orsero S.p.A. approved the separate and consolidated financial statements of Orsero S.p.A. and authorized their publication. The Separate financial statements as at December 31, 2020 were audited by KPMG S.p.A.

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

The Company has adopted the following financial statements:

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

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

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

Valuation criteria

Below are the main criteria adopted for the preparation of the financial statements at December 31, 2020. When, in relation to specific events or as a result of the development of accounting practice, a change is made in the accounting standards applied in a year, the Notes are intended to provide all the appropriate explanations to allow comparison with the previous year, if necessary by providing for the correction/re-alignment of the figures of the related financial statements. Please note that in preparing the financial statements as at December 31, 2020, the same standards and the same measurement criteria were applied as used to prepare the financial statements as at December 31, 2019.

Intangible assets other than goodwill

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

Property, plant and equipment

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

Category	*Useful life*
Land	Not depreciated
Buildings	20 – 33 years
Plants	7 – 10 years
Vehicles	4 – 5 years
Furniture-fixtures	8-9 years
Office equipment	5 years

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

Leasing

The Company has a number of rental agreements in place for the use of offices. The contracts are typically entered into for from 3 to 20 or more years, but they may have an extension option. The contractual terms are individually negotiated and contain a broad array of different terms and conditions.
Starting from January 1, 2019, following the initial application of IFRS 16, the Company has recognized for all of those lease agreements, with the exception of short-term ones (i.e., lease agreements with a duration of 12 months or less which do not contain a purchase option) and those concerning low-value assets (i.e., with a unit value of lower than USD 5 thousand), a right of use at the start date of the lease, corresponding to the date on which the underlying asset is available for use. Lease payments relating to short-term and low-value contracts are recognized in the income statement as costs on a straight-line basis throughout the term of the lease.
Rights of use are valued at cost net of depreciation; the value assigned to the rights of use corresponds to the amount of the lease liabilities recognized, plus initial direct costs incurred, the lease payments settled at the contract start date or previously, recovery costs, net of any lease incentives received. Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the term of the lease, rights of use are depreciated on a straight-line basis throughout the term of the agreement. If the lease transfers ownership of the underlying asset to the Company, at the end of the lease term, it is expected that the purchase option will be

exercised or, alternatively, the right of use will be amortized during the useful life of the underlying asset, determined on the same basis as that of the category of Property, plant and equipment to which it belongs. The value of the right of use is also reduced by any impairment losses and adjusted to reflect any changes deriving from subsequent measurements of the lease liability.
The financial liability for the lease is recognized at the date on which the agreement begins for a total value equal to the present value of the lease payments to be made over the term of the agreement, determined by using an appropriate interest rate (borrowing rate - "IBR") based on the financial market conditions at the moment, the term of the lease, the currency and the company's standing. Payments due for leasing included in the measurement of lease liabilities comprise:

- fixed payments (including substantively fixed payments);
- variable payments due for the lease, which depend on an index or rate, measured initially using an index or a rate as at the start date;
- the amounts expected to be paid by way of guarantee over the residual value; and
- the exercise price of a purchase option, which the Company can reasonably expect to exercise, the payments due for leasing in an optional renewal period if the Company has the reasonable certainty that the renewal option will be exercised, and the penalty for early termination of the lease, unless the Company is reasonably certain that the lease will not be terminated early.

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

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

Contracts are included in or excluded from the application of the standard on the basis of detailed analyses carried out at individual agreement level and in line with the rules set forth in the IFRSs. The term of the lease is calculated considering the non-cancellable period of the lease as well as the periods covered by the agreement extension option if it is reasonably certain that it will be exercised, or any period covered by an option for the termination of the lease agreement, if it is reasonably certain that it will not be exercised. The Company evaluates if it is reasonably certain that it will or will not exercise the extension or termination options taking into account all the relevant factors that generate an economic incentive with respect to such decisions. The initial valuation is reviewed if a significant event takes place or there is a change in characteristics influencing the valuation itself which are under the control of the Company.
The marginal interest rates defined by the Company are revised on a recurring basis and applied to all contracts with similar characteristics, which were considered as a single portfolio of contracts. The rates are determined to simulate a theoretical marginal interest rate consistent with the contracts being assessed. The most significant elements considered in adjusting the rate are the credit-risk spread of each country observable in the market and the different term of the lease agreements. Interest rates set forth within the lease agreements are rare. Incentives for leases received by no later than the date on which the agreement begins are allocated as a direct reduction from the value of the right of use; the corresponding value reflects the money already received net of the receivable to be collected. Lease incentives agreed upon during the term of the contract are considered amendments of the original agreement measured at the amendment

date, with a resulting impact of an equal value on the value of the right of use as well as the lease liability.
When the lease liability is remeasured, the lessee proceeds to amend the right of use accordingly; if the book value of the latter is zeroed, the impact is noted on the period income statement.
In the statement of financial position, the Company shows the right of use that does not meet the definition of investment property under "Property, plant and equipment" and the lease liability under "Financial liabilities", both amongst current and non-current liabilities.

Impairment

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

Equity investments

Equity investments in subsidiaries and associates are valued at cost and written down for any impairment losses. The positive difference, arising at the time of purchase, between the acquisition cost and the share of shareholders' equity at current values of the investee attributable to the company is, therefore, included in the carrying amount of the investment. Equity investments in subsidiaries and associates are tested for impairment annually, or more frequently if necessary. The valuation method used is based on discounted cash flow or fair value, calculated as the amount obtainable from the sale of the investment in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. If there is evidence that these investments have suffered an impairment loss, this is recognized in the income statement as a write-down. If the company's share of the investee's losses, if any, exceeds the carrying amount of the investment, and the company has the obligation or intention to settle them, the value of the investment is written off and the company's share of further losses is recognized as a provision among the liabilities. If, subsequently, the impairment loss ceases to exist or is reduced, a reversal of the impairment loss is recognized in the income statement within the limits of the cost.

Non-current financial assets

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

(Non-current/current) financial assets

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

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

Initially, all financial assets are measured at fair value, increased, in the case of assets other than those at fair value with changes in the income statement of ancillary charges. It should be noted that fair value means the value of the price of the instrument in an active market; in the absence of the latter, it is determined by using a valuation technique that establishes which price the transaction would have had at the valuation date in a free exchange based on normal commercial considerations. The company determines the classification of its financial assets after initial recognition and, where appropriate and permitted, reviews said classification at the close of each financial year if the business model is changed. The recoverability of their value is verified according to the criteria set forth in IFRS 9 and described below. At the time of subscription, it is considered whether a contract contains implicit derivatives. Derivatives embedded in contracts where the primary element is a financial asset that falls under the field of application of IFRS 9 must never be segregated.
The Company must recognize a provision to cover losses for expected credit losses regarding financial assets measured at amortized cost or at fair value through comprehensive income/loss, assets deriving from contracts or commitments to disburse loans and financial guarantee contracts.
Financial assets are derecognized when the contractual rights over cash flows deriving from such expire, when the contractual rights to receive cash flows under the scope of a transaction in which substantively all risks and benefits deriving from ownership of the financial assets are transferred.
The financial assets measured at amortized cost are those financial assets held within the framework of a business model whose objective is the ownership of financial assets targeted at the collection of contractual cash flows and whose contractual terms envisage, at given maturity dates, cash flows represented solely by payments of principal and interest on the amount of principal to be returned. The measurement of financial assets at amortized cost involves the application of the effective interest rate method net of any provision for impairment, taking into consideration foreseeable future losses. This calculation includes any discount or purchase premium and includes commissions that are an integral part of the effective interest rate and transaction costs. Therefore, interest is calculated in relation to the cash value over time and the credit risk associated to the instrument during that particular period of time. Receivables and other financial assets measured at amortized cost are shown on the balance sheet net of the related provision for doubtful debt. Interest income, exchange gains and losses and impairment losses are booked to the period income statement, as are any gains or losses from derecognition from the accounts.
The financial assets at fair value with changes booked to the statement of comprehensive income are those financial assets held within the framework of a business model whose objective is achieved through both the ownership of financial assets targeted at the collection of contractual cash flows and through the sale of financial assets and whose contractual terms envisage, at given maturity dates, cash flows represented solely by payments of principal and interest on the amount of principal to be returned. These assets entail the recognition of changes in the instrument’s fair value amongst other components of comprehensive income, in shareholders' equity. The cumulative amount of changes in fair value, allocated to the equity reserve that includes other

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

Trade receivables, tax assets and other receivables

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

spanning two or more years, the entity of which varies over time, in application of the accruals accounting approach.

Cash and cash equivalents

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

Financial liabilities

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

Derivative financial instruments and hedging

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

- the hedging relationship consists solely of admissible hedging instruments and admissible hedged elements;
- At the inception of the hedging relationship there is a designation and formal documentation of the hedging relationship, the Company's risk management objectives and the hedging strategy;
- the hedging relationship meets all effectiveness requirements.

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

Treasury shares

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

Provisions

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

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

Employee benefits

Short-term benefits

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

Post-employment benefits
Company employees are assigned post-employment benefits that can be defined contribution or defined benefit pension plans and other long-term benefits, according to the conditions applied locally in the countries in which the companies operate. The liability relative to employee benefits and disbursed at or after termination of the employment contract and relative to defined benefit programs, net of any assets used for the plan, is determined on the basis of actuarial assumptions estimating the amount of future benefits that employees have accrued as at the reference date (the "projected unit credit" method). The liability is recognized on an accruals basis throughout the period for which the right is accrued and measured by an independent actuary.
The accounting of pension plans and other post-employment benefits depends on their nature.
Defined contribution plans are post-employment benefits on which basis the company pays fixed contributions to a legally different entity on a mandatory, contractual or voluntary basis, without there being any legal or implicit obligation to make additional payments if the entity does not have sufficient assets to pay all pension benefits accrued in relation to the work carried out in the current year and previous years. The contributions to be paid are recorded on the income statement through accruals accounting and classified amongst payroll costs.
Defined benefit plans are post-employment benefit plans other than defined contribution plans. The obligation to finance provisions for defined benefit pension plans and the related annual cost noted on the income statement are determined on the basis of independent actuarial valuations using the projected unit credit method, according to one or more factors such as age, years of service and future remuneration envisaged. Actuarial gains and losses relative to defined benefits plans deriving from changes in the actuarial hypotheses and adjustments based on past experience, are noted immediately in the period in which they arise in the statement of comprehensive income and are never carried as profit and loss in subsequent periods. Recognized liabilities for post-employment benefits reflect the present value of liabilities for defined-benefit plans, adjusted to consider unrecognized actuarial gains, reduced by the fair value of plan assets, where such exist. Any net assets determined by applying this calculation are entered up to the amount of the actuarial losses and the cost relating to past performance, not recognized previously, as well as the current value of repayments available and the reductions of future contributions to the plan. Costs relating to defined benefits plans are classified under payroll and related costs apart from costs relating to the increase of the current value of the obligation deriving from the approach to the time when benefits classified amongst financial expense, fall due.
As regards the Italian companies, severance indemnity due to employees in accordance with Article 2120 of the Italian Civil Code, was considered up until December 31, 2006 a defined benefits plan. The regulation of this provision has been significantly altered by Italian Law no. 296 of December 27, 2006 ("2007 Financial Law") and subsequent Decrees and Regulations. More specifically, the new provisions have required, for companies with a workforce in excess of 50 employees as at the date on which the reform is introduced, to consider severance indemnity a defined benefits plan only for portions accrued as at January 1, 2007 (and not yet liquidated as at the reporting date); after that date, it is considered as equivalent to a defined contribution plans. Consequently, the portions of severance indemnity accrued after that date take on the nature of defined contribution plans, except, therefore, for actuarial estimating components used to determine the accrued cost. The portions of severance indemnity accrued as at December 31, 2006 remain valued as defined benefits plan, according to actuarial procedures, with the calculation, however, excluding the component relative to future salary increases.

Share-based payments

The 2020-2022 LTI Plan for directors and employees recognizes a monetary 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 Group. According to the Plan, a portion of these incentives is indexed to the return on the Parent Company's shares. Services rendered and liabilities assumed have been measured at fair value in accordance with IFRS 2. This fair value is recognized in the income statement as a cost on the basis of the vesting period with a counter-entry in "other current liabilities"; also see the section "Incentive remuneration for the Top Management" in the Directors' Report on Operations.

Revenues and income

According to IFRS 15, revenues from services are recognized at the time the service is rendered, based on the stage of completion of the activity at the reporting date.
Dividend income and interest income are recognized respectively:

- dividends, in the financial year in which they are received;
- interest, applying the effective interest rate method.

Costs and charges

The costs incurred in non-homogeneous or linear manner during the year are anticipated and/or deferred at the end of the period only to the extent to which their anticipation and/or deferral complies with the accounting standards for the preparation of the annual financial statements.
Financial expenses include interest expense on financial liabilties, calculated using the effective interest method, exchange rate losses and differences. They are also recognized in the income statement at maturity.

Dividends

Dividends received are recognized when, following the adoption of a resolution by the shareholders' meeting, the right to receive payment is established, which typically coincides with collection.

Period income tax, deferred tax assets and liabilities

Current taxes are recognized and determined based on a realistic estimated taxable income in accordance with applicable tax regulations, taking account of any applicable exemptions and tax receivables due.
Deferred taxes are determined on the basis of temporary taxable or deductible differences between the carrying amount of assets and liabilities and their tax value. They are classified as non-current assets and liabilities. A deferred tax asset is recognized if it is probable that taxable income will be available against which the temporary deductible difference can be utilized.
The carrying amount of deferred tax assets is subject to periodic analysis and is reduced to the extent to which it is no longer likely that sufficient taxable income will be generated to allow the benefit of such deferred assets to be utilized.

Conversion criteria for foreign currency items

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

Use of estimates, risks and uncertainties

The preparation of the financial statements and related Notes in accordance with IFRS requires management to make estimates and assumptions that have an impact on the value of revenues,

costs of assets and liabilities of the financial statements and on the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience, other relevant factors and the information available. Therefore, the actual results achieved may differ from said estimates. The estimates and assumptions may vary from one year to the next and they are therefore reviewed periodically; the effects of any changes made to them are reflected in the income statement in the period in which the estimate is reviewed if the review only concerns that period, or possibly in subsequent periods if the review concerns both the current and future periods.
The main estimates for which the use of subjective judgments by the management is most required were used, among others, for the valuation of subsidiaries and associates, deferred taxes, provisions and the fair value of financial instruments.

Impairment test of investments

For the purposes of IAS 36, every year or if necessary more frequently if there is any indicator of impairment, the Company carries out impairment tests with respect to subsidiaries to verify the recoverability of the carrying amount of investments in order to ensure that the value recorded in the financial statements does not exceed the recoverable amount.
The solidity of the values of equity investments is verified by comparing the book values with the corresponding values in use, equal to the sum of discounted cash flows for the three-year period 2021-2023 and the terminal value that the management estimates the individual companies will be able to generate. Account was also taken of the interrelationships between the investments, in terms of the generation of largely independent cash flows, within the respective CGUs to which they belong. Only for Cosiarma, whose specific characteristics mean that it is inappropriate to calculate a terminal value, cash flow is related to the residual useful life of the ships, presently set at December 31, 2024. For the estimation of cash flows, the 2021 budget data were used on the basis of which the 2022, 2023 and Terminal Value data were determined. Only for Cosiarma, on the other hand, for the entire period 2021-2024 the Adjusted Ebitda value of the 2021 budget very close to the average value of the last six years 2015-2020 and a depreciation value such as to lead to a value of the vessels at the end of 2024 equal to their scrap value were used.
In the impairment test the use of 2021 budget data, in line with those of FY 2020, was made on the assumption of the validity of the level of performance of the Group that, belonging to staple food industry, had little or no impact from covid-19 pandemic, as widely explained in the report to these financial statements.
For discounting, the post-tax WACC is used as the discount rate, which takes into account the specific risks of the asset and reflects current market valuations of the cost of money. It is based on weighting the cost of debt and the cost of equity, calculated based on the values of companies comparable to those belonging to the Group and subject to impairment as they operate in the same business sector.
For the 2020 impairment test, as in the previous year an independent professional was appointed, a university professor, to determine the parameters applied in the test as indicated below:

	WACC	**“g” rate**
Italy CGU	7.09%	0.50%
France CGU	6.04%	1.00%
Spain CGU	6.64%	1.50%
Portugal CGU	7.04%	1.50%
Greece CGU	9.50%	1.50%
Cosiarma CGU	8.92%	n.a.

The results of the calculations showed the wide margins ("headroom") between the equity value of the investments and their carrying amounts:

Thousands of euro	WACC	"g" rate	Equity Value	Book Value financial investments	Head-room
- Italy	7.09%	0.50%	91,890	55,730	36,160
- France	6.04%	1.00%	66,718	21,466	45,252
- Spain	6.64%	1.50%	80,968	41,233	39,735
- Portugal	7.04%	1.50%	4,462	3,174	1,288
- Greece	9.50%	1.50%	4,233	2,505	1,728
- Cosiarma	8.92%	-	44,172	31,848	12,324

The sensitivity analysis was carried out highlighting, on the basis of impairment testing data, how much adjusted EBITDA should reduce, leaving unchanged the parameters of WACC and "g" rate to zero the head-room of the various CGUs, just like the WACC should come in at that value, with no change to the values of adjusted EBITDA and "g" rate, to zero the head-room and the same for the "g" rate, again remaining unchanged the adjusted EBITDA and WACC values. The table below summarizes the results of this test.

CGU	Adjusted Ebitda	WACC	"g" rate
- Italy	-13.97%	9.37%	-2.27%
- France	-46.00%	14.58%	-10.04%
- Spain	-53.71%	10.13%	-2.62%
- Portugal	-12.75%	8.72%	-0.46%
- Greece	-25.33%	14.00%	-3.98%
- Cosiarma	-22.77%	20.94%	-

Management of financial risk

IFRS 7 requires additional information to evaluate the significance of financial instruments in relation to Orsero's economic performance and financial position. This accounting standard requires a description of the objectives, policies and procedures put in place by management for the various types of financial risk (liquidity, market and credit) to which the Company is exposed, including sensitivity analysis for each type of market risk (exchange rate, interest rate, equity, commodity) and disclosures about the concentration, as well as average, minimum, and maximum exposures to the various types of risk during the reporting period, if the exposure at the end of the period was not sufficiently representative.
The Company is a holding of equity investments that assures for the benefit of all group companies the centralized management and strategic coordination, marketing and communication, HR management, IT and support services for the Finance Area, for Group companies. The following financial risks are incurred in going about its business:

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

It is reported that in relation to the market risk, Orsero S.p.A. is only subject to the interest rate risk, insofar as it does not operate with currencies other than the euro and is not subject, in respect of its holding business, to the price risk. The company's main financial instruments include current accounts and short-term deposits, as well as financial liabilities to banks in the short and long term, bond payables, liabilities due to other lenders and derivatives. The purpose is to finance the Group's operating activities. Additionally, the company has trade receivables and payables from its business activities. Management of the cash needs and related risks (mainly interest rate risk) is carried out by the centralized treasury on the basis of the guidelines defined by the Treasury

Manager with the Group CFO and approved by the Managing Director. 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 Company. The quantitative data presented below are not predictions and cannot reflect the complexity and the related reactions of markets that could derive from each hypothetical change.

Liquidity risk

The Company, as the Group's Parent Company, manages the liquidity risk with a view to ensuring the presence, on both a separate and consolidated level, of a 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 Company and the Group have also financed their investments with medium/long-term credit facilities that guarantee a liquidity position that is adequate for its core business. There is plenty of opportunity to use short-term trade credit facilities if trade working capital is needed in connection with organic growth and development.

Please also note that the Group operates in a sector that is relatively protected in terms of liquidity, insofar as there is a specific European regulation (Art. 62 of Decree Law 1/2012), which requires payments of perishable goods to be made within 30 days of the end of the month in which said goods are invoiced. This means that collection and payment terms are relatively short, precisely due to the type of goods traded. If we then also add the fact that inventories have very rapid stock rotation times and, in any case, an average of 1 or 2 weeks, we can see that the working capital cycle is virtuous and does not entail any liquidity risk in normal market operations.

The table below offers an analysis of timelines, based on contractual obligations for reimbursement, relative to financial, trade, tax and other liabilities in place as at December 31, 2020.

Thousands of euro	Balance at December 31, 2020	Within 1 year	Over 1 year and up to 5 years	Over 5 years
Bond payables	**30,000**	-	15,000	15,000
Medium- to long- term bank loans (Non - current/ current)	**37,937**	10,784	27,154	-
Other lenders (Non - current/ current) ex IFRS 16	**2,072**	207	630	1,234
Non current liabilities for derivative (Non-current/ current)	**437**	-	437	-
Payables for price balance on acquisitions (Non-current/current)	**742**	166	575	-
Other current lenders short term	**18**	18	-	-
Payables to suppliers*	**940**	940	-	-
Payables to subsidiaries*	**11,227**	11,227	-	-
Payables to related parties*	**56**	56	-	-
Current tax liabilities	**206**	206	-	-
Other current liabilities	**2,604**	2,604	-	-
Non-current/current liabilities at 31.12.2020	**86,239**	**26,209**	**43,796**	**16,234**

* These amounts are included in the balance "Payables"

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

Interest rate risk

The Company and the Group help finance their medium/long-term investments and working capital through use of credit instruments. The Group mainly uses medium-term credit facilities in euros, part of which at fixed rate and part at variable rate; a suitable partial IRS plain vanilla hedge

has been activated on the main one (2018-2024 pool loan for an original figure of Euro 60 million), with a view to mitigating the risk of fluctuation of the reference rates (Euribor) over time; instead, in the case of the only debenture loan issued, the options was chosen for an entirely fixed rate structure. As at December 31, 2020, interest rate hedges adopted by the Company cover 76% of medium/long-term variable rate loans. It is stressed that, in the Company's opinion, such choices are today very prudent, also in view of the expected medium-term evolution of reference rates in Europe. As already mentioned, this hedging is effective against interest rate rises but clearly does not cancel out the effect of any spread increases, envisaged contractually if the ratio between Net Financial Position and Adjusted EBITDA should take a turn for the worse.
Please note that at December 31, 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 FY 2020, the net financial position of Orsero dropped from Euro 54,952 thousand to Euro 49,888 thousand, in connection with the repayments made in respect of the loan for an original Euro 60 million, the recognition of the payable pursuant to IFRS 16 for an additional Euro 238 thousand and the different amount of bank balances of the companies associated with the cash pooling system. Below is the ratio of debt to equity as at December 31, 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	31/12/2020	31/12/2019
Net financial debt	49,888	54,952
Total shareholders'equity	147,591	142,723
Ratio	**0.34**	**0.39**

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

Thousands of euro	31/12/2020	31/12/2019
Total medium- to long- term bank loans (A)	**67,938**	**78,679**
of which fixed rate	58,724	68,208
Percentage - fixed rate	86.4%	86.7%
of which floating rate	9,214	10,472
Percentage - floating rate	13.6%	13.3%
Total other indebtedness (B)	**18**	**272**
Total indebtedness (A)+(B)	**67,956**	**78,951**
Percentage - fixed rate	86.4%	86.4%
Percentage - floating rate	13.6%	13.6%

As mentioned, the Group has taken out IRS hedges on the original loan of Euro 60 million, equal to 76% of its value. If the reference rates should be increased by the European Central Bank, it is considered that the Company and Group would not suffer from any particularly severe impacts with respect to the present state.

Below is the sensitivity analysis on the effect of a greater value of interest rates on variable rate, medium-term bank debt. This table shows, in relation to the interest linked to medium/long-term bank loans, the greater expenses that would be incurred, in the reference period, if interest rates should rise between 25 and 100 basis points:

Thousands of euro	**31/12/2020**	**31/12/2019**
Evolution of financial charges		
- on fixed rate bank loans	(1,110)	(1,110)
- on fixed rate bank loans related to liabilities for derivative	(681)	(803)
- on floating rate bank loans	(136)	(134)
- on bank overdrafts and other financial liabilities	-	(11)
- amortizing interests	(167)	(212)
Total	**(2,094)**	**(2,270)**

Thousands of euro	**31/12/2020**	**31/12/2019**
In the balance sheet	(136)	(134)
+ 25 bp	(26)	(29)
+ 50 bp	(51)	(58)
+ 75 bp	(77)	(87)
+ 100 bp	(103)	(117)

Credit risk

The Company has a limited degree of exposure to the credit risk, for the most part deriving from transactions with Group companies meaning that the risk is low that any delays or non-payments made by them should have a negative impact on Orsero's economic, equity and financial position. Receivables and payables include loans, either made and received, with respect to subsidiaries also through the cash pooling system and short-term loans, whose balances at December 31, 2020 amount to Euro 44,425 thousand of receivables and Euro 9,634 thousand of payables. The table below provides a breakdown of receivables as at December 31, 2020, grouped by past-due, net of the provision for doubtful debt:

Thousands of euro	**At December 31, 2020**	**To expire**	**Overdue within 30 days**	**Overdue between 31-90 days**	**Overdue between 91-120 days**	**Overdue over 120 days**
Gross receivables	49,106	48,941	-	20	15	130
Provision for bad debts	-	-	-	-	-	-
Receivables	**49,106**	**48,941**	**-**	**20**	**15**	**130**

Transactions deriving from non-recurring transactions

In accordance with the Consob Communication of July 28, 2006, it is specified that in 2020 the Company incurred costs relating to non-recurring transactions. In accordance with Consob Communication no. 15519 of February 28, 2005, please note that "Other operating income/expense" include expenses of Euro 979 thousand linked to top management incentives. For more details, refer to the Note 19 "Other operating revenues/expense" and Annex 2 "Financial statements tables stated in accordance with Consob Resolution 15519/2006".

Transactions deriving from atypical and/or unusual transactions

In compliance with the provisions of the Consob Communication of July 28, 2006, in FY 2020, the Company did not implement any atypical and/or unusual transactions.

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

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

NOTE 1. Intangible assets other than goodwill

Thousands of euro	Intellectual property rights	Concessions, licenses and trademarks	Assets in progress and advances	Other intangible assets	Total
Carrying amount	**378**	**6**	**-**	**-**	**384**
Accumulated amortization	**(203)**	**(1)**	**-**	**-**	**(203)**
Carrying amount at December 31, 2019	**176**	**5**	-	-	**181**
Change of year:	-	-	-	-	-
Investments	27		-	-	27
Disposal - Carrying amount		-	-	-	-
Disposal - accumulated amortization	-	-	-	-	-
Reclassification - carrying amount	(125)	-	-	-	(125)
Reclassification - accumulated amortization	125	-	-	-	125
Impairment losses	-	-	-	-	-
Translation differences - carrying amount	-	-	-	-	-
Translation differences - accumulated amortization	-	-	-	-	-
Amortization	(56)	(1)	-	-	(57)
Carrying amount	**281**	**6**	**-**	**-**	**286**
Accumulated amortization	**(134)**	**(1)**	**-**	**-**	**(135)**
Carrying amount at December 31, 2020	**147**	**4**	**-**	**-**	**151**

Intangible assets other than goodwill have increased by Euro 27 thousand. The increase is due to the costs incurred for an implementation of the information system aimed at optimizing treasury management which came into operation in 2019 for Euro 6 thousand; for the difference, during the year an intranet channel of corporate communication was implemented and completed, through which the company keeps employees informed of relevant events and where it is possible for them to access the main personal data or interface with the different corporate areas.
The Company did not incur any expenses for research in 2020.

Intellectual property rights

The item includes costs incurred for the Company's software programs and licenses, amortized on a straight-line basis over 5 years or based on the duration of the related license, with a residual value of Euro 147 thousand (Euro 176 thousand at December 31, 2019). During the year, amortization of Euro 56 thousand was applied on the software mentioned above.

Concessions, licenses and trademarks

Concessions, licenses, trademarks and similar rights are amortized on a straight-line basis over 10 years; they have a balance of Euro 4 thousand, in respect of period amortization of Euro 1 thousand.

NOTE 2. Property, plant and equipment

Thousands of euro	Lands and buildings	Plantations	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets in progress and advances	Total
Carrying amount	**2,258**	**-**	**-**	**-**	**1,745**	**-**	**4,003**
Accumulated depreciation	**(176)**	**-**	**-**	**-**	**(1,080)**	**-**	**(1,256)**
Balance at December 31, 2019	**2,081**	**-**	**-**	**-**	**665**	**-**	**2,746**
Change of year:							
Investments	238	-	-	-	319	-	**556**
Disposal - Carrying amount		-	-	-	(194)	-	**(194)**
Disposal - accumulated depreciation		-	-	-	122	-	**122**
Reclassification - Carrying amount	-	-	-	-	-	-	**-**
Reclassification - accumulated depreciation	-	-	-	-	-	-	**-**
Impairment losses	-	-	-	-	-	-	**-**
Translation differences - carrying amount	-	-	-	-	-	-	**-**
Translation differences - accumulated depreciation	-	-	-	-	-	-	**-**
Depreciation	(213)	-	-	-	(235)	-	**(448)**
Carrying amount	**2,495**	**-**	**-**	**-**	**1,870**	**-**	**4,365**
Accumulated depreciation	**(389)**	**-**	**-**	**-**	**(1,193)**	**-**	**(1,582)**
Balance at December 31, 2020	**2,106**	**-**	**-**	**-**	**677**	**-**	**2,783**

At December 31, 2020, property, plant and equipment totaled Euro 2,783 thousand, marking a net decrease of Euro 37 thousand compared to the previous year due to the following events:

- on April 1, 2020, the Company signed a lease agreement for an apartment in Milan, as tenant, to be used as guest quarters, recording additional assets for rights of use for Euro 194 thousand, in addition to those already existing and entirely related to the use of office buildings, with an upward adjustment of Euro 44 thousand. The related annual amortization share comes to Euro 213 thousand;
- investments for Euro 319 thousand, including vehicles for Euro 246 thousand, electronic equipment for Euro 29 thousand, furnishings for Euro 10 thousand, equipment for Euro 28 thousand and telephony for Euro 5 thousand;
- period depreciation of "Other tangible assets" of Euro 235 thousand;
- disposals of assets (at book value) for Euro 194 thousand (depreciated for Euro 122 thousand), represented by disposals of company cars for Euro 186 thousand and electronic office machines for Euro 6 thousand.

Land and buildings

This item includes buildings, in terms of carrying amount, for Euro 2,495 thousand (Euro 2,258 thousand in 2019), depreciated at 3% and refers to the extraordinary maintenance work carried out at the company's new headquarters in Milan and the already-mentioned incorporation of the IFRS 16 effects relative to the corporate office mentioned above and the administrative complex in Albenga, leased sites, and a property for use as guest quarters located in Milan, the contract of which was formalized during the year.

Other tangible assets

The item mainly includes the following assets held by the Company, in terms of carrying amount:

- corporate cars for Euro 812 thousand (Euro 752 thousand in 2019) and depreciated at 25%;
- furniture and fixtures for Euro 529 thousand (Euro 519 thousand in 2019) and depreciated at 12%;

- office equipment for Euro 376 thousand (Euro 354 thousand in 2018) and depreciated at 20%;
- equipment for Euro 42 thousand (Euro 14 thousand in 2019) and depreciated at 12%;
- mobile telephones for Euro 39 thousand (Euro 34 thousand in 2019) and depreciated at 20%;
- small plants for Euro 42 thousand (Euro 40 thousand in 2019) and depreciated at 15%.

IFRS 16 – Leases

The Parent Company applied IFRS 16 as at January 1, 2019 using the modified retrospective approach and in accordance with it has recorded the "Right of use" under "Property, plant and equipment" within each category to which it belongs. Details are provided of changes in the amount of rights of use recognized by the company for FY 2020.

Thousands of euro	Lands and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total
Carrying amount	**2,187**	**-**	**-**	**-**	**2,187**
Accumulated depreciation	**(171)**	**-**	**-**	**-**	**(171)**
Balance at December 31, 2019	**2,016**	**-**	**-**	**-**	**2,016**
Change of year:					
Changes of consolidated companies	-	-	-	-	-
Investments	238	-	-	-	-
Depreciations	(211)	-	-	-	(211)
Carrying amount	**2,425**	**-**	**-**	**-**	**2,425**
Accumulated depreciation	**(382)**	**-**	**-**	**-**	**(382)**
Balance at December 31, 2020	**2,043**	**-**	**-**	**-**	**2,043**

At the date of initial application (January 1, 2019), Euro 2,187 thousand was recognized for the financial lease liability, equal to the present value of the discounted residual payments. Repayments of Euro 161 thousand were made in 2019. At December 31, 2020, financial liabilities amounted to Euro 2,072 thousand, against increases of Euro 238 thousand and payments of Euro 192 thousand.

At December 31, 2020, the weighted average interest rate on the outstanding contracts is 2.12%.

For the Parent Company, the application of IFRS 16 resulted in an increase in the net financial position of Euro 2,072 thousand and an impact on Adjusted Ebitda of Euro 236 thousand compared to Euro 196 thousand in FY 2019.

At December 31, 2020, the Company verified there were no internal or external indicators of possible impairment for its tangible assets. Consequently, the value of tangible assets has not been subject to impairment testing.

NOTE 3. Equity investments

Thousands of euro	Investments in subsidiaries	Investments in associates	Investments in other companies	Total
Carrying amount	**293,890**	**2,962**	**3,963**	**314,814**
Accumulated provision on investments	**(130,980)**	**(179)**	**(3,961)**	**(149,120)**
Balance at December 31, 2019	**162,910**	**2,783**	**1**	**165,694**
Change of year:				
Additional/Capital increase	1,624	-	-	1,624
Divestments and disposals-carrying amount	(784)	-	-	(784)
Divestments and disposals-accumulated provision on investments	784	-	-	784
Impairment losses/Using fund to cover losses	-	-	-	-
Repayments to Shareholders loan	(6,600)	-	-	(6,600)
Reversal of impairment loss	-	-	-	-
Reclassification-carrying amount	624	(624)	-	-
Reclassification-accumulated provision on investments	-	-	-	-
Carrying amount	**288,754**	**2,338**	**3,963**	**315,655**
Accumulated provision on investments	**(130,196)**	**(179)**	**(3,961)**	**(154,934)**
Balance at December 31, 2020	**158,559**	**2,159**	**1**	**160,719**

Equity investments totaled Euro 160,719 thousand at December 31, 2020, with a net decrease of Euro 4,975 thousand due to the changes reported in the table above and detailed below.
During the year, the subsidiary Cosiarma S.p.A. repaid a portion of the capital account shareholders' loan, amounting to Euro 6,433 thousand, and Moncada S.r.l. repaid Euro 167 thousand on the same basis.
The only direct acquisition regarded the 50% not already owned of the investee Moncada S.r.l.; as set forth in the agreement, as consideration for the acquisition, Orsero transferred to the seller 176,825 Orsero shares, in its portfolio and equal to 1% of the share capital, valued for accounting purposes at the weighted average price of the Orsero shares recorded in the MTA on July 29 (day on which the agreement was signed), equal to Euro 5.8021 per share with a value of Euro 1,026 thousand. Furthermore, aside from the fixed part, the agreement calls for variable consideration in cash deferred until 2030, for a maximum of Euro 499 thousand, payable in three tranches of equal amounts subject to the company achieving positive results. At the same time as the above transaction, 50% of Moncada S.r.l. was reclassified from associated companies to subsidiaries for Euro 624 thousand.
There were no revaluations in 2020.

Impairment test of investments

Impairment regarding the equity investments held by Orsero has already been discussed in the paragraph on impairment testing in this report.

NOTE 4. Non-current financial assets

Thousands of euro	31.12.2020	31.12.2019	Change
Non-current financial assets	**37**	**23**	**14**

The item in question includes amounts paid to suppliers as deposits.

NOTE 5. Deferred tax assets

Thousands of euro	31.12.2020	31.12.2019	Change
Deferred tax assets	**1,327**	**2,009**	**(682)**

Deferred tax assets are allocated, where their future recovery is probable, on temporary differences, subject to early taxation, between the value of assets and liabilities for statutory purposes and the value of the same for the purposes of taxation and on prior tax losses that can be carried forward. Deferred tax assets as at December 31, 2020, amounting to Euro 1,327 thousand (Euro 2,009 thousand at December 31, 2019), relate to IAS-IFRS transition entries, such as, for example, the liquidation of investments in intangible assets per IAS 38, or the determination of the liabilities for employee benefits according to the actuarial methodology, in addition to costs that are not deductible for the current year, but will be deductible in subsequent years, and future uses of prior losses as part of the tax consolidation scheme.
The reduction of Euro 682 thousand in 2020 is mainly attributable to the payment of the amount envisaged by the long-term incentive plan based on ordinary shares of the Company, known as the "Orsero S.p.A. Stock Grant Plan", in favor of Orsero's executive directors and certain key managers, linked to the achievement of objectives set over the three-year period 2017-2019; this event generated a reduction in the deferred tax assets of Euro 730 thousand.
This accounting item represents deferred tax assets on: prior year losses of Euro 1,000 thousand, expenses for certification of the financial statements pertaining to future tax years in the amount of Euro 13 thousand, trademarks not recorded in the financial statements in the amount of Euro 31 thousand, differential for the application of IAS 19 to employee severance indemnity in the amount of Euro 156 thousand, differential on fair value swaps in the amount of Euro 105 thousand, and bonuses to top management not relevant for tax purposes of Euro 23 thousand.
For more information on the breakdown of this item, please refer to Note 22 "Income Taxes".

NOTE 6. Receivables

Thousands of euro	31.12.2020	31.12.2019	Change
Trade receivables from third parties	7	7	-
Receivables from subsidiaries	48,923	37,674	11,249
Receivables from related parties	175	175	-
Provision for bad debts	-	-	-
Receivables	**49,106**	**37,856**	**11,249**

All receivables are due within one year and derive from normal transactions implemented with the Group companies. There are no receivables due beyond five years.
The balance of receivables at December 31, 2020 from subsidiaries refers mainly to financial receivables due within one year for Euro 44,425 thousand, consisting of treasury current accounts for Euro 37,175 thousand and interest-bearing loans granted to AZ France S.A.S. for Euro 5,000 thousand, Eurofrutas S.A. for Euro 2,000 thousand and Moncada S.r.l. for Euro 249 thousand. The balance also includes receivables from the national tax consolidation system for Euro 3,835 thousand. The remaining part consists of trade receivables. The increase from December 31, 2019 reflects the change in cash pooling accounts during the year.
Receivables from related parties relate to:

- Nuova Beni Immobiliari S.r.l. Euro 83 thousand, of which Euro 23 thousand represented by invoices issued, all trade receivables;
- Business Aviation Sector Euro 69 thousand, of which Euro 52 thousand represented by invoices issued, all trade receivables;
- Argentina S.r.l. Euro 1 thousand, trade;

- FIF Holding S.p.A. Euro 22 thousand, of which Euro 12 thousand represented by invoices issued, all trade receivables;

At December 31, 2020, the item increased by Euro 11,249 thousand.

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

Thousands of euro	31.12.2020	31.12.2019	Change
Italy	41,988	32,784	9,204
Eu countries	7,116	5,072	2,045
Non-Eu countries	-	-	-
Receivables	**49,106**	**37,856**	**11,250**

NOTE 7. Current Tax assets

Thousands of euro	31.12.2020	31.12.2019	Change
For value added tax	307	922	(615)
For tax advances paid in the current year	-	-	-
For taxes to be reimbursed	471	1,452	(981)
Other receivables	145	100	45
Current tax assets	**924**	**2,474**	**(1,550)**

At December 31, 2020, tax receivables show a decrease of Euro 1,550 thousand.
The item "Receivables for taxes to be reimbursed" includes Euro 104 thousand for the IRES reimbursement request for 2004-2005 pursuant to art. 6 of Decree Law 11/29/2008 and converted by law no. 2 of 01/28/2009 presented as consolidating entity; Euro 151 thousand in receivables arising from the submission of the reimbursement request pursuant to art. 2, paragraph 1-quater of Decree Law 201/2011 for the years 2007, 2009, 2010 and 2011 as the Company was the consolidating entity; during the year, the receivable described above was collected in the amount of Euro 877 thousand and at that time, contact was made with the responsible offices of the Italian Revenue Agency to check on the timing for the receipt of the remaining receivable. It should be noted that the same residual receivable amount mentioned above will have to be recognized to the companies that adhered to the national tax consolidation procedure at the time (payables to subsidiaries). This financial statement item also includes Euro 12 thousand for reimbursement requests for VAT-Auto for 2006, 2007, and 2008. The items already requested for reimbursement for various purposes and described in the paragraph above remained unchanged with respect to the accounting situation in the previous year, while the items relating to advances paid in the current and previous years refer instead to receivables arising from the application of the national tax consolidation system.

NOTE 8. Other receivables and other current assets

Thousands of euro	31.12.2020	31.12.2019	Change
Advances to suppliers	-	-	-
Other receivables	41	120	(80)
Accruals and pre-payments	318	199	119
Current financial assets	16	16	-
Other receivables and other current assets	**374**	**335**	**39**

As at December 31, 2020, the item showed an overall increase of Euro 39 thousand, mainly related to prepayments of Euro 316 thousand, mostly for insurance costs and fees paid to company's corporate bodies. This item also includes accrued income of Euro 1 thousand referring to revenue

for the year for contributions relating to employee training courses; the difference relates almost entirely to the balance of prepaid credit cards used by employees and receivables for miscellaneous positions duly collected the following year.
The balance was not affected by the outstanding receivable from the related party, Argentina S.r.l., for Euro 8,000 thousand, as it is entirely written off.
The item "Accruals and pre-payments" refers to normal allocations for the recognition and correct allocation of costs related to the following year, typically services, insurance and guarantee expenses, leases, interests.

NOTE 9. Cash and cash equivalents

Thousands of euro	31.12.2020	31.12.2019	Change
Cash and cash equivalents	21,302	26,728	(5,426)

The balance reflects the positive current account balances of the Company and the Italian Group companies associated with the cash pooling system. The balance at December 31, 2020 represents cash of Euro 8 thousand and the balance of ordinary bank accounts for Euro 21,295 thousand.
The change in the item can be analyzed in detail in the cash flow statement.

NOTE 10. Shareholders' Equity

The share capital at December 31, 2020, fully paid in, consists 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' meeting. The shareholders' equity as at December 31, 2020 increased when compared to December 31, 2019 due essentially to the profit attributable to owners of the parent in 2020, also taking into account the method of paying the dividend in the form of shares already held by the Company which therefore had no effect on the level of shareholders' equity. The statement of changes in shareholders' equity provides all information explaining the changes taking place in 2020.
At December 31, 2020, Orsero held 152,514 treasury shares, equal to 0.86% of the share capital, for a value of Euro 942 thousand, 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 in the current year 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. In 2020 the Parent Company acquired a total of 140,000 treasury shares at an average price of Euro 6.08 per share for a total of Euro 851 thousand and transferred 176,825 treasury shares to the company Salvatore Moncada S.r.l. as part of the acquisition of 50% of the company Moncada Frutta S.r.l. As at December 31, 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.
The share premium reserve comes to Euro 77,438 thousand at December 31, 2020, whilst the legal reserve is Euro 396 thousand.
The reserve of cash flow hedges, recognized for Euro 332 thousand, reflects the positive change relating to the adjustment to fair value as at December 31, 2020 net of the tax effect with indication thereof in the statement of comprehensive income of the derivative on the interest rates for Euro 30 thousand, accounted for with the cash flow hedging method.
The reserve from the remeasuring of Defined benefits plans, established in compliance with the application of IAS 19, changed by Euro 312 thousand on December 31, 2019.
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 was May 11, 2020, the record date was May 12 and payments began on May 13, 2020.
Below is the table with the possibility of use of the various items of equity and the summary of uses in the last three years:

Thousands of euro	Amount	Possible utilizations	Portion available	Summary of utilizations in the three previous years: For loss coverage	For other reasons
Share Capital*:	**68,068**				
- Share Capital	**69,163**				
- Treasury share reserve	(942)				
- Equity investments'costs reserve	(153)				
Capital reserves:					
Share premium reserve	77,438	A,B	77,438		
Merger surplus reserve***	12,051	A,B,C	12,051	1,195	
Incorporation differences***	(18,221)				
Revenue reserves:					
Legal reserve	396	B	396		
Extraordinary reserve***	2,038	A,B,C	2,038		
Reserve of cash flow hedges	(332)				
Others***	(1,560)	B			
Retained earning/(losses)	2,700	A,B,C	2,700		
Net profit	5,012	A,B,C	5,012		
Total Shareholders' equity	**147,591**		**99,636**	**1,195**	**-**
Non-distributable portion**	78,836				
Residual distributable portion	18,099				

(*) net of treasury shares for €/000 942 and equity investments'costs for €/000 153

(**) It includes the portion of net profit ex art. 2430 cc

(***) Included in the item "Other reserves". In the amount "Others" is included the "Remeasurement of defined benefit plans reserve"

Legend:

A: for capital increase

B: for loss coverage

C: for distribution to shareholders

The statement of changes in equity annexed to the financial statements illustrates the changes between the two years of the individual reserve items, with particular regard to changes in the share capital, share premium reserve, and treasury share reserve,

NOTE 11. Financial liabilities

In order to facilitate the understanding of the Company's financial exposure, making the information simpler and of better quality, the data was provided not following the non-current/current distinction, but based on the nature of the payable, within which the non-current/current components are specified.
The financial exposure is as follows:

Thousands of euro	31.12.2020	31.12.2019	Change
Bond payables (over 12 months)	30,000	30,000	-
Non - current medium term bank loans (over 12 months)	27,154	37,937	(10,784)
Non current payables for price balance on acquisitions	575	243	332
Non current liabilities for derivative (over 12 months)	437	476	(39)
Non - current other lenders (over 12 months) ex IFRS 16	1,864	1,872	(8)
Non - current financial liabilities	**60,030**	**70,529**	**(10,499)**
Current medium term bank loans	10,784	10,742	42
Bank overdrafts	18	-	18
Payables on acquisitions price balance	166	-	166
Current other lenders	-	272	(272)
Current other lenders ex IFRS 16	207	154	54
Current financial liabilities	**11,176**	**11,167**	**9**

The change in FY 2020 of a total of Euro 10,490 thousand (between non-current and current) reflects the primary components, mostly related to medium-term loans, as detailed below:

- the payment by the Parent Company of the June 30 and December 31 installment of Euro 10,909 thousand on the pool loan, along with Euro 167 thousand accounted for as implicit interest deriving from the recognition of the item with the amortized cost method. Please recall that at December 31, a hedge is in place on 76% of that loan against interest rate fluctuations, for which the mark to market value is Euro 437 thousand. Please note that this loan is subject to covenants calculated as the ratio between the net financial position and Adjusted EBITDA and the net financial position and shareholders' equity at the reporting date, which were fully respected;
- the recognition of Euro 1,110 thousand in interest on the debenture loan for Euro 30,000 thousand. Please also note that the debenture loan calls for compliance with the financial covenants, such as the ratio of net financial position and Adjusted EBITDA and the net financial position and shareholders' equity at the reporting date; as at this date, full compliance was noted; the portion of this interest accrued but not yet paid insofar as not yet due, is entered amongst other current liabilities and comes to Euro 265 thousand;
- a payable of Euro 499 thousand is recorded relating to the price still to be paid for the acquisition of the investment in Moncada S.r.l.;
- other financial payables includes the IFRS 16 component of Euro 2,072 thousand, entirely deriving from the opening determination of the liability as per the balance as at January 1, 2020, already net of repayments during FY 2020 for Euro 192 thousand and the increase deriving from the new lease agreement entered into for Euro 194.
- financial payables also include the changes of Euro 39 thousand in the mark-to-markets of the hedging derivatives on interest rates (negative mark-to-market equal to Euro 437 thousand);

The timeframe of medium-term debt to banks and other lenders at December 31, 2019 and December 31, 2020 is detailed in the following table, organized in two columns (due in 2021 and due beyond December 31, 2021, in turn broken down by amounts due by December 31, 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	2020	> 31.12.2020		2021-2024	> 31.12.2024
Bond payables (Non-current/current)	30,000	-	30,000		10,000	20,000
Medium term bank loans (Non - current/ current)	48,679	10,742	37,937		37,937	-
Other lenders (Non - current/ current) ex IFRS 16	2,026	154	1,872		552	1,320
Liabilities for the derivatives (Non-current/current)	476	-	476	as follows:	476	-
Bank overdrafts	272	272	-		-	-
Payables on acquisitions price balance	243	-	243		243	-
Short-term payables to banks	-	-	-		-	-
Financial liabilities at 31.12.2019	**81,696**	**11,168**	**70,528**		**49,208**	**21,320**

Thousands of euro	Total	2,021	> 31.12.2021		2022-2025	> 31.12.2025
Bond payables (Non-current/current)	30,000	-	30,000		15,000	15,000
Medium term bank loans (Non - current/ current)	37,937	10,784	27,154		27,154	-
Other lenders (Non - current/ current) ex IFRS 16	2,072	207	1,864		630	1,234
Liabilities for the derivatives (Non-current/current)	437	-	437	as follows:	437	-
Other current lenders short term	-	-	-		-	-
Payables for price balance on acquisitions (Non-current/current)	742	166	575		575	
Bank overdrafts	18	18	-		-	-
Financial liabilities at 31.12.2020	**71,206**	**11,176**	**60,030**		**43,796**	**16,234**

At December 31, 2020, there was a hedge on the interest rates, the mark to market of which is negative at the reporting date and equal to Euro 437 thousand. Its negative fair value was recognized under non-current financial liabilities with a counter-entry in a specific equity reserve ("Other comprehensive income").
Please note that the pool loan contract for Euro 60 million and the debenture loan envisage compliance with financial and equity covenants, summarized in the table below. As mentioned, the covenants regarded the Net Financial Position prior to application of IFRS 16. Such covenants were respected in full at the reporting date. It is also noted that both loans are subject to change of control clauses.

Thousands of euro	Duration	Period	Parameter	Limit	Respected
Bond payables 30 M€	2018-2028	Annually/ Half-yearly	Net financial position / Total Shareholders' Equity	<1,25	Yes
Bond payables 30 M€	2018-2028	Annually/ Half-yearly	Net Financial Position / Adjusted Ebitda	<3,00	Yes
Bond payables 30 M€	2018-2028	Annually/ Half-yearly	Adjusted Ebitda/ Net financial expenses	>5	Yes
Pool loan 60 M€	2018-2024	Annually	Net financial position / Total Shareholders' Equity	<1,5	Yes
Pool loan 60 M€	2018-2024	Annually	Net Financial Position / Adjusted Ebitda	<3,00	Yes

The table below shows the Net Financial Position of the Company as at December 31, 2020 according to the instructions outlined in 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".

	Thousands of euro	31/12/2020	31/12/2019
A	Cash and cash equivalent	21,302	26,728
B	Other liquid assets	-	-
C	Current financial assets	16	16
D	**Liquidity (A+B+C)**	**21,318**	**26,744**
E	**Current financial receivables**	**-**	**-**
F	Current bank payables	(18)	-
G	Current portion of non-current debt	(10,784)	(10,742)
H	Other current financial payables *	(374)	(425)
I	**Current financial debt (F+G+H)**	**(11,176)**	**(11,167)**
J	**Net current financial debt (I-E-D)**	**10,142**	**15,577**
K	Non-current bank payables	(27,154)	(37,937)
L	Bonds	(30,000)	(30,000)
M	Other non-current financial payables*	(2,876)	(2,591)
N	**Non-current financial debt (K+L+M)**	**(60,030)**	**(70,529)**
O	**Net financial debt in accordance with ESMA (J+N)**	**(49,888)**	**(54,952)**

* Other current financial payables and other non-current financial payables include moreover finance lease IAS 17, factoring with recourse, payables for price balance on acquisitions, mark to market of liabilities for the derivatives, possible shareholder loan and debt one-off, in addition to debt ex IFRS 16 for euro 1,864 thousands (Non-current) and euro 207 thousands (Current).

It is noted that the above ESMA prospectus does not take into account the net credit balance of Euro 27,542 thousand relative to the cash pooling with the Group's Italian companies.
In terms of changes in liabilities as a result of financing activities, information is provided that allows users of the financial statements to evaluate the changes that occurred in compliance with IAS 7.

Liabilities from financing activities	31/12/2019	New loans	Payments	Cash Flow	Derivatives	31/12/2020
Current financial assets	(16)	-	-	-	-	(16)
Total financial assets	**(16)**	**-**	**-**	**-**	**-**	**(16)**
Bond payables (over 12 months)	30,000	-	-	-	-	30,000
Non-current medium term bank loans	48,679		(10,742)	-	-	37,937
IFRS 16 Effect	2,026	238	(192)	-	-	2,072
Current liabilities for the derivatives	476	-	-	-	(39)	437
Current other lenders short term	272	-	-	(272)	-	-
Payables for price balance on acquisitions (Non-current-current)	243	499	-	-	-	742
Current financial assets	-	-	-	18	-	18
Total financial liabilities	**81,680**	**737**	**(10,934)**	**(254)**	**(39)**	**71,190**

NOTE 12. Provisions

Thousands of euro	31.12.2020	31.12.2019	Change
Provisions	**520**	**520**	**-**

As at December 31, 2020, note exclusively the recognition of Euro 520 thousand during the previous year, following careful assessment by Directors, according to the assumed outlay for the enforcement of the guarantee provided in the past in favor of K-Air. The allocation recognized in the provisions, which represents the estimate of future cash outflows prepared also based on historical experience, was not subject to actuarial valuation since the effect was considered negligible in the separate financial statements. The booked results shows the present provision made for risks by the Company in compliance with IAS 37, which rules that directors must make provisions on the financial statements only if the risk is held to be probable and quantifiable, thereby aiming to express the most truthful and correct situation possible.

NOTE 13. Employee benefits liabilities

Thousands of euro	Employees benefits liabilities
Balance at December 31, 2019	**1,745**
Change of year:	
Revaluation	179
Benefits paid and transferred	-
Interest cost	(5)
Gain/(losses) resulting from changes in actuarial assumptions	411
Other changes	43
Balance at December 31, 2020	**2,373**

The liabilities for employee benefits, in accordance with national regulations, essentially include the employee severance indemnity accrued by employees in service at December 31, net of advances paid to employees. In accordance with IAS 19, the liability for employee benefits is measured using the actuarial valuation methodology, through the support of an external specialist, and adjusted in relation to the occurrence of relevant events. The main financial and demographic assumptions used in determining the present value of the liability relative to the liability for employee benefits, are described below.

Discount rate	Curva Euro Composite AA al 31.12.2020
Inflation rate	1.50%
Salary increases (included inflation)	1.00%
Mortality rate	SIMF 2019
Access to retirement	Minimum access requirements required by Monti-Forner Law
Probability of termination	6,3%

The changes for 2020 are provided herein, calculated using actuarial valuation. The equity adjustment for actuarial gains/losses includes an actuarial loss of Euro 411 thousand, gross of the tax effect of Euro 99 thousand, thus obtaining a net effect of Euro 312 thousand. Actuarial gains and losses are recognized in shareholders' equity through the comprehensive income statement.

NOTE 14. Payables

Thousands of euro	31.12.2020	31.12.2019	Change
Payables to suppliers	940	2,104	(1,163)
Payables to subsidiaries	11,227	7,682	3,545
Payables to related parties	56	99	(43)
Payables	**12,223**	**9,884**	**2,339**

At December 31, 2020, this item had a balance of Euro 12,223 thousand (Euro 9,884 thousand at December 31, 2019); the increase is Euro 2,339 thousand. Furthermore, note that:

- payables to suppliers refer entirely to business relationships related to the Company's ordinary activities;
- payables to subsidiaries are mainly financial payables, comprising treasury current accounts for Euro 9,634 thousand, payables for IRAP reimbursement request for Euro 295 thousand, payables for the tax consolidation system for Euro 973 thousand, and trade payables for Euro 325 thousand. The increase from December 31, 2019 is due to changes in group cash pooling relationships.

There are no trade payables with a residual maturity of more than 5 years recognized in the financial statements. At December 31, 2019 and December 31, 2020, there were no outstanding payables of significant amount, nor did the Company receive injunction decrees for past due payables. Payables to related parties relate to:

- Business Aviation sector Euro 56 thousand, of which Euro 34 thousand resulting from the sale of the sector in preparation for the conclusion of the Significant Transaction which took place in 2017, extinguished in part (Euro 1,117 thousand) during 2019, and the remainder from commercial relations.

Thousands of euro	31.12.2020	31.12.2019	Change
Italy	12,192	9,880	2,312
EU countries	31	4	27
Non-Eu countries	-	-	-
Payables	**12,223**	**9,884**	**2,339**

NOTE 15. Current tax liabilities

Thousands of euro	31.12.2020	31.12.2019	Change
For withholding tax	206	161	45
Current tax liabilities	**206**	**161**	**45**

At December 31, 2020, the item under review showed a change of Euro 45 thousand, an increase compared to the previous year. The withholding amount of Euro 206 thousand consists of Euro 205 thousand for employees and Euro 1 thousand for professionals; all amounts are regularly paid. There are currently no past due amounts related to the item in question.

NOTE 16. Other current liabilities

Thousands of euro	31.12.2020	31.12.2019	Change
Payables to personnel	1,832	685	1,147
Other current payables	254	453	(199)
Towards Public Social Security Bodies	229	173	56
Accrued expenses and deferred income	288	6	282
Other current liabilities	**2,604**	**1,317**	**1,287**

At December 31, 2020, the item "Other current liabilities" had a balance of Euro 2,604 thousand, an increase from the previous year. Payables to personnel relate to current items for December for Euro 153 thousand and LTI/MBO bonuses for Euro 877 thousand, as well as accrued and unused holidays for Euro 647 thousand and 14th month accruals for Euro 155 thousand.

In terms of the income statement, the result of the Parent Company is of limited relevance as the revenue side is essentially linked to the services provided to the Group and the collection of dividends, while on the cost side, personnel costs and promotional expenses of the brand are the most significant components, which result in a negative Adjusted EBITDA value; therefore, the discussion in relation to the consolidated income statement is much more relevant. Adjusted Ebitda recorded a negative change of Euro 1,246 thousand mainly due to the change in the management of trademarks (more than offset below the Adjusted Ebitda by the increase in dividends) and an increase in labor costs, only partially offset by an increase in services offered to Group companies.

NOTE 17. Net sales

Thousands of euro	31.12.2020	31.12.2019	Change
Consulting services	1,417	2,510	(1,093)
Cost recovery	510	516	(5)
Net sales	**1,928**	**3,026**	**(1,097)**

As at December 31, 2020, total revenues amounted to Euro 1,928 thousand, consisting of Euro 1,417 thousand for services and Euro 510 thousand for cost recovery. Consulting services relate entirely to consulting provided by company personnel regarding administrative, fiscal, corporate and legal matters. The cost recovery item is closely related to costs that the Company regularly incurs in the name and on behalf of third parties, in order to implement economies of scale and control.

Thousands of euro	Total	Third parties	Subsidiaries	Related parties
Consulting services	**1,417**	-	1,331	86
Cost recovery	**510**	-	510	-
Net sales	**1,928**	**-**	**1,841**	**86**

Consulting services to related parties consist of:

- Business Aviation sector: Euro 17 thousand;
- Nuova Beni Immobiliari S.r.l.: Euro 60 thousand.
- FIF Holding Spa: Euro 9 thousand.

NOTE 18. General and administrative expense

Thousands of euro	31.12.2020	31.12.2019	Change
Personnel costs	4,697	3,572	1,125
External labor costs	103	188	(85)
Personnel training costs	5	15	(10)
Corporate bodies fees	614	653	(39)
Costs for notary, tax, legal and other professional services	356	467	(111)
Other professional services (including expenses) - wages, commercial consulting , technical consulting, others	1,005	790	215
Commercial, advertising, promotional and representation expenses	381	1,665	(1,285)
Insurance expenses	166	144	22
Costs for services and assistance hw, sw, phone network	219	162	57
Costs for maintenance, external labor and various other services	49	44	5
Costs of company car fleet	188	256	(69)
Rental costs and various rentals	74	66	8
Travel expenses	74	152	(78)
Utilities	118	101	17
Indirect taxes and duties	19	21	(3)
Non-deductible VAT	47	30	17
Amortization of intangible assets	57	51	6
Depreciation of tangible assets	448	382	66
Acquisition costs of stationery and material of consumption	51	32	19
Membership fees and other minor costs	327	282	45
Fees, commissions, bank guarantees charges and factoring	30	17	12
General and admnistrative expense	**9,026**	**9,092**	**(65)**

The balance of general and administrative expense as at December 31, 2020 is mainly made up of personnel costs of Euro 4,697 thousand, as the holding company provides its subsidiaries with a range of consulting services largely through its own personnel. The balance for the year is significantly higher than that of the previous year because, in accordance with the resolutions of the relevant bodies, all fees that in the past were paid to top management as compensation for their work as directors in the various group companies have been converted into employee compensation. Another significant item is advertising expenses, which amounted to Euro 381 thousand: in fact, the company deals directly with all brand promotion activities, and therefore with operational and non-operational marketing; during the financial year, this item experienced a considerable reduction, partly caused by the well-known events linked to Covid-19 and the relative restrictions, and partly due to optimization of the marketing activities undertaken; the relevant office intensified direct management of all projects, considerably optimizing costs and adopting extremely specific and detailed initiatives. The item “Consulting” also contains a rather significant balance, amounting to Euro 1,361 thousand, more or less in line with the previous year, as the Parent Company centralizes the use of external consultants to obtain more control over the critical issues of subsidiaries and to benefit from economies of scale.

Thousands of euro	Total	Third parties	Subsidiaries	Related parties
General and admnistrative expense	**9,026**	**8,591**	**435**	-

General and administrative expense relating to related parties for the year 2020, as for 2019, are entirely reduced in the accounts insofar as the rent paid to the related company Nuova Beni Immobiliari for a total of Euro 140 thousand has been restated in accordance with IFRS 16; the costs referring to subsidiaries mainly refer to IT and other services, provided by the subsidiary Orsero Servizi.

NOTE 19. Other operating income/expense

Thousands of euro	31.12.2020	31.12.2019	Change
Other operating income	99	908	(809)
Other operating expense	(1,185)	(2,089)	904
Total other operating income/ expense	**(1,086)**	**(1,181)**	**95**

Details of the items “Other operating income” and “Other operating expense” for the years 2019 and 2020 are provided herein, with a separate indication of ordinary positions and non-recurring items.

Thousands of euro	31.12.2020	31.12.2019	Change
Revenues from recovery of costs and insurance reimbu	16	11	5
Plusvalues and contingent revenues in ordinary course	63	87	(23)
Others	20	227	(207)
Other ordinary operating income	**99**	**325**	**(226)**
Others	-	584	(584)
Other non-recurring operating income	**-**	**584**	**(584)**

As at December 31, 2020 the item is mainly composed of: insurance reimbursements of Euro 16 thousand and contingent profit for incorrect estimates in the previous financial statements for Euro 58 thousand; the balance also includes capital gains on the sale of vehicles and IT materials for Euro 5 thousand and cost recoveries for expenses incurred in the name and on behalf of subsidiaries for Euro 15.

Thousands of euro	31.12.2020	31.12.2019	Change
Penalities, sanctions and costs for damage to third parties	(2)	(5)	3
Minusvalues and contingent losses in ondinary course of business	(204)	(142)	(62)
Other ordinary operating expense	**(206)**	**(147)**	**(59)**
MTA/STAR listing costs	-	(1,259)	1,259
Monetary incentive plan	(972)	-	(972)
Covid-19 costs	(7)	-	(7)
Others	-	(683)	683
Other non - recurring operating expense	**(979)**	**(1,942)**	**963**

As at December 31, 2020, the ordinary portion of other operating costs mainly consisted of tax and administrative penalties for Euro 2 thousand, contingent liabilities for incorrect estimates for Euro 157 thousand, non-deductible expenses of Euro 35 thousand, and charitable donations for Euro 10 thousand.
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 shares, 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 http://www.orserogroup.it/governance/remunerazione/.
Within the scope of this annual report, allocations were made for top management incentives in the amount of Euro 972 thousand, divided into Euro 712 thousand for MBO (bonus component that will be paid after the approval of the 2020 financial statements) and Euro 260 thousand for the LTI (deferred bonus component, payable in two equal tranches in 2023 and 2024, subject to the condition that the beneficiaries remain with the company during the vesting period and indexed to Orsero share price performance).
It should be noted that, in application of IFRS 2, the cost for the "LTI" deferred bonus is to be accounted for in relation to the "vesting period", until 1-1-2023 (i.e. three years) for the first tranche of the total bonus that can be accrued in the Plan period, and until 1-1-2024 (i.e. four years) for the second tranche. Therefore, against the net LTI bonus accrued by the beneficiaries for a total of

Euro 733 thousand (Euro 892 thousand including social security contributions), only Euro 260 thousand will have an impact on the 2020 economic result, with the difference being accounted for, combined with the additional bonuses accruing in 2021 and 2022 and accounted for using the same approach, in the following years.

NOTE 20. Financial income, financial expense and exchange differences

Thousands of euro	31.12.2020	31.12.2019	Change
Financial income	189	173	16
Financial expense	(2,182)	(2,349)	167
Exchange rate differences	(1)	-	(1)
Financial income, financial expense, exchange rate differences	**(1,994)**	**(2,176)**	**182**

Thousands of euro	Total	Third parties	Subsidiaries	Related parties
Financial income	**189**	26	163	-
Financial expense	**(2,182)**	(2,138)	(44)	-
Exchange rate differences	**(1)**	(1)	-	-
Financial income, financial expense, exchange rate differences	**(1,994)**	**(2,113)**	**119**	**-**

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

Thousands of euro	31.12.2020	31.12.2019	Change
Interest income to third parties	21	44	(23)
Interest income to subsidiaries	163	126	37
Interest income TFR	5	3	2
Financial income	**189**	**173**	**16**

At December 31, 2020, financial income comprised interest on bank current account deposits for Euro 21 thousand, interest income on cash pooling transactions for Euro 118 thousand, interest on loans to subsidiaries for Euro 44 thousand and sundry income for Euro 1 thousand, in addition to the interest cost from the application of IAS 19 to employee severance indemnity for Euro 5 thousand.

Thousands of euro	31.12.2020	31.12.2019	Change
Interest expenses from bank	(766)	(904)	138
Interest expensese ex IFRS 16	(44)	(34)	(10)
Interest expenses Bond	(1,110)	(1,110)	-
Interest expenses to subsidiaries	(44)	(41)	(2)
Losses on derivatives	(218)	(259)	41
Financial expense	**(2,182)**	**(2,349)**	**167**

At December 31, 2020, financial expenses were mainly attributable to the cost of debt for Euro 2,084 thousand, interest expense for the application of IFRS 16 for Euro 44 thousand, interest expense on cash pooling transactions for Euro 40 thousand, interest on intra-group loans for Euro 4 thousand and banking surety fees for Euro 9 thousand.

Thousands of euro	31.12.2020	31.12.2019	Change
Realized exchange rate differences	(1)	-	(1)
Unrealized exchange rate differences	-	-	-
Exchange rate differences	**(1)**	**-**	**(1)**

NOTE 21. Other investment income/expense

Thousands of euro	31.12.2020	31.12.2019	Change
Dividends	13,053	10,060	2,993
Devaluations of Group financial investments	-	(655)	655
Result of securities and investments negotiation	-	6	(6)
Other investment income/expense	**13,053**	**9,410**	**3,642**

At December 31, 2020, the item comprised dividends distributed by Fruttital S.r.l. for Euro 4,000 thousand, by Fruttital Firenze S.r.l. for Euro 200 thousand, by AZ France S.A. for Euro 1,049 thousand, by Moncada S.r.l. by 83 thousand, by Fresco Ship's Agency & Forwarding S.r.l. for Euro 500 thousand, by Hermanos Fernández López S.A. for Euro 3,000 thousand, by Cosiarma S.p.A. for Euro 3,567 thousand and by the associate Fruport Tarragona SA for Euro 653 thousand.

NOTE 22. Income tax expense

Recall that most Italian subsidiaries participate in the "tax consolidation" system headed by Orsero, in accordance with the option exercised by each company and confirmed by the Revenue Agency as a result of the submission of a specific request for ruling in accordance with art. 124, paragraph 5, of the TUIR Tax Code and with art. 13, paragraphs 1 and 2, of the Ministerial Decree of June 9, 2004. The changes in taxes are summarized in the following table.

Thousands of euro	31.12.2020	31.12.2019	Change
Current taxes for the year	(20)	4	(24)
Deferred taxes = from statutory tax consolidation	2,892	1,455	1,437
Deferred taxes incomes and liabilities	(734)	50	(784)
Income tax expense	**2,138**	**1,509**	**629**

Taxes for 2020 came to Euro 2,138 thousand due to the income from tax consolidation, recognized by the consolidated companies as well as the recognition of deferred tax assets (please see the table for detailed information). The reconciliation between the tax charge recognized in the financial statements and the theoretical tax charge, calculated based on theoretical rates applicable in Italy, is as follows:

Thousands of euro	Taxable	Tax
EBT	2,885	
Theoretical tax rate		24%
Theoretical taxes		692
Temporary differences	(2,906)	
Permanent differences	(12,028)	
Income	**(12,049)**	
Actual tax charge		(2,892)
Actual tax rate		N/A
of which		
Income from statutory tax consolidation		2,892
Deferred taxes incomes from statutory tax consolidation		-

Theoretical income taxes have been determined by applying the current IRES tax rate of 24% to the income before tax. At December 31, 2020, there are no significant tax disputes.
For IRAP purposes, the net value of production is negative. The table below shows the changes in the various deferred tax asset components by type. The amounts of current or deferred taxes charged directly to the statement of comprehensive income refer to the effects of the revaluation of the liability for employee benefits and the differential on fair value swaps.

Thousands of euro	Statement of financial position		Income statement		Comprehensive income statement	
	2020	2019	2020	2019	2020	2019
Previous tax losses	1,000	1,000	-	-	-	-
Effect IAS 19	156	83	(25)	46	99	-
Reductions in value and provisions	-	-	-	-	-	-
Depreciation	-	33	-	-	-	-
Trademarks	31	35	-	-	-	-
Costs deductible in the future*	-	730	(707)	-	-	-
Financial derivatives	105	114	-	-	(9)	26
Others	36	13	(2)	4	-	-
Deferred tax assets	**1,327**	**2,009**	**(734)**	**50**	**90**	**26**

*Related to medium/long term incentivisation plan for management

Deferred tax assets are recognized to the extent to which on the basis of company plans the existence of future taxable income against which such assets may be used is deemed likely. There are no other significant amendments to the tax legislation between 2020 and 2019.

NOTE 23. Disclosures on financial instruments

Pursuant to IFRS 7, the breakdown of financial instruments into the categories set out in IFRS 9 is as follows:

Thousands of euro	Balance at 31.12.20	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*
Financial assets					
Investments in other companies	*1*	1	-	-	-
Non current financial assets	*37*	37	-	-	-
Receivables	*49,106*	49,106	-	-	-
Current tax assets	*924*	924	-	-	-
Other receivables and other current assets	*374*	359	16	-	-
Cash and cash equivalent	*21,302*	21,302	-	-	-
Financial assets	**71,744**	**71,729**	**16**	**-**	**-**
Financial liabilities					
Financiali liabilities of which:					
Bond payables	*30,000*	-	-	*30,000*	-
Non-current medium term bank loans (over 12 months)	*27,154*	-	-	*27,154*	-
Non-current other lenders (over 12 months) ex IFRS 16	*1,864*	-	-	*1,864*	-
Non-current liabilities for derivative (over 12 months)	*437*	-	-	-	*437*
Non-current payables for price balance on acquisition (over 12 months)	*575*	-	-	*575*	-
Current medium term bank loans	*10,784*	-	-	*10,784*	-
Current other lenders ex IFRS 16	*208*	-	-	*207*	-
Other current lenders short term	*18*	-	-	*18*	-
Payables for price balance on acquisitions (current)	*166*	-	-	*166*	-
Payables	*12,223*	-	-	*12,223*	-
Current tax liabilities	*206*	-	-	*206*	-
Other current liabilities	*2,604*	-	-	*2,604*	-
Financial liabilities	**86,239**	**-**	**-**	**85,802**	**437**

* 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*
Financial assets					
Investments in other companies	*1*	1	-	-	-
Non current financial assets	*23*	23	-	-	-
Receivables	*37,856*	37,856	-	-	-
Current tax assets	*2,474*	2,474	-	-	-
Other receivables and other current assets	*335*	319	16	-	-
Cash and cash equivalent	*26,728*	26,728	-	-	-
Financial assets	**67,417**	**67,401**	**16**	**-**	**-**
Financial liabilities					
Financiali liabilities of which:					
Bond payables	*(30,000)*	-	-	*(30,000)*	-
Non-current medium term bank loans (over 12 months)	*(37,937)*	-	-	*(37,937)*	-
Non-current other lenders (over 12 months) ex IFRS 16	*(1,872)*	-	-	*(1,872)*	-
Non-current liabilities for derivative (over 12 months)	*(476)*	-	-	-	*(476)*
Non-current payables for price balance on acquisition (over 12 months)	*(243)*	-	-	*(243)*	-
Current medium term bank loans	*(10,742)*	-	-	*(10,742)*	-
Current other lenders ex IFRS 16	*(154)*	-	-	*(154)*	-
Other current lenders short term	*(272)*	-	-	*(272)*	-
Payables	(9,884)	-	-	(9,884)	-
Current tax liabilities	(161)	-	-	(161)	-
Other current liabilities	(1,317)	-	-	(1,317)	-
Financial liabilities	**(93,058)**	**-**	**-**	**(92,582)**	**(476)**

* CI=Comprehensive income; PL=Income Statement

It is noted that only “Other receivables and other current assets” of all financial assets include securities, i.e. financial instruments that are valued at fair value with impact on the income statement. Trade and other receivables are measured at the nominal value that, considering the speed of collection, coincides with the value determined by the application of amortized cost, in compliance with IFRS 9. Among financial liabilities, trading derivatives fall within the category “Liabilities measured at fair value”, while hedging derivatives are recorded at fair value; the related change is accounted for in a shareholders’ equity reserve with an impact on the comprehensive income statement.
As at December 31, 2020, an interest rate hedging instrument was in place, as mentioned in Note 11, in connection with the loan for an original amount of Euro 60 million, in addition to the loan initially activated by the sub-holding company GF Distribuzione S.r.l. (now merged) on the Euro 20 million loan transferred to the Company following the refinancing operation, whose negative fair value amounts to Euro 437 thousand, booked to the item non-current financial payables, with a specially designated shareholders’ equity reserve as counter-entry.

NOTE 24. Disclosures on financial instruments

Based on the requirements of IFRS 13 “Fair value measurement”, the following disclosure is provided.

Fair value of financial instruments:

- for financial assets and liabilities that are liquid or have a very short maturity, the book amount is considered to approximate fair value; this hypothesis also applies to term deposits, disposable securities and floating rate financial instruments;

- for the measurement of the fair value of hedging instruments, valuation models based on market parameters are used. At the reporting date, no new derivative contracts had been stipulated;
- the fair value of non-current financial liabilities is obtained by discounting all future cash flows at the year-end conditions. In the current situation, where for medium-term debt the cost of the loan is aligned with the market value, the nominal values of the debt are considered as fair values.

As regards trade and other receivables and payables, the fair value is equal to the book value.
Fair value of non-financial instruments: it should be noted that there are no non-financial instruments measured at fair value at December 31, 2020. As regards property investments, they are valued at cost, which is believed to be a reliable approximation of the related fair value.
The following tables analyze the hierarchy of financial and non-financial instruments measured at fair value, based on the valuation techniques used:

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

Financial instruments

Derivatives, valued using techniques based on market data, are mainly IRSs on interest rates that have the purpose of hedging both the fair value of underlying instruments and cash flows. The most frequently applied valuation techniques include "forward pricing" and "swap" models, which use the calculations of the present value.

The following table analyzes financial instruments measured at fair value based on three different levels of valuation.

Thousands of euro		**31.12.20**			**31.12.19**	
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Current financial assets	16	-	-	16	-	-
Financial liabilities						
Speculative derivatives	-	-	-	-	-	-
Hedging derivatives	-	(437)	-	-	(476)	-

Level 1 valuation was used for non-significant securities.
Level 2 valuation, used for financial instruments measured at fair value, is based on parameters such as interest rates that are quoted in active or observable markets on official rate curves. The liability valued with Level 2 at December 31, 2020 relates to the negative fair value of the derivative on interest rates.

Non-financial instruments

It should be noted that there are no non-financial instruments measured at fair value at December 31, 2020.

NOTE 25. Transactions with related parties

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

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

In addition, there is a fiscal relationship between Orsero and the Italian subsidiaries, following the option exercised for the national tax consolidation regime, governed by articles 117 et seq. of the TUIR, for the three-year period 2018-2020. Receivables and payables arising from such fiscal relationships are not interest-bearing. It is noted that during FY 2020, no related party transactions were implemented other than those coming under the scope of the Company's ordinary business. Below is a summary of the items in the statement of financial position and income statement for transactions between the Company and other related parties in 2020. Relationships with the companies represented in the table are essentially commercial and related to the specific business sectors: the real estate business for Nuova Beni Immobiliari and the Aviation business for GF Aviation and its investee. The table shows financial receivables and payables related to financing and/or cash pooling transactions with companies as well as trade and tax receivables and payables. Transactions with related parties are governed by specific contracts, the conditions of which are in line with those of the market.

Thousands of euro	Related parties at December 31, 2020			
	Financial receivables	Trade receivables	Fiscal receivables	Other receivables
Subsidiaries				
AZ France S.A.S.	5,000	19	-	-
Bella Frutta S.A.	-	91	-	-
Cosiarma S.p.A.	-	38	1,011	-
Eurofrutas S.A.	2,000	6	-	-
Fresco S.r.l.	-	12	79	-
Fruttital S.r.l.	1,914	263	2,515	-
Fruttital Firenze S.p.A.	-	1	180	-
GFB S.r.l.	128	9	-	-
GF Produzione S.r.l.	-	10	-	-
Gruppo Fruttica	-	-	22	-
Moncada Frutta S.r.l.	1,021	-	-	-
Orsero Progetto Italia S.r.l.	-	3	-	-
Orsero Servizi S.r.l.	2,043	40	29	-
Simba S.p.A.	32,320	171	-	-
Total exposure to subsidiaries	**44,425**	**663**	**3,835**	**-**
Related companies				
Nuova Beni immobiliari S.r.l.	-	83	-	-
Business Aviation*	-	69	-	-
Fif Holding S.p.A.	-	21	-	1
Argentina S.r.l. **	-	-	-	1
Total exposure to related companies	**-**	**173**	**-**	**2**
Total exposure to subsidiaries and related companies	**44,425**	**836**	**3,835**	**2**
Total Receivables	**49,106**	**49,106**	**49,106**	**49,106**
% Total Receivables	**90.47%**	**1.70%**	**7.81%**	**0.00%**

* Referred to the companies GF Aviation S.r.l., K-Air S.r.l.

** It should be noted that the item "Other current assets" includes euro 8,000 thousand of receivables due from Argentina S.r.l. entirely devalued.

Thousands of euro	Related parties at December 31, 2020			
	Financial payables	Trade payables	Fiscal payables	Other payables
Subsidiaries				
Bella Frutta S.A.	-	1	-	-
Cosiarma S.p.A.	655	6	-	-
Fresco S.r.l.	2,500	7	28	-
Fruttital S.r.l.		73	230	-
Fruttital Firenze S.r.l.	2,911	2	-	-
Galandi S.p.A.	2,027	6	124	-
GFB S.r.l.	-	-	1	-
GF Produzione S.r.l.	1,540	9	5	-
Orsero Servizi S.r.l.	-	177	5	-
Simba S.p.A.	-	45	874	-
Total exposure to subsidiaries	**9,634**	**325**	**1,268**	**-**
Related companies				
Business Aviation*	-	22	-	34
Total exposure to related companies	**-**	**22**	**-**	**34**
Total exposure to subsidiaries and related companies	**9,634**	**347**	**1,268**	**34**
Total Payables	**12,223**	**12,223**	**12,223**	**12,223**
% Total Payables	**78.82%**	**2.84%**	**10.37%**	**0.28%**

* Referred to the companies GF Aviation S.r.l., K-Air S.r.l.

Thousands of euro	Net sales	General and administrative expense	Other operating income/ expense	Financial income	Financial expense and exchange rate differeces	Dividends received**
	Related parties at December 31, 2020					
Subsidiaries						
Az France S.A.	-	-	-	37	-	1,049
Bella Frutta S.A.	139	-	-	-	-	-
Cosiarma S.p.A.	488	-	-	1	(18)	3,567
Eurofrutas S.A.	-	-	-	6	-	-
Fresco S.r.l.	249	-	-	-	(7)	500
Fruttital S.r.l.	732	(75)	-	7	(3)	4,000
Fruttital Firenze S.r.l.	-	-	-	1	(2)	200
Galandi S.r.l.	-	-	-	-	(6)	-
GFB S.r.l.	9	-	-	-	-	-
GF Produzione S.r.l.	10	-	-	-	(5)	-
Moncada Frutta S.r.l.	-	-	-	-	(1)	83
Orsero Servizi S.r.l.	40	(360)	(1)	6	-	-
Hermans Fernández López S.A.	-	-	-	-	(4)	3,000
Simba S.p.A.	175	-	-	104	-	-
Total exposure to Subsidiaries	**1,841**	**(435)**	**(1)**	**163**	**(44)**	**12,400**
Fruport Tarragona S.L.	-	-	-	-	-	653
Total exposure to Associates	**-**	**-**	**-**	**-**	**-**	**653**
Related companies						
Nuova Beni immobiliari S.r.l.	60	-	-	-	-	-
Fif Holding S.p.A.	9	-	-	-	-	-
Business Aviation*	17	-	-	-	-	-
Total exposure to related companies	**86**	-	-	-	-	-
Total exposure to subsidiaries, associates and related companies	**1,928**	**(435)**	**(1)**	**163**	**(44)**	**13,053**
Income statement data	**1,928**	**(9,026)**	**(1,086)**	**189**	**(2,183)**	**13,053**
% of Income statement data	**100%**	**5%**	**0%**	**87%**	**0%**	**100%**

* Referred to the companies GF Aviation S.r.l., K-Air S.r.l.

** Included in Other investment income/expense

Receivables from related parties:

- Nuova Beni Immobiliari S.r.l.: Euro 83 thousand, all trade in nature and Euro 60 thousand of which resulting from invoices to be issued;
- Business Aviation Sector Euro 69 thousand, trade receivables, of which Euro 17 thousand represented by invoices to be issued;
- FIF Holding S.p.A. Euro 22 thousand, trade receivables, of which Euro 9 thousand represented by invoices to be issued;
- Argentina S.r.l. Euro 1 thousand, trade.

Payables to related parties:

- Aviation business sector Euro 56 thousand trade receivables, of which Euro 34 thousand resulting from the sale of the sector during the year 2017 and Euro 22 thousand for trade.

Revenues with respect to related parties consist of:

Consulting services:

- Business Aviation: Euro 17 thousand;
- Nuova Beni Immobiliari S.r.l.: Euro 60 thousand;

- FIF Holding S.p.A. Euro 9 thousand

Costs with respect to related parties consist of:

Ordinary operating costs:

- Nuova Beni Immobiliari S.r.l.: Euro 140 thousand; these costs do not make up the financial statement item as they are canceled due to the application of IFRS 16.

Transactions with related parties are governed by specific contracts, the conditions of which are in line with those of the market.

NOTE 26. Share-based payments

Following the Orsero Shareholders' Meeting of April 30, 320,000 shares were delivered to the beneficiaries as part of the 2017-2019 medium/long-term management incentive plan; the same Shareholders' Meeting also approved the free assignment to the shareholders of 246,298 shares by way of the 2019 dividend.
Lastly, please note that on September 10, 2020, following the execution of the agreement for the acquisition of Moncada Frutta S.r.l., effective July 1, 2020, 176,825 treasury shares were delivered to the company Salvatore Moncada S.r.l.
Within the scope of this annual report, allocations were made for top management incentives in the amount of Euro 972 thousand, divided into Euro 712 thousand for MBO (bonus component that will be paid after the approval of the 2020 financial statements) and Euro 260 thousand for the LTI (deferred bonus component, payable in two equal tranches in 2023 and 2024, subject to the condition that the beneficiaries remain with the company during the vesting period and indexed to Orsero share price performance).
It should be noted that, in application of IFRS 2, the cost for the "LTI" deferred bonus is to be accounted for in relation to the "vesting period", until 1-1-2023 (i.e. three years) for the first tranche of the total bonus that can be accrued in the Plan period, and until 1-1-2024 (i.e. four years) for the second tranche. Therefore, against the LTI bonus accrued by the beneficiaries for a total of Euro 733 thousand (Euro 892 thousand including social security contributions), only Euro 260 thousand will have an impact on the 2020 economic result, with the difference being accounted for, combined with the additional bonuses accruing in 2021 and 2022 and accounted for using the same approach, in the following years.

NOTE 27. Employees

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

	31.12.2020	31.12.2019	Change
Number of employees	35	33	2

NOTE 28. Fees due to the Directors and the Board of Statutory Auditors

The following table details the remuneration for the members of Orsero's corporate bodies for the year.

Thousands of euro	31.12.2020	31.12.2019	Change
Board of Directors	343	361	(17)
Board of Statutory Auditors	100	81	19

The amount of "Board of Directors' Fees" includes Directors' remuneration from letters of appointment for Euro 249 thousand, emoluments for the remuneration of specific offices for Euro

57 thousand and social security and welfare contributions relative to the previous items for Euro 32 thousand.

NOTE 29. Guarantees provided, commitments and other contingent liabilities.

The guarantees provided by the Company are as follows:

Thousands of euro		2,020	2,019
Guarantees issued	**in favour of:**		
- To Bre for guarantees given on credit lines facilities	Fruttital S.r.l.	4,955	5,539
- To Carige for guarantees given on credit lines facilities	Fruttital S.r.l.	8	8
- To BPM for guarantees given on credit lines facilities	Fruttital S.r.l.	50	50
- To Carige for guarantees given on credit lines facilities	Simba S.p.A.	1,297	1,486
- To french banks for guarantees given on credit lines facilities	AZ France S.A.	2,150	1,900
- To french banks for credit guarantee on the Banca Monte Paschi account	AZ France S.A.	25	-
- To Intesa for guarantees given on credit lines facilities	Eurofrutas S.A.	-	2,131
- To Intesa for guarantees given on credit lines facilities	Bella Frutta S.A.	362	355
- To Eurobank for guarantees given on credit lines facilities	Bella Frutta S.A.	-	16
- To Core Fruit	Bella Frutta S.A.	300	300
- To Carige for guarantees given to Customs	Fresco S.r.l.	10	10
- To Ass.ni Generali for guarantees given on credit lines facilities	Fresco S.r.l.	1,100	1,000
- To AON for guarantees given on credit lines facilities	Fresco S.r.l.	2,460	5,500
- To Cover the ship captain's operations guarantee	Fresco S.r.l.	15	-
- To Banco Desio for guarantees to C.ie Frutiere	Simba S.p.A.	1,000	1,000
Total guarantees		**13,732**	**19,295**

The table provides details on the main changes made with respect to December 31 of the previous year, essentially due to the different uses of current account overdrafts by Fruttital S.r.l. and Simba S.p.A. and the guarantees - previously held by the sub-holding incorporated, GF Distribuzione - on facilities granted to AZ France S.A., as part of normal operations.

NOTE 30. Significant events after December 31, 2020

At the date of this Report, there were no significant events.
With reference to the most recent evolutions of the Covid-19 pandemic, the Group's management continues to follow and monitor developments in order to reduce risks for its personnel and maintain an efficient distribution logistics chain.

NOTE 31. Information on any contributions

It is noted that the Parent company has not benefited from the aids for which publication is mandatory in the National State Aid Register.

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

The table below, prepared in accordance with Art. 149-duodecies of the Consob Issuers' Regulation, shows the fees for 2020 for auditing and other non-auditing services provided by the independent auditing firm appointed or by companies belonging to its network.

Tyoe of services - Thousands of euro	Company that provided the service	Addressee	Fees for 2020
Audit (*)			
	Kpmg S.p.A.	Parent company	113
Other services			
Tax declaration	Kpmg S.p.A.	Parent company	3

(*) Includes the audit at December 31, 2020 and the limited review of the interim report as of June 30

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

Statement of financial position 2020 and 2019

Thousands of euro	31/12/2020	of which related parties				
		Subsidiaries	Associates	Related	Total	%
ASSETS						
Intangible assets other than Goodwill	151	-	-	-	-	-
Property, plant and equipment	2,783	-	-	-	-	-
Equity investments	160,719	158,559	2,159	-	160,718	100%
Non-current financial assets	37	-	-	-	-	-
Deferred tax assets	1,327	-	-	-	-	-
NON-CURRENT ASSETS	**165,017**	**158,559**	**2,159**	**-**	**160,718**	**97%**
Receivables	49,106	48,923	-	175	49,099	100%
Current tax assets	924	-	-	-	-	-
Other receivables and other current assets	374	-	-	-	-	-
Cash and cash equivalents	21,302	-	-	-	-	-
CURRENT ASSETS	**71,706**	**48,923**	-	**175**	**49,099**	**68%**
Non-current assets held for sale	-	-	-	-	-	-
TOTAL ASSETS	**236,723**	**207,482**	-	**175**	**209,816**	**89%**
Share Capital	69,163	-	-	-	-	-
Other Reserves and Retained Earnings	73,415	-	-	-	-	-
Profit/loss	5,012	-	-	-	-	-
EQUITY	**147,591**	**-**	**-**	**-**	**-**	**-**
LIABILITIES						
Financial liabilities	60,030	-	-	-	-	-
Provisions	520	-	-	-	-	-
Employees benefits liabilities	2,373	-	-	-	-	-
NON-CURRENT LIABILITIES	**62,923**	**-**	**-**	**-**	**-**	-
Financial liabilities	11,176	-	-	-	-	-
Payables	12,223	11,227	-	56	11,283	92%
Current tax liabilities	206	-	-	-	-	-
Other current liabilities	2,604	-	-	-	-	-
CURRENT LIABILITIES	**26,209**	**11,227**	**-**	**56**	**11,283**	**43%**
Liabilities directly associated with non-current assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**236,723**	**11,227**	-	**56**	**11,283**	**5%**

Thousands of euro	31/12/2019	of which related parties				
		Subsidiaries	Associates	Related	Total	%
ASSETS						
Intangible assets other than Goodwill	181	-	-	-	-	-
Property, plant and equipment	2,746	-	-	-	-	-
Equity investments	165,694	162,910	2,783	-	165,693	100%
Non-current financial assets	23	-	-	-	-	-
Deferred tax assets	2,009	-	-	-	-	-
NON-CURRENT ASSETS	**170,652**	**162,910**	**2,783**	**-**	**165,693**	**97%**
Receivables	37,856	37,674	-	175	37,849	100%
Current tax assets	2,474	-	-	-	-	-
Other receivables and other current assets	335	-	-	-	-	-
Cash and cash equivalents	26,728	-	-	-	-	-
CURRENT ASSETS	**67,393**	**37,674**	-	**175**	**37,849**	**56%**
Non-current assets held for sale	-	-	-	-	-	-
TOTAL ASSETS	**238,046**	**200,584**	-	**175**	**203,542**	**86%**
Share Capital	69,163	-	-	-	-	-
Other Reserves and Retained Earnings	72,064	-	-	-	-	-
Profit/loss	1,496	-	-	-	-	-
EQUITY	**142,723**	**-**	**-**	**-**	**-**	**-**
LIABILITIES						
Financial liabilities	70,529	-	-	-	-	-
Provisions	520	-	-	-	-	-
Employees benefits liabilities	1,745	-	-	-	-	-
NON-CURRENT LIABILITIES	**72,794**	**-**	**-**	**-**	**-**	-
Financial liabilities	11,167	-	-	-	-	-
Payables	9,884	7,682		99	7,781	79%
Current tax liabilities	161	-	-	-	-	-
Other current liabilities	1,317	-	-	-	-	-
CURRENT LIABILITIES	**22,529**	**7,682**	**-**	**99**	**7,781**	**35%**
Liabilities directly associated with non-current assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**238,046**	**7,682**	-	**99**	**7,781**	**3%**

Income statement and Statement of comprehensive income 2020 and 2019

Thousands of euro	Year 2020	of which related parties				
		Subsidiaries	Associates	Related	Total	%
Net sales	1,928	1,841	-	86	**1,928**	100%
Cost of sales	-	-	-	-	**-**	
Gross profit	**1,928**	**-**	**-**	**-**	**-**	**-**
General and administrative expense	(9,026)	(435)	-	-	**(435)**	5%
Other operating income/expense	(1,086)	(1)	-	-	**(1)**	-
- of which non-recurring operating income	-	-	-		**-**	-
- of which non-recurring operating expense	*(979)*	*(1)*	-	-	***(1)***	-
Operating result	**(8,184)**	**-**	**-**	**-**	**-**	**-**
Financial income	189	163	-	-	**163**	86%
Financial expense and exchange rate differences	(2,183)	(44)	-	-	**(44)**	2%
Other investment income/expense	13,053	12,400	653	-	**13,053**	100%
Profit/loss before tax	**2,875**	**-**	**-**	**-**	**-**	**-**
Income tax expense	2,138	-	-	-	**-**	-
Profit/loss from continuing operations	**5,012**	**-**	**-**	**-**	**-**	**-**
Profit/loss from discontinued operations	-	-	-	-	**-**	
Profit/loss	**5,012**	**-**	**-**	**-**	**-**	**-**

Thousands of euro	Year 2020	of which related parties				
		Subsidiaries	Associates	Related	Total	%
Profit/loss	**5,012**	**-**	**-**	**-**	**-**	**-**
Other comprehensive income that will not be reclassified to profit/loss, before tax	(410)	-	-	-	-	-
Income tax relating to components of other comprehensive income that will not be reclassified to profit/loss	99	-	-	-	-	-
Other comprehensive income that will be reclassified to profit/loss, before tax	39	-	-	-	-	-
Income tax relating to components of other comprehensive income that will be reclassified to profit/loss	(9)	-	-	-	-	-
Comprehensive income	**4,730**	**-**	**-**	**-**	**-**	**-**

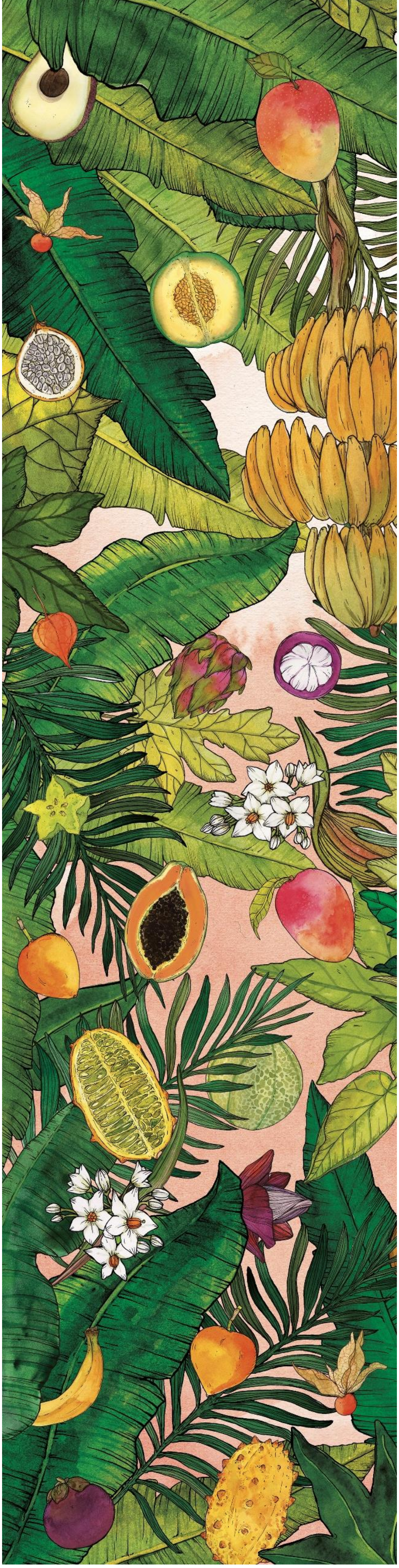
Thousands of euro	Year 2019	of which related parties				
		Subsidiaries	Associates	Related	Total	%
Net sales	3,026	2,939	-	87	3,026	100%
Cost of sales	-	-	-	-	-	
Gross profit	**3,026**	**-**	**-**	**-**	**-**	**-**
General and administrative expense	(9,092)	(649)	-	(3)	(652)	7%
Other operating income/expense	(1,181)	-	-	517	517	-44%
- of which non-recurring operating income	*584*	-	-	517	517	89%
- of which non-recurring operating expense	*(1,942)*	-	-	-	-	-
Operating result	**(7,247)**	**-**	**-**	**-**	**-**	**-**
Financial income	173	126	-	-	126	73%
Financial expense and exchange rate differences	(2,349)	(41)	-	-	(41)	2%
Other investment income/expense	9,410	9,570	490	-	10,060	107%
Profit/loss before tax	**(13)**	**-**	**-**	**-**	**-**	**-**
Income tax expense	1,509	-	-	-	-	-
Profit/loss from continuing operations	**1,496**	**-**	**-**	**-**	**-**	**-**
Profit/loss from discontinued operations	-	-	-	-	-	
Profit/loss	**1,496**	**-**	**-**	**-**	**-**	**-**

Thousands of euro	Year 2019	of which related parties				
		Subsidiaries	Associates	Related	Total	%
Profit/loss	**1,496**	**-**	**-**	**-**	**-**	**-**
Other comprehensive income that will not be reclassified to profit/loss, before tax	(104)	-	-	-	-	-
Income tax relating to components of other comprehensive income that will not be reclassified to profit/loss	-	-	-	-	-	-
Other comprehensive income that will be reclassified to profit/loss, before tax	(109)	-	-	-	-	-
Income tax relating to components of other comprehensive income that will be reclassified to profit/loss	26	-	-	-	-	-
Comprehensive income	**1,309**	**-**	**-**	**-**	**-**	**-**

Cash flow statement 2020 and 2019

Thousands of euro	Year 2020	of which related parties			
		Subsidiaries	Associates	Related	Total
A. Cash flows from operating activities (indirect method)					
Profit/loss	**5,012**				
Adjustments for income tax expense	(2,138)	-	-	-	-
Adjustments for interest income/expense	1,994	(123)	-	-	**(123)**
Adjustments for dividends	(13,053)	(12,400)	(653)	-	**(13,053)**
Adjustments for depreciation/amortisation expense and impairment loss	504	-	-	-	-
Change in receivables	(11,249)	(11,249)	-	(1)	**(11,250)**
Change in payables	2,339	3,545	-	(43)	**3,503**
Change in other receivables/asstes and in other liabilities	5,357	-	-	-	-
Interest received/(paid)	(1,742)	123	-	-	**123**
(Income taxes paid)	-	-	-	-	-
Dividends received	13,053	12,400	653	-	**13,053**
Cash flow from operating activities (A)	**78**				
B. Cash flows from investing activities					
Purchase of property, plant and equipment	(556)	(29)	-	(35)	**(65)**
Proceeds from sales of property, plant and equipment	72	-	-	-	-
Purchase of intangible assets	(27)	-	-	-	-
Proceeds from sales of intangible assets	-	-	-	-	-
Purchase of interests in equity investments	(1,458)	(1,458)	-	-	**(1,458)**
Proceeds from sales of equity investments	6,433	6,433	-	-	**6,433**
Purchase of other non-current assets	-	-	-	-	-
Proceeds from sales of other non-current assets	668	-	-	-	-
(Acquisitions)/disposal of investments in controlled companies, net of cash	-	-	-	-	-
Cash Flow from investing activities (B)	**5,131**				
C. Cash Flow from financing activities					
Increase/decrease of financial liabilities	(293)	-	-	-	-
Drawdown of new long-term loans	737	-	-	-	-
Pay back of long-term loans	(10,934)	-	-	-	-
Capital increase and other changes in increase/decrease	707	-	-	-	-
Disposal/purchase of treasury shares	(851)	-	-	-	-
Dividends paid	-	-	-	-	-
Cash Flow from financing activities (C)	**(10,635)**				
Increase/decrease in cash and cash equivalents (A ± B ± C)	**(5,426)**				
Cash and cash equivalents at 1° January 20-19	**26,728**				
Cash and Cash equivalents at 31 December 20-19	**21,302**				

Thousands of euro	Year 2019	of which related parties			
		Subsidiaries	Associates	Related	Total
A. Cash flows from operating activities (indirect method)					
Profit/loss	**1,496**				
Adjustments for income tax expense	(1,509)	-	-	-	-
Adjustments for interest income/expense	2,176	(85)	-	-	**(85)**
Adjustments for dividends	(10,060)	(9,570)	(490)	-	**(10,060)**
Adjustments for depreciation/amortisation expense and impairment loss	432	-	-	-	-
Change in receivables	1,302	1,345	-	(53)	**1,292**
Change in payables	(7,171)	(6,599)	-	(1,052)	**(7,651)**
Change in other receivables/asstes and in other liabilities	1,823	(576)	-	520	**(56)**
Interest received/(paid)	(1,871)	85	-	-	**85**
(Income taxes paid)	-	-	-	-	-
Dividends received	10,060	9,570	490	-	**10,060**
Cash flow from operating activities (A)	**(3,320)**				
B. Cash flows from investing activities					
Purchase of property, plant and equipment	(293)	(13)	-	-	**(13)**
Proceeds from sales of property, plant and equipment	82	-	-	-	-
Purchase of intangible assets	(123)	-	-	-	-
Proceeds from sales of intangible assets	-	-	-	-	-
Purchase of interests in equity investments	(200)	(200)	-	-	**(200)**
Proceeds from sales of equity investments	14,827	14,827	-	-	**14,827**
Purchase of other non-current assets	(19)	-	-	-	-
Proceeds from sales of other non-current assets	-	-	-	-	-
(Acquisitions)/disposal of investments in controlled companies, net of cash	17,519	17,519	-	-	**17,519**
Cash Flow from investing activities (B)	**31,793**				
C. Cash Flow from financing activities					
Increase/decrease of financial liabilities	51	-	-	-	-
Drawdown of new long-term loans	-	-	-	-	-
Pay back of long-term loans	(10,860)	-	-	-	-
Capital increase and other changes in increase/decrease	(18,463)	(18,221)	-	-	**(18,221)**
Disposal/purchase of treasury shares	(21)	-	-	-	-
Dividends paid	(2,032)	-	-	-	-
Cash Flow from financing activities (C)	**(31,324)**				
Increase/decrease in cash and cash equivalents (A ± B ± C)	**(2,852)**				
Cash and cash equivalents at 1° January 19-18	**29,580**				
Cash and Cash equivalents at 31 December 19-18	**26,728**				



Independent Auditor’s Report

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

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

To the shareholders of
Orsero S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Orsero S.p.A. (the "Company"), which comprise the statement of financial position as at 31 December 2020, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Orsero S.p.A. as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

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

Key audit matters

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

Measurement of equity investments

Notes to the separate financial statements: section "Valuation criteria" and note 3 – Investments

Key audit matter	Audit procedures addressing the key audit matter
The carrying amount of equity investments at 31 December 2020 is of €160.7 million. The main equity investments included in the financial statements at 31 December 2020 are related to the following subsidiaries: — Hermanos Fernandez Lopez SA for €41.3 million; — Cosiarma S.p.A. for €31.8 million; — Fruttital Firenze S.r.l. for €22.8 million; — AZ France S.A. for €21.5 million; — Fruttital S.r.l. for €15.5 million; — Simba S.p.A. for €9.8 million. Investments in subsidiaries are accounted for at cost and adjusted for any impairment loss. In line with the procedure approved by the Orsero S.p.A.'s board of directors on 9 March 2021, when they identify indicators of impairment, or at least annually, the directors test these equity investments for impairment, checking their recoverability by comparing their carrying amounts with their related recoverable amounts. The recoverable amount is estimated based on the value in use, calculated using the discounted cash flow model by discounting the expected cash flows for the three-year period 2021-2023. The expected operating cash flows were estimated on the basis of the 2021 budget, approved by the Board of Directors on 29 January 2021.The expected operating cash flows for the years 2022 and 2023 and for the terminal value have been determined on the basis of the operating result of year 2021. For the investment held in Cosiarma S.p.A., it has been considered the operating cash flows for a period consistent with the	Our audit procedures, which also involved our own specialists, included: — updating our understanding of the process adopted to prepare the impairment tests and the forecasts set out in the update to the 2021-2023 plan; — checking any discrepancies between the previous year forecast and actual figures, in order to understand the accuracy of the estimation process; — analysing the reasonableness of the key assumptions used by the directors to determine the operating cash flows and the valuation models adopted; — checking the consistency of the expected cash flows used for impairment testing with those used for the forecasts and analysing the reasonableness of any discrepancies; — checking the sensitivity analysis presented in the notes to the consolidated financial statements in relation to the key assumptions used for impairment testing; — assessing the appropriateness of the disclosures provided in the notes about the measurement of equity investments and the related impairment tests.

Key audit matter	Audit procedures addressing the key audit matter
Expected useful lives of the ships (year 2024), estimated on the basis of the actual results over the period between 2015 and 2020 and of the 2021 budget. Impairment testing is complex and entails a high level of judgement, especially in relation to: — the expected operating cash flows, calculated by taking into account the general economic performance and that of the Group's sector, the actual cash flows for recent years and the projected growth rates; — the financial parameters used to calculate the discount rate. For the above reasons, we believe that the measurement of the equity investments is a key audit matter.	

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

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

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

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

Auditors' responsibilities for the audit of the separate financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The directors of Orsero S.p.A. are responsible for the preparation of the directors' report and the report on corporate governance and ownership at 31 December 2020 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership indicated by article 123-bis.4 of Legislative decree no. 58/98 with the Company's separate financial statements at 31 December 2020 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership referred to above are consistent with the Company's separate financial statements at 31 December 2020 and have been prepared in compliance with the applicable law.

E-MARKET SDIR CERTIFIED

Orsero S.p.A.
Independent auditors' report
31 December 2020

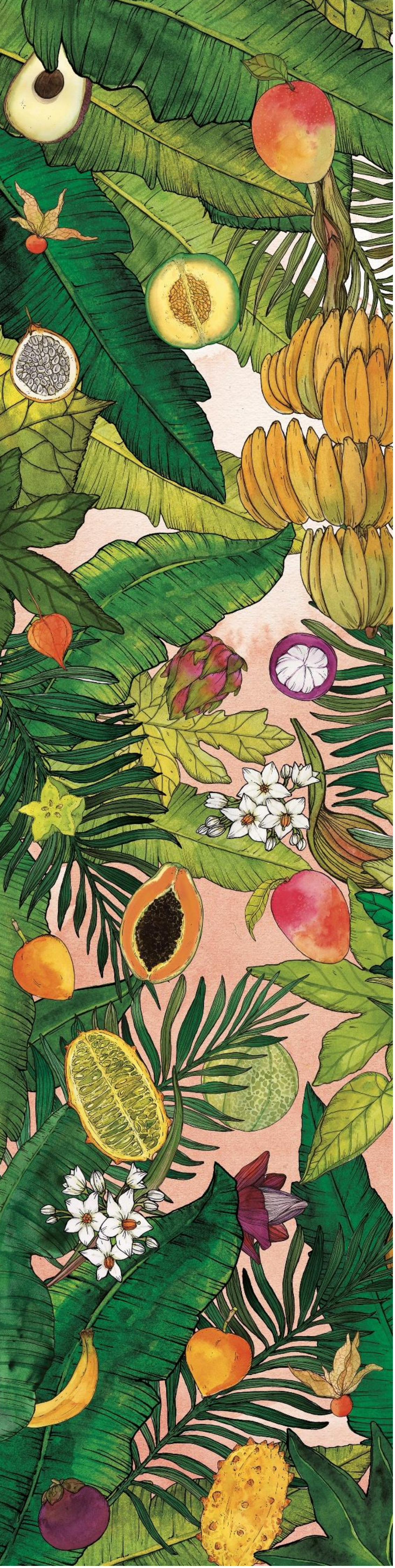
With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Genoa, 30 March 2021

KPMG S.p.A.

(signed on the original)

Matteo Pastore
Director of Audit



Board of Statutory Auditors' Report

ORSERO S.p.A.

Share Capital Euro 69,163,340.00 fully paid-in

Registered office in Milan, via Gaudenzio Fantoli no. 6/15

Milan Register of Companies and Tax ID 09160710969

REA 2072677

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BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING

In accordance with Art. 153 of Italian Legislative Decree no. 58/1998 and with Art. 2429, paragraph 2 of the Italian Civil Code

Shareholders,

This report, drawn up in accordance with Art. 153 of Italian Legislative Decree no. 58/1998 (hereinafter also referred to as the "Consolidated Law on Finance") and Article 2429, paragraph 2, of the Italian Civil Code, reports on the activities carried out by the Board of Statutory Auditors (the "Board") of Orsero S.p.A. ("Orsero" or the "Company") during the year ended December 31, 2020. It should be noted that the Board of Statutory Auditors was appointed by the Shareholders' Meeting held on April 30, 2020 as follows: Giorgio Grosso, Chairman, Elisabetta Barisone, Statutory Auditor, Michele Paolillo, Statutory Auditor.

During the 2020 financial year, the Board of Statutory Auditors carried out its institutional duties in compliance with the Italian Civil Code, Italian Legislative Decree no. 58/1998, the provisions of the Articles of Association and those issued by the Authorities exercising supervisory and control activities, also taking into account the rules of conduct recommended by the Consiglio nazionale dei Dottori commercialisti ed Esperti contabili

(National Board of Chartered Accountants and Expert Tax Advisors).

The Board of Statutory Auditors also complied with the regulations applicable to Public Interest Entities by performing the additional specific control and monitoring functions on the subject of financial reporting and external auditing, as well as on the subject of non-financial reporting pursuant to Italian Legislative Decree no. 254/2016 as amended.

The Board of Statutory Auditors, when it took office and subsequently on March 9, 2021, verified, with a positive outcome, for each member, the process of self-assessment of the requirements for holding the office based on the criteria established by the regulations set forth in Article 148 of the Consolidated Law on Finance, Recommendation no. 9 of the Corporate Governance Code approved by the Corporate Governance Committee in January 2020 and applicable as of January 1, 2021, Rule Q.1.1. of the "Rules of Conduct for the Board of Statutory Auditors of Listed Companies," and the Company's Articles of Association.

The Board of Statutory Auditors hereby gives an account of the activities carried out during the 2020 financial year and provides the appropriate information below, in line with the provisions governing the matter.

1. Supervision of compliance with the law, regulations and articles of association

The Board of Statutory Auditors carried out the activities for which it was responsible, holding 10 meetings in 2020, of which 4 meetings were held by the previous Board of Statutory Auditors and 6 meetings by the Board of Statutory Auditors currently in office. In addition, this Board of Statutory Auditors attended all five meetings of the Board of Directors convened after its appointment and:

- 2 meetings of the Control and Risks Committee;
- 1 meeting of the Remuneration and Appointments Committee.

As part of its control activities, the Board of Statutory Auditors, among other things:

- monitored compliance with the law, the articles of association and sector regulations, also with reference to obligations concerning regulated or privileged information or information requested by the Supervisory Authorities;
- supervised compliance with the principles of proper administration, as well as the functioning and adequacy of the Company's organizational structure, internal control and administrative-accounting systems by collecting data and information from the heads of the main corporate functions involved, the Director appointed for the internal control and risk management system, the Corporate Accounting Reporting Officer and the company appointed to audit the accounts, KPMG S.p.A;
- supervised the adequacy of the Company's control functions;
- supervised the procedures for the concrete implementation of the Code of Conduct for Listed Companies, which the Company has adopted;
- verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the various requirements for Directors and Statutory Auditors;
- carried out its own checks on the internal control system, relying on the presence of the Head of Internal Audit at some of the board meetings;
- monitored compliance with the Procedure approved by the Board of Directors regarding transactions with related parties, as well as compliance with the procedure itself;
- met with the Supervisory Body pursuant to Italian Legislative Decree no. 231/2001;
- met with the Board of Statutory Auditors of the main Group companies, discussing, among other things, the methods for exchanging information flows on the activities carried out;
- supervised the adoption of remuneration policies, which are subject to approval by the Shareholders' Meeting;

- held meetings and obtained information, including through participation in board Committee meetings, from the Director appointed for the internal control and risk management system, the Corporate Accounting Reporting Officer and other managers of the company departments involved from time to time in the supervisory activities of the Board.

With regard to the provisions of Art. 2408 of the Italian Civil Code, the Board of Statutory Auditors informs the Shareholders' Meeting that during 2020 no reports of objectionable facts were received from the Shareholders.

To the best of the Board's knowledge, there were no instances during the year of violation of the duties of the Directors as set forth in Articles 2406 and 2409 of the Italian Civil Code.

2. Compliance with the principles of proper administration and relations with related parties

The Board of Statutory Auditors monitored the Company's compliance with the law and the Articles of Association and its adherence to the principles of sound management, particularly with regard to transactions that had a material impact on the Company's income statement, balance sheet and financial position, by attending meetings of the Board of Directors on an ongoing basis and reviewing the documents provided.

In this regard, the Board of Statutory Auditors has received information from the Chief Executive Officers and the Board of Directors on the activities carried out and on the most important economic, financial and capital operations undertaken by the Company and the Group; this information is adequately represented in the Report on Operations.

On the basis of the information made available, the Board of Statutory Auditors believes that these transactions can be considered compliant with the law, the Company's Articles of Association and the principles of proper administration and that they do not appear to be manifestly imprudent, risky or in contrast with the resolutions passed by the Shareholders' Meeting, nor such as to compromise the integrity of the Company's assets. In particular, the transactions in which the Directors have declared an interest, either on their own behalf or on behalf of third parties, have been disclosed and, in this regard, the Board has no observations on the compliance of the transactions with laws and regulations.

2.1 Major events

In relation to the most significant economic, financial and capital transactions carried out by the Company and the Group during the 2020 financial year and, more generally, with regard to the most significant events, the Board of Statutory Auditors reports the following:

- from the very initial emergence of the Covid-19 epidemiological emergency, a management committee composed of the Chief Executive Officers, the Central Human Resources Manager and the Central Operations Manager was set up, which, by coordinating the operational structures, studied and implemented company measures and policies. The Group companies implemented the safety protocols outlined by the Authorities to regulate entries and interpersonal contact within their operating platforms and in the offices, carrying out the necessary sanitization activities and providing personal protection equipment.

  Given the nature of the Group's activities, regarding the marketing of staple food products, the pandemic has not had particularly negative effects on the company's results, since the drop in sales to the Ho.Re.Ca. channel was offset by a higher volume of Large Retail sales;
- various initiatives were undertaken in line with the Group's strategy of continuous development and growth;
- initiatives have been taken in the field of sustainability. In particular, the Group has

implemented a structured and organic sustainability process, through which stakeholders are engaged in environmental, social and economic objectives. This process led to the preparation of non-financial information, which highlights the objectives that the Group has set itself and the results achieved in the environmental, social and economic fields.

The above transactions and events have been adequately described in the Report on Operations and in the Notes to the Financial Statements, to which reference should be made for further details.

2.2 Related party and infra-group transactions. Atypical and/or unusual transactions

The Company has adopted a "*Procedure for transactions with related parties*", in compliance with the provisions of Consob Regulation no. 17221/2010 as amended, Article 2391-bis of the Italian Civil Code and Articles 113-ter, 114, 115 and 154-ter of the Consolidated Law on Finance.

The Board of Statutory Auditors believes that the above-mentioned procedures meet such requirements;

during the year, the Board of Statutory Auditors monitored observance of them.

The Annual Financial Report, including the Report on Operations, the Consolidated Financial Statements and the 2020 Financial Statements of Orsero S.p.A. show the effects of related party transactions.

In this regard, please note that 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. As these are classed as related party transactions, they were first and duly submitted to the Related Parties Committee, which expressed its positive opinion on the completion of the transactions.

The Board of Statutory Auditors has assessed as adequate the information provided by the Board of Directors in the 2020 Annual Financial Report regarding infra-group and related party transactions.

To the best of our knowledge, no atypical and/or unusual transactions were carried out during the 2020 financial year.

3. Supervision of the adequacy of the organizational structure

The organizational structure of the Company and the Group and its evolution are described in detail in the Report on Corporate Governance and Ownership Structures.

The Company's organizational structure includes the tasks and responsibilities of the corporate functions, the hierarchical and functional relationships between them and the related coordination mechanisms.

The Board of Statutory Auditors oversaw the adequacy of the overall organizational structure of the Company and the Group and also monitored the process of assigning powers.

The Board of Statutory Auditors monitored the adequacy of the instructions issued by the Company to its subsidiaries in order to promptly obtain the information needed to comply with statutory reporting requirements.

The Board of Statutory Auditors met with the Supervisory Body set up pursuant to Italian Legislative Decree 231/2001, which is responsible for overseeing the functioning of and compliance with the Organization, Management and Control Model and the Code of Ethics, and was informed about the activities it had carried out, as also set forth in the Supervisory Body's Annual Report presented at the Board of Directors' meeting on March 16, 2021.

As a result of its activities, the Supervisory Body did not report any critical issues.

On September 14, 2020 and March 9, 2021, the Board of Statutory Auditors met with representatives of the Boards of Statutory Auditors of the main subsidiaries (Fruttital S.r.l., S.i.m.b.a. S.p.A. and Cosiarma S.p.A.); no matters worthy of mention in this Report emerged from these meetings.

4. Supervision of the adequacy of the internal control and risk management system and of the administrative and accounting system; monitoring of the financial and non-financial reporting process

4.1 Internal control and risk management system

The Report on Corporate Governance and Ownership Structures describes the main features of the internal control and risk management system.

The Board of Statutory Auditors monitored the adequacy of the internal control and risk management system adopted by the Company and the Group, verifying that it was functioning effectively. In particular, the Board of Statutory Auditors has:

i) acknowledged the evaluation expressed by the Board of Directors, after obtaining the opinion of the Control and Risks Committee, of the adequacy of the internal control and risk management system; in this regard, reference should be made to the Report on Corporate Governance and Ownership Structures;

ii) examined the summary documents on the evaluation of the adequacy and effectiveness of the internal control and risk management system prepared by the Internal Audit Department;

iii) attended all the meetings of the Control and Risks Committee, also acquiring information concerning the initiatives that the Committee deemed it appropriate to promote or request in relation to specific issues;

iv) acquired knowledge of the evolution of the organizational structures and the activities carried out by Internal Audit;

v) examined the reports on the activities of Internal Audit brought to the attention of the Control and Risks Committee and the Board of Directors;

vi) verified the autonomy and functioning of the Internal Audit Department, and maintained an adequate and constant link with it;

vii) examined the Audit Plan prepared by the Internal Audit Department and approved by the Board of Directors, observed compliance with it and received information flows on the results of the audits and on the actual implementation of the relative mitigation initiatives and corrective actions;

viii) acknowledged the evolution of the Group's internal control system;

ix) examined the update of the Audit Plan in consideration of the Covid-19 emergency, also as a result of the risk assessment activities with respect to the risk profiles resulting from the Covid-19 emergency;

x) obtained information on the activities carried out by the Management Committee composed of the Chief Executive Officers, the Central Human Resources Manager and the Central Operations Manager in managing the Covid-19 emergency.

In the light of all of the above, no elements have emerged that could lead the Board of Statutory Auditors to consider that the internal control and risk management system of the Company and the Group as a whole is not adequate.

4.2 Administrative and accounting system and financial reporting process

With regard to the administrative and accounting system and the financial reporting process, the Board of Statutory Auditors monitored, among other things, the activities carried out by management, including the activities of the Director appointed for the internal control and risk management system, the Corporate Accounting Reporting Officer and the Internal Audit Department, in order to assess, on an ongoing basis, their adequacy and actual functioning.

The Report on Corporate Governance and Ownership Structures describes the main features of the system.

Exchanges with the managers of the independent auditors KPMG S.p.A. of data and information relevant to the performance of their respective duties did not reveal any aspects that should be highlighted in this report.

The Board of Statutory Auditors examined the Additional Report prepared by the Independent Auditors pursuant to Article 11 of EU Regulation 537/2014 and found that it did not reveal any significant deficiencies in the internal control system in relation to the financial reporting process. The contents of the report were discussed and expanded upon during the periodic exchanges of information between the Board of Statutory Auditors and the Independent Auditors.

4.3 Non-financial reporting process

The Board of Statutory Auditors recalls that, pursuant to Italian Legislative Decree no. 254/2016, as amended, as well as the related implementing regulation issued by CONSOB with resolution no. 20267 of January 18, 2018, the Company is required to prepare and publish the Consolidated Non-Financial Statement ("NFS" or "Sustainability Report").

Pursuant to Article 4 of Italian Legislative Decree no. 254/2016, the NFS provides non-financial information regarding the Company and its subsidiaries "*to the extent necessary to ensure an understanding of the group's business, its performance, its results and the impact it generates*".

As provided for in Article 3, paragraph 7 of Italian Legislative Decree no. 254/2016, the Board of Statutory Auditors, as part of the performance of the functions assigned to it by the legal system, supervised compliance with the rules governing the preparation of the NFS.

The Board of Directors approved the NFS on March 16, 2021; it was prepared in accordance with Italian Legislative Decree. 254/2016 and taking into account the GRI-Global Reporting Initiative international reporting standards.

The Board met with the Head of the independent auditors Deloitte & Touche S.p.A. and acknowledged that such independent auditors issued, on March 30, 2021, the Report pursuant to Article 3, paragraph 10 of Italian Legislative Decree no. 254/2016 and of Articles 5 of the regulation issued by CONSOB with resolution no. 20267 of January 18, 2018.

As part of the said report, Deloitte & Touche S.p.A. attested that, on the basis of the work carried out, no elements have come to its attention that would suggest that the NFS was not prepared, in all significant aspects, in accordance with the requirements of Articles 3 and 4 of Italian Legislative Decree no. 254/2016 and of the GRI-Global Reporting Initiative international reporting standards.

The Board of Statutory Auditors in turn observes that, as a result of the work it performed, nothing was brought to its attention which would indicate that the NFS did not comply with the regulations governing its preparation.

5. Supervision of external auditing activities

5.1 External Auditing

In accordance with the provisions of Art. 19 of Italian Legislative Decree no. 39/2010, the Board of Statutory Auditors carried out the prescribed supervisory activity on the operations of the Independent Auditors.

The Board of Statutory Auditors has met several times with the independent auditors KPMG S.p.A., also pursuant to Art. 150 of the Consolidated Law on Finance, in order to exchange information about their activities. During these meetings, the Independent Auditors did not highlight any facts deemed censurable or irregularities such as to require reporting pursuant to Article 155, paragraph 2, of the Consolidated Law on Finance.

On March 30, 2021, the Independent Auditors issued, pursuant to Article 14 of Italian Legislative Decree no. 39/2010, the Audit Reports on the separate and consolidated financial statements for the year ended December 31, 2020.

With respect to the opinions and attestations, the Independent Auditors in their Audit Report on the Financial Statements have:

- issued an opinion stating that the financial statements and the consolidated financial statements of Orsero S.p.A. provide a true and fair view of the financial position of the Company and the Group as at December 31, 2020, and of the results of their operations and their cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) of the European Union, as well as with the measures issued in implementation of Italian Legislative Decree 38/2005;
- issued a consistency opinion, indicating that the Report on Operations accompanying the Separate and Consolidated Financial Statements as at December 31, 2020 and certain specific information contained in the "Report on Corporate Governance and Ownership Structures" set forth in Article 123-bis, paragraph 4, of the Consolidated Law on Finance, for which the Company Directors are responsible, have been prepared in compliance with the law;
- declared, with regard to any significant errors in the Report on Operations, on the basis of the knowledge and understanding of the company and the relative context acquired during the course of the audit, that it has nothing to report.

On the basis of the information gathered by the Control and Risks Committee, the Corporate Accounting Reporting Officer and the Director appointed for the internal control and risk management system, as well as the managers of the Independent Auditors, the Board of Statutory Auditors has no observations to make regarding the proper use of the accounting standards and the uniformity of their use for the preparation of the Separate and Consolidated Financial Statements as at December 31, 2020.

On March 30, 2021, the Independent Auditors also issued to the Board of Statutory Auditors the Additional Report required by Article 11 of Regulation (EU) No. 537/2014. Attached to such Report, the Independent Auditors submitted to the Board of Statutory Auditors the declaration relating to their independence, as required by Article 6 of Regulation (EU) No. 537/2014, indicating no situations that could compromise such independence. In compliance with the provisions of Art. 19, paragraph 1, letter a) of Italian Legislative Decree 39/2010, the Board of Statutory Auditors promptly transmitted the Additional Report to the Board of Directors, without comment.

5.2 Activities of the Board of Statutory Auditors with regard to non-audit services

During the 2020 financial year, in compliance with the provisions of Article 19, paragraph 1, letter e) of Italian Legislative Decree 39/2010 and Article 5, par. 4, of EU Regulation 537/2014, the Board of Statutory Auditors examined the proposals for the conferral of non-audit services to the Independent Auditors submitted to its attention.

As part of its assessments, the Board of Statutory Auditors verified both the compatibility of said services with the prohibitions set forth in Article 5 of EU Regulation 537/2014, and the absence of potential risks to the independence of the auditor arising from the performance of said services in light of the provisions contained in Italian Legislative Decree 39/2010 (Arts. 10 et seq.), in the Issuers' Regulation (Arts. 149-*bis* et seq.) and in Auditing Principle no. 100.

The Board of Statutory Auditors approved the assignment of the service to KPMG S.p.A. when legal requirements were met.

The fees for non-audit services provided to the Company and its subsidiaries by the Independent Auditors are specified in Annex 1 "Information in accordance with Art. 149-duodecies of the Consob Issuers' Regulation" of the notes to the Separate and Consolidated Financial Statements, to which reference should be made.

6. Adherence to the Corporate Governance Code, Composition of the Board of Directors and Remuneration

As specified in the Report on Corporate Governance and Ownership Structures, during the 2020 financial year, the Company began the necessary and appropriate activities to comply with the provisions of the Corporate Governance Code, the adoption of which was formalized during the Board of Directors' meeting held on March 16, 2021.

The Board of Statutory Auditors assessed the manner in which the Company adopted and implemented the Corporate Governance Code promoted by Borsa Italiana (Code of Conduct until December 31, 2020) and has no observations to make in this regard.

The Board of Statutory Auditors acknowledges that the Board of Directors has carried out an assessment of the functioning, size and composition of the Board of Directors and the Board Committees, in accordance with the provisions of Article 4 of the Corporate Governance Code. The assessment process is described in the Report on Corporate Governance and Ownership Structures.

The process and results of the Board's self-assessment activity, shared with the Remuneration and Appointments Committee, were presented, shared and discussed at the Board meeting on March 9, 2021, which the Board of Statutory Auditors attended.

The Board of Statutory Auditors verified the proper application of the criteria and the process implemented by the Board of Directors to assess the independence of Directors qualified as "independent".

Similarly, on March 9, 2021, the Board of Statutory Auditors ascertained the fulfillment of its independence requirements and also carried out a self-assessment activity regarding the composition and functioning of the Control Body, transmitting the results to the Company.

Similar activities had been successfully carried out in respect of each member on May 26, 2020, immediately upon acceptance of the appointment.

The Board of Statutory Auditors has verified, through its participation in the meetings of the Remuneration and Appointments Committee and the Board of Directors, the Company processes that led to the definition of the Company's remuneration policies, particularly with reference to the remuneration and incentive criteria for the managers of Company departments.

7. Omissions or objectionable facts, opinions rendered and initiatives undertaken

During the year, no complaints pursuant to Article 2408 of the Italian Civil Code or reports of irregularities were received.

The Board of Statutory Auditors expressed the following favorable opinions:

- on the fairness of the criteria and procedures adopted by the Board of Directors to assess the independence requirement of Directors who qualify as independent;
- on the Internal Audit plan prepared by the head of Internal Audit.

In the course of the activities carried out and on the basis of the information obtained, no omissions, objectionable facts, irregularities or, in any case, significant circumstances were found that would require reporting to the Supervisory Authorities or mention in this Report.

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On the basis of the above and to the extent of what has been brought to the attention of the Board of Statutory Auditors, it is deemed that there are no reasons preventing your approval of the Orsero S.p.A. Financial Statements for the year ended December 31, 2020 and of the allocation of the profit for the year, as proposed by the Board of Directors.

Milan, March 30, 2021

FOR THE BOARD OF STATUTORY AUDITORS

Giorgio Grosso (Chairman)


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