Interim Report

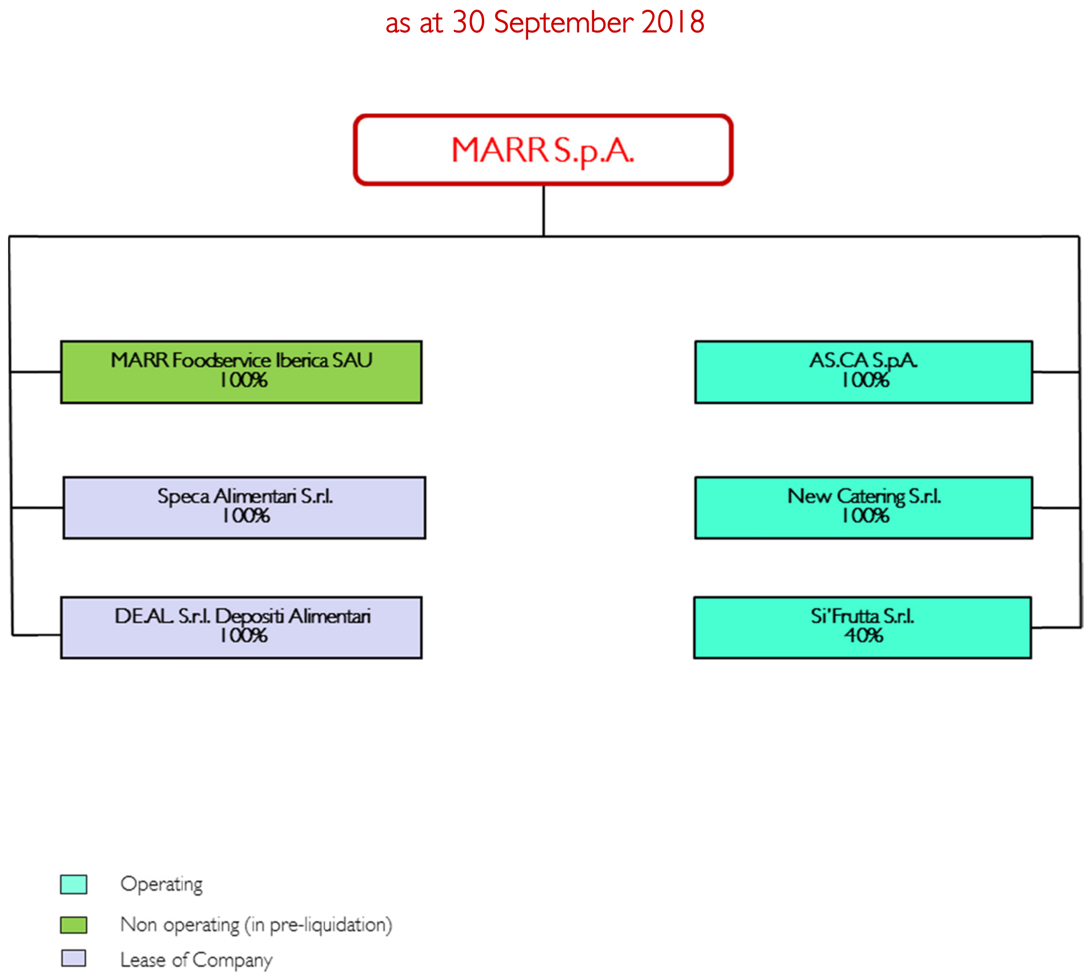
as at 30 September 2018

14 November 2018

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

TABLE OF CONTENTS

MARR GROUP ORGANISATION



As at 30 September 2018 the structure of the Group differs from that at 31 December 2017 and from that at 30 September 2017 due to the purchase of the remaining 50% of Griglia Doc. S.r.l.'s share capital, finalised by the subsidiary DE.AL. S.r.l. Depositi Alimentari on 27 February 2018 and for its subsequent merger by incorporation in DE.AL. S.r.l., with legal effects that came into force on 25 June 2018.

Furthermore, it is highlighted that on 31 May 2018 the Parent Company bought the 40% of the share capital of Si'Frutta S.r.l., a company operating in the supply of fresh fruit and vegetable products to hotels, restaurants, canteens and chains operators and in industrial transformation activities.

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

Company	Activity
MARR S.p.A. Via Spagna n. 20 – Rimini	Marketing and distribution of fresh, dried and frozen food products for Foodservice operators.
AS.CA S.p.A. Via dell'Acero n. 1/A - Santarcangelo di Romagna (RN)	Marketing and distribution of fresh, dried and frozen food products for Foodservice operators.
New Catering S.r.l. Via dell'Acero n.1/A - Santarcangelo di Romagna (RN)	Marketing and distribution of foodstuff products to bars and fast food outlets.

DE.AL. S.r.l. Depositi Alimentari Via Tevere n. 125 – Elice (PE)	Company, leasing its going concern to the Parent Company.
Speca Alimentari S.r.l. Via dell'Acero n. 1/A – Santarcangelo di Romagna (RN)	Company, leasing its going concern to the Parent Company.
MARR Foodservice Iberica S.A.U. Calle Lagasca n. 106 1° centro - Madrid (Spagna)	Non-operating company (in pre – liquidation).
Si'Frutta S.r.l. Via Lesina n. 25 – Cervia (RA)	Supply of fresh fruit and vegetable products to hotels, restaurants, canteens and chains operators and in industrial transformation activities.

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

CORPORATE BODIES

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

[1] Member of Control and Risk Committee

[2] Members of the Remuneration and Nomination committee

Board of Statutory Auditors

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

Manager responsible for the drafting of corporate accounting documents	Pierpaolo Rossi

DIRECTORS' REPORT

Group performance and analysis of the results for the third quarter of 2018 and as at 30 September 2018

The interim report as at 30 September 2018, not audited, has been prepared in accordance with the accounting policies and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002, while for information and the purposes of this report, reference is made to article 154-ter of the Legislative Decree 58 dated 24 February 1998.

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

The total consolidated revenues in the third quarter and in the nine months reached 507.2 million Euros (494.5 million Euros in 2017) and 1,289.8 million Euros (1,263.1 million Euros in 2017) respectively.

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

The sales of the MARR Group in the first nine months of 2018 amounted to 1,270.3 million Euros (1,240.2 million in 2017) while those in the third quarter reached 499.9 million Euros (485.0 million in 2017).

In particular, sales to clients in the Street Market and National Account segments as at 30 September 2018 amounted to 1,088.3 million Euros, with an entirely organic increase of 46.1 million compared to 1,042.2 million in 2017, while the sales in the third quarter amounted to 429.8 million Euros (417.8 million in 2017).

In the main Street Market segment (restaurants and hotels not belonging to Groups or Chains), sales in the first nine months amounted to 864.5 million Euros (831.5 million in 2017), those in the third quarter amounting to 362.4 million (349.8 million in 2017).

The performance of the end reference market of clients in the Street Market segment, on the basis of the most recent survey by the Confcommercio Studies Office (ICC no.9, October 2018), registered an increase of +2.3% in consumption (by quantity) in the third quarter for "Hotels, meals and out of home consumption".

Sales to clients in the National Account segment (operators in Canteens and Chains and Groups) as at 30 September 2018 amounted to 223.8 million Euros (210.7 in 2017), with 67.4 million Euros in the third quarter (68.0 million in the same period of 2017).

Sales to clients in the Wholesale segment amounted to 182.1 million Euros in the first nine months of 2018 (198.0 million in 2017), with 70.1 million in the third quarter (67.1 million in 2017).

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

MARR Consolidated (€thousand)	quarter 2018	3rd quarter 2017	30.09.18 (9 months)	30.09.17 (9 months)
Revenues from sales and services by customer category				
Street market	362,396	349,803	864,504	831,491
National Account	67,423	68,047	223,766	210,717
Wholesale	70,092	67,137	182,058	198,007
Total revenues form sales in Foodservice	499,911	484,987	1,270,328	1,240,215
(1) Discount and final year bonus to the customers	(3,474)	(3,477)	(13,158)	(12,177)
(2) Other services	587	636	1,935	1,774
(3) Other	106	127	338	368
Revenues from sales and services	497,130	482,273	1,259,443	1,230,180

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

Below are the figures, re-classified according to current financial analysis procedures, with the income statement, statement of financial position and net financial position for the first nine months and third quarter of 2018 compared to the corresponding periods of the previous year.

Analysis of the re-classified income statement

MARR Consolidated (€thousand)	3rd quarter 2018	%	3rd quarter 2017	%	% Change	30.09.18 (9 months)	%	30.09.17 (9 months)	%	% Change
Revenues from sales and services	497,130	98.0%	482,273	97.5%	3.1	1,259,443	97.6%	1,230,180	97.4%	2.4
Other earnings and proceeds	10,110	2.0%	12,277	2.5%	(17.7)	30,362	2.4%	32,928	2.6%	(7.8)
Total revenues	507,240	100.0%	494,550	100.0%	2.6	1,289,805	100.0%	1,263,108	100.0%	2.1
Raw and secondary materials, consumables and goods for resale	(363,397)	-71.6%	(344,944)	-69.7%	5.3	(1,014,871)	-78.7%	(989,287)	-78.3%	2.6
Change in inventories	(32,690)	-6.4%	(40,811)	-8.3%	(19.9)	2,737	0.2%	(3,713)	-0.3%	(173.7)
Services	(54,083)	-10.7%	(52,819)	-10.7%	2.4	(143,252)	-11.1%	(138,557)	-11.0%	3.4
Leases and rentals	(2,510)	-0.5%	(2,362)	-0.4%	6.3	(7,348)	-0.5%	(7,239)	-0.5%	1.5
Other operating costs	(368)	-0.1%	(367)	-0.1%	0.3	(1,156)	-0.1%	(1,156)	-0.1%	0.0
Value added	54,192	10.7%	53,247	10.8%	1.8	125,915	9.8%	123,156	9.8%	2.2
Personnel costs	(9,329)	-1.9%	(9,249)	-1.9%	0.9	(28,324)	-2.2%	(28,323)	-2.3%	0.0
Gross Operating result	44,863	8.8%	43,998	8.9%	2.0	97,591	7.6%	94,833	7.5%	2.9
Amortization and depreciation	(1,782)	-0.3%	(1,654)	-0.3%	7.7	(5,216)	-0.4%	(4,857)	-0.3%	7.4
Provisions and write-downs	(3,963)	-0.8%	(3,786)	-0.8%	4.7	(10,560)	-0.9%	(9,749)	-0.8%	8.3
Operating result	39,118	7.7%	38,558	7.8%	1.5	81,815	6.3%	80,227	6.4%	2.0
Financial income	464	0.1%	299	0.1%	55.2	919	0.1%	1,046	0.1%	(12.1)
Financial charges	(1,240)	-0.2%	(1,184)	-0.3%	4.7	(4,088)	-0.3%	(4,948)	-0.5%	(17.4)
Foreign exchange gains and losses	103	0.0%	(69)	0.0%	(249.3)	55	0.0%	(125)	0.0%	(144.0)
Value adjustments to financial assets	0	0.0%	(35)	0.0%	(100.0)	0	0.0%	(116)	0.0%	(100.0)
Result from recurrent activities	38,445	7.6%	37,569	7.6%	2.3	78,701	6.1%	76,084	6.0%	3.4
Non-recurring income	0	0.0%	0	0.0%	0.0	0	0.0%	0	0.0%	0.0
Non-recurring charges	0	0.0%	0	0.0%	0.0	0	0.0%	0	0.0%	0.0
Profit before taxes	38,445	7.6%	37,569	7.6%	2.3	78,701	6.1%	76,084	6.0%	3.4
Income taxes	(10,750)	-2.1%	(10,943)	-2.2%	(1.8)	(22,440)	-1.7%	(22,150)	-1.7%	1.3
Total net profit	27,695	5.5%	26,626	5.4%	4.0	56,261	4.4%	53,934	4.3%	4.3

In the third quarter, which due to the business seasonality is historically the most significant of the business year; the results achieved by the MARR's Group are the following: total revenues amounting to 507.2 million Euros (494.5 million in 2017); EBITDA[1] amounting to 44.9 million Euros (44.0 million in 2017); EBIT amounting to 39.1 million Euros (38.6 million in 2017).

In the first nine months the results achieved by the MARR's Group are the following: total revenues amounting to 1,289.8 million Euros (1,263.1 million in 2017); EBITDA amounting to 97.6 million Euros (94.8 million in 2017); EBIT amounting to 81.8 million Euros (80.2 million in 2017) and a net result amounting to 56.3 million Euros (53.9 million in 2017).

The trend in Revenues (+2.1% in the nine months and +2.6% in the quarter compared to the same period of the previous year) is a consequence of the performance of sales in the individual client categories, as analysed previously.

The item "Other earnings and proceeds" is mainly represented by contributions from suppliers on purchases and includes logistics payments which MARR charges to suppliers (as in the previous years); on the other hand, following the centralisation of deliveries from suppliers on logistical platforms, MARR undertakes the costs for the internal distribution to the distribution centres.
Their decrease compared to the same period of the previous year is related to the inclusion of part of them to reduce the cost of purchasing materials following the reformulation of some of the contracts for the recognition of end-of year bonuses, as already explained in the Directors' Report as at 31 December 2017.

In the first nine months the percentage incidence of the first margin (Total revenues, less Cost of purchase of goods plus variations in inventories) confirms an improvement trend compared to the same period of the previous year (+0.1%).

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

As regards operating costs, as explained in the Half-year Financial Report, it's highlighted that the higher costs of transport, handling and processing of goods mainly by the effect of the different sales mix as commented above, caused in the nine months, compared to the same period of the previous year, a slight increase in Services both in value and as percentage incidence on the total Revenues; this incidence in the quarter is aligned to the same period of 2017.

The percentage incidence of the other operating costs in the first nine months and in the quarter was in line with the corresponding period of the previous year.

As concern Personnel Costs it is highlighted that, despite the remuneration increases envisaged by the National Collective Labour Contract for workers of companies in the tertiary sector of distribution and services (from 2015 to the end of 2017), the personnel cost is substantially aligned both in value and as percentage incidence on the total Revenues to the same period of last year; this is mainly a result of the maintenance of a careful policy of resources.
In particular it is pointed out that, notwithstanding a decrease of the cost registered in the first half- year compared to the same period of 2017, related to the process of outsourcing some activities conducted in the first months of the previous business year, during the third quarter the item shows a slight increase mainly due to the seasonality of the period.

The increase in absolute value of depreciation is mainly due to the investments made in the last three-year period for the expansion and modernisation of some MARR distribution centres.

The item provisions and write-downs amounted to 10.6 million Euros over the nine months, an increase compared to 9.7 million in 2017 (4.0 million Euros in the third quarter compared to 3.8 million of the same period of 2017) and is constituted for 9.9 million Euros by the provisions for bad debts and by 0.7 million Euros for the provision for client severance indemnity. The percentage incidence on total revenue is unchanged compared to the previous period.

Financial management shows a reduction of the net financial charges (-0.7 million Euros in the nine months and -0.1 million Euros in the quarter) correlated both to the trends in interest rates and to the re-negotiation of some medium and long-term loans starting from the latter part of 2017, in addition to a positive effect generated by the management of the balances in foreign currency, mainly related to the performance of the Euro compared to the US dollar (+0.2 million Euros both in the nine months and in the quarter).

The result of the recurring activities reached in the quarter 38.4 million Euros, an increase compared to 37.6 million Euros in 2017 (78.7 million Euros in the nine months and 76.1 million Euros in the same period of 2017).

The tax rate of the period is 28.5% on the nine months (29.1% in the same period of 2017).

The total net result of the third quarter reached 27.7 million Euros, increasing compared the 26.6 million Euros of the same period of the previous year.

At the end of the first nine months the net result amounted to 56.3 million Euros (53.9 million 2017).

Analysis of the re-classified statement of financial position

MARR Consolidated (€thousand)	*30.09.18*	*31.12.17*	*30.09.17*
Net intangible assets	152,044	151,695	151,660
Net tangible assets	68,296	70,149	70,855
Equity Investments evaluated using the Net Equity method	516	735	775
Equity investments in other companies	315	315	315
Other fixed assets	22,884	26,176	27,426
Total fixed assets (A)	244,055	249,070	251,031
Net trade receivables from customers	435,125	376,690	431,872
Inventories	150,289	147,552	139,263
Suppliers	(382,371)	(328,860)	(366,777)
Trade net working capital (B)	203,043	195,382	204,358
Other current assets	64,327	58,972	59,750
Other current liabilities	(36,521)	(24,261)	(37,026)
Total current assets/liabilities (C)	27,806	34,711	22,724
Net working capital (D) = (B+C)	230,849	230,093	227,082
Other non current liabilities (E)	(1,390)	(1,045)	(777)
Staff Severance Provision (F)	(8,669)	(9,264)	(9,536)
Provisions for risks and charges (G)	(6,265)	(6,525)	(6,024)
Net invested capital (H) = (A+D+E+F+G)	458,580	462,329	461,776
Shareholders' equity attributable to the Group	(311,255)	(304,726)	(293,140)
Consolidated shareholders' equity (I)	(311,255)	(304,726)	(293,140)
(Net short-term financial debt)/Cash	80,562	38,092	6,220
(Net medium/long-term financial debt)	(227,887)	(195,695)	(174,856)
Net financial debt (L)	(147,325)	(157,603)	(168,636)
Net equity and net financial debt (M) = (I+L)	(458,580)	(462,329)	(461,776)

Net financial position [3]

The following represents the trend in Net Financial Position.

MARR Consolidated (€thousand)	30.09.18	30.06.18	31.12.17	30.09.17
A. Cash	20,892	8,799	9,133	9,482
Cheques	0	0	0	0
Bank accounts	183,096	154,648	147,044	143,982
Postal accounts	142	83	108	78
B. Cash equivalent	183,238	154,731	147,152	144,060
C. Liquidity (A) + (B)	204,130	163,530	156,285	153,542
Current financial receivable due to parent company	1,155	174	1,259	302
Current financial receivable due to related companies	0	0	0	0
Others financial receivable	848	778	716	888
D. Current financial receivable	2,003	952	1,975	1,190
E. Current Bank debt	(61,318)	(57,997)	(63,745)	(62,263)
F. Current portion of non current debt	(61,971)	(50,918)	(44,868)	(74,334)
Financial debt due to parent company	0	0	0	0
Financial debt due to related companies	0	0	0	0
Other financial debt	(2,282)	(2,739)	(11,555)	(11,915)
G. Other current financial debt	(2,282)	(2,739)	(11,555)	(11,915)
H. Current financial debt (E) + (F) + (G)	(125,571)	(111,654)	(120,168)	(148,512)
I. Net current financial indebtedness (H) + (D) + (C)	80,562	52,828	38,092	6,220
J. Non current bank loans	(190,425)	(188,892)	(159,583)	(136,669)
K. Other non current loans	(37,462)	(37,243)	(36,112)	(38,187)
L. Non current financial indebtedness (J) + (K)	(227,887)	(226,135)	(195,695)	(174,856)
M. Net financial indebtedness (I) + (L)	(147,325)	(173,307)	(157,603)	(168,636)

The MARR's Group financial debt is affected by the business seasonality, that requires high net working capital during the summer period. Historically, the indebtedness reaches its peak during the first half of the year, and then decrease at the end of the business year.

As at 30 September 2018 indebtedness reached 147.3 million Euros compared to 173.3 million as at 30 June 2018 and to 168.6 million Euros as at 30 September 2017.

As regard the main financial movements of the first nine months of 2018, in addition to the ordinary operating management and to the cash out related to the investments for the distribution centres of the Parent Company, we point out that:

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

- dividends amounting to a total of 49.2 million Euros (46.6 million Euros in 2017) have been paid out in the second quarter of the year;
- in February the company DE.AL S.r.l. Depositi Alimentari paid, for an amount of 0.2 million Euros, the instalment for the purchase of the remaining 50% of the share capital of Griglia Doc S.r.l.;
- in May the Parent Company paid 0.2 million Euros as the initial instalment of the purchase price of the holdings in Si'Frutta S.r.l., the overall impact of which on the financial position of the Group amounted to 0.5 million Euros;
- in the month of August, the amount of 0.7 million Euros was engrossed as the first instalment of the reimbursement of the sums paid out in the previous years while the final judgement was pending, with reference to the legal dispute with the Guardia di Finanza for presumed breaches concerning direct taxes for the 1993-1999 fiscal years and VAT for the 1998 and 1999 fiscal years; it is recalled that the proceeding ended on 20 April 2018 with sentence of Romagna Tax Commission (CTR) that endorsed MARR's defence, ordering the annulment of the ascertainment notifications issued, with the obligation for the Inland Revenue to reimburse the amounts paid by MARR S.p.A. until now.
  In this regard it is highlighted that further 6.4 million Euros were engrossed at the end of the month of October.

As regards the structure of the sources of financing, it must be highlighted that during the nine months the Parent Company finalised the following transactions:
- with regard to the ongoing loan outstanding with ICCREA BancaImpresa and BNP Paribas, in January additional financing tranches were granted for a total value of 40.9 million Euros;
- on 14 February a new loan in Pool with Cassa Centrale Banca (as agent bank) and BCC Malatestiana, was granted for 10 million Euros and with amortization plan ending in December 2020;
- on 11 April a new loan signed with UniCredit, was granted for 25 million Euros and with amortization plan expiring in April 2022;
- in April and June, the ongoing loans with the Cassa di Risparmio di Ravenna (for a total amount of 1.0 million Euros) and UniCredit Banca (for a total amount of 21 million Euros) were extinguished in advance; as at 31 December 2017, these loans were included for 12 million Euros in the current financial payables and for 12 million Euros in the non-current financial payables.
- On 18 July 2018 a new loan with Credito Emiliano was granted for 7.5 million Euros with amortization plan ending in July 2021;
- On 19 July 2018 a loan with Ubi Banca was extinguished in advance for 8.6 million Euros (as at 31 December 2017 the loan was included for 2.8 million Euros in the current financial payables and for 7.2 million Euros in the non-current financial payables), at the same date a new loan with Ubi Banca was granted for 10 million Euros with amortization plan ending in July 2021.

Lastly, it should be noted that in the first nine months, the last instalment of purchase price of DE.AL Depositi Alimentari S.r.l. (9 million Euros) and an instalment related Speca Alimentari S.r.l.'s purchase price (0.1 million Euros) were paid out.

The net financial position as at 30 September 2018 remains in line with the company objective.

Analysis of the Trade net working Capital

MARR Consolidated (€thousand)	***30.09.18***	*30.06.18*	*31.12.17*	*30.09.17*
Net trade receivables from customers	435,125	424,301	376,690	431,872
Inventories	150,289	182,979	147,552	139,263
Payables to suppliers	(382,371)	(396,418)	(328,860)	(366,777)
Trade net working capital	203,043	210,862	195,382	204,358

As at 30 September 2018 the trade net working capital amounts to 203.0 million Euros with a decrease of some 1.3 million Euros compared to 204.3 million Euros of the 30 September 2017.

In particular, in the comparison of the figure with 30 September 2017, it is noted an increase of 3.3 million Euros in trade receivables, while the total consolidated revenues increased in the nine months of about 26.7 million; continuous attention of the entire Organization to the credit management is confirmed.
Inventories balance showed an increase for some 11,0 million Euros compared with the same period of the previous year, mainly related to an anticipation of the fishing campaign in Latin America (Mexico and Argentine).
Also payables to supplier increased of 15.6 million of Euros (+10.3 million in the previous year).

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

Re-classified cash-flow statement

MARR Consolidated (€thousand)	*30.09.18*	*30.09.17*
Net profit before minority interests	56,261	53,934
Amortization and depreciation	5,216	4,857
Change in Staff Severance Provision	(595)	(1,085)
Operating cash-flow	60,882	57,706
(Increase) decrease in receivables from customers	(58,435)	(56,222)
(Increase) decrease in inventories	(2,737)	3,073
Increase (decrease) in payables to suppliers	53,511	54,683
(Increase) decrease in other items of the working capital	6,905	6,077
Change in working capital	(756)	7,611
Net (investments) in intangible assets	(614)	(7,439)
Net (investments) in tangible assets	(3,103)	(3,823)
Net change in financial assets and other fixed assets	3,511	1,378
Net change in other non current financial debt	85	(241)
Investments in other fixed assets	(121)	(10,125)
Free - cash flow before dividends	60,005	55,192
Distribution of dividends	(49,229)	(46,568)
Capital increase	0	0
Other changes, including those of minority interests	(498)	213
Casf-flow from (for) change in shareholders' equity	(49,727)	(46,355)
FREE - CASH FLOW	10,278	8,837
Opening net financial debt	(157,603)	(177,473)
Cash-flow for the period	10,278	8,837
Closing net financial debt	(147,325)	(168,636)

Investments

The following is a summary of the investments made in the first nine months and in the third quarter of 2018:

(€thousand)	*3rd quarter 2018*	*30.09.18*
Intangible assets		
Patents and intellectual property rights	13	474
Fixed assets under development and advances	53	140
Total intangible assets	66	614
Tangible assets		
Land and buildings	117	303
Plant and machinery	356	759
Industrial and business equipment	127	283
Other assets	168	573
Fixed assets under development and advances	762	1,185
Total tangible assets	1,530	3,103
Total	1,596	3,717

It should be noted that the increase in intangible assets is due, in addition to the acquisition of new software, some of which is still being implemented, also to the inclusion in the Group of the value of the Griglia Doc patent following its merger by incorporation into DE.AL S.r.l. Depositi Alimentari subsequently to the purchase by the latter of the totality of the holdings finalised in the month of February.

Regarding the investments in Land and buildings, Plant and machinery and Industrial and business equipment it's highlight the continuation of the expansion and modernisation works in some distribution centres of the Parent Company mainly referred to MARR Adriatico and distributions centres and industrial plants located in Romagna Area.
As regard the "fixed asset under development and advances" it's should be noted that the construction work for the new headquarters' building located in Santarcangelo di Romagna was started for a total amount of 1.1 million Euros in the first nine month.

Other information

The Company neither holds nor has ever held shares or quotas of parent companies, even through third party persons and/or companies; consequently during the 2018 the company never purchased or sold the above-mentioned shares and/or quotas.

As at 30 September 2018 the company does not owns own shares.

During the first nine months of 2018 the Group did not carry out atypical or unusual operations.

Main events in the third quarter of 2018

On 3 August the Board of Directors of MARR S.p.A., pursuant to art. 2505 second paragraph of the Italian Civil Code and to the By Laws, approved the planned merger by incorporation into MARR S.p.A. of the fully owned companies DE.AL. – S.r.l. Depositi Alimentari and Speca Alimentari S.r.l.. On the same date the Shareholder's meetings of DE.AL. – S.r.l. Depositi Alimentari and Speca Alimentari S.r.l. also approved the said merger.
That operation is aimed at achieving rationalization in terms of economic, financial and administrative management, given that DE.AL. – S.r.l. Depositi Alimentari and Speca Alimentari S.r.l. are companies whose activities are limited to the lease of the going concerns to the Parent Company MARR S.p.A..

In relation to the events occurred during the first half year please refer to the Half Year Financial Report 2018.

Events occurred after the closing of the quarter

On 15 October 2018, by deed with the signatures authenticated by the Notary Stefania Di Mauro from Santarcangelo di Romagna, the incorporation of the companies DE.AL. – S.r.l. Depositi Alimentari and Speca Alimentari S.r.l. in the company MARR S.p.A. has been finalized. The legal effects of the merger will come into force on 1 December 2018.

Outlook

The sales performance in October to clients in the Street Market and National Account categories has put the sales in the first nine months in line with the growth objectives for the year.

Interim Condensed
Consolidated Financial Statements

MARR Group

Interim Report
as at 30 September 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€thousand)	30.09.18	31.12.17	30.09.17
ASSETS			
Non-current assets			
Tangible assets	68,296	70,149	70,855
Goodwill	149,921	149,921	149,921
Other intangible assets	2,123	1,774	1,739
Equity Investments evaluated using the Net Equity	516	735	775
Investments in other companies	315	315	315
Non-current financial receivables	1,071	1,171	1,313
Financial instruments/derivatives	1,309	586	1,282
Deferred tax assets	577	0	661
Other non-current assets	27,769	31,357	32,993
Total non-current assets	251,897	256,008	259,854
Current assets			
Inventories	150,289	147,552	139,263
Financial receivables	1,999	1,964	1,181
relating to related parties	*1,155*	*1,259*	*302*
Financial instruments/derivatives	4	11	9
Trade receivables	427,283	369,752	423,049
relating to related parties	*13,048*	*14,020*	*13,154*
Tax assets	8,639	9,323	7,685
relating to related parties	*12*	*1,224*	*264*
Cash and cash equivalents	204,130	156,285	153,542
Other current assets	55,688	49,649	52,065
relating to related parties	*305*	*304*	*306*
Total current assets	848,032	734,536	776,794
TOTAL ASSETS	*1,099,929*	*990,544*	*1,036,648*
LIABILITIES			
Shareholders' Equity			
Shareholders' Equity attributable to the Group	311,255	304,726	293,140
Share capital	*33,263*	*33,263*	*33,263*
Reserves	*207,095*	*193,600*	*193,584*
Retained Earnings	*70,897*	*77,863*	*66,293*
Total Shareholders' Equity	311,255	304,726	293,140
Non-current liabilities			
Non-current financial payables	227,887	195,695	174,786
Financial instruments/derivatives	0	0	70
Employee benefits	8,669	9,264	9,536
Provisions for risks and costs	6,265	6,001	6,024
Deferred tax liabilities	0	524	0
Other non-current liabilities	1,390	1,045	777
Total non-current liabilities	244,211	212,529	191,193
Current liabilities			
Current financial payables	125,483	120,161	148,446
relating to related parties	*0*	*0*	*0*
Financial instruments/derivatives	88	7	66
Current tax liabilities	13,746	1,654	13,436
relating to related parties	*10,513*	*0*	*10,319*
Current trade liabilities	382,371	328,860	366,777
relating to related parties	*10,554*	*9,011*	*19,624*
Other current liabilities	22,775	22,607	23,590
relating to related parties	*42*	*250*	*58*
Total current liabilities	544,463	473,289	552,315
TOTAL LIABILITIES	*1,099,929*	*990,544*	*1,036,648*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€thousand)	Note	*3rd quarter 2018*	*3rd quarter 2017*	*30 September 2018*	*30 September 2017*
Revenues	1	497.130	482.273	1.259.443	1.230.180
relating to related parties		*15.318*	*14.745*	*46.106*	*39.690*
Other revenues	2	10.110	12.277	30.362	32.928
relating to related parties		*198*	*127*	*538*	*334*
Changes in inventories		(32.690)	(40.811)	2.737	(3.713)
Purchase of goods for resale and consumables	3	(363.397)	(344.944)	(1.014.871)	(989.287)
relating to related parties		*(25.094)*	*(22.804)*	*(68.778)*	*(56.198)*
Personnel costs	4	(9.329)	(9.249)	(28.324)	(28.323)
Amortization, depreciation and write-downs	5	(5.745)	(5.440)	(15.776)	(14.606)
Other operating costs	6	(56.961)	(55.548)	(151.756)	(146.952)
relating to related parties		*(755)*	*(706)*	*(2.277)*	*(2.253)*
Financial income and charges	7	(673)	(954)	(3.114)	(4.027)
relating to related parties		*0*	*1*	*0*	*10*
Revenues/(Losses) form investments evaluated using the Net Equity method		0	(35)	0	(116)
Pre-tax profits		*38.445*	*37.569*	*78.701*	*76.084*
Taxes	8	(10.750)	(10.943)	(22.440)	(22.150)
Profits for the period		*27.695*	*26.626*	*56.261*	*53.934*
Profit for the period atributable to:					
Shareholders of the parent company		27.695	26.626	56.261	53.934
Minority interests		0	0	0	0
		27.695	*26.626*	*56.261*	*53.934*
EPS base (euros)	9	0,42	0,40	0,85	0,81
EPS diluited (euros)	9	0,42	0,40	0,85	0,81

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(€thousand)	Note	*3rd quarter 2018*	*3rd quarter 2017*	*30 September 2018*	*30 September 2017*
Profits for the period (A)		27,695	26,626	56,261	53,934
Items to be reclassified to profit or loss in subsequent periods:					
Efficacious part of profits/(losses) on cash flow hedge instruments, net of taxation effect		(144)	(1,112)	(498)	212
Items not to be reclassified to profit or loss in subsequent periods:					
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect		0	0	0	0
Total Other Profits/Losses, net of taxes (B)	*10*	*(144)*	*(1,112)*	*(498)*	*212*
Comprehensive Income (A) + (B)		*27,551*	*25,514*	*55,763*	*54,146*
Comprehensive Income attributable to:					
Shareholders of the parent company		27,551	25,514	55,763	54,146
Minority interests		0	0	0	0
		27,551	*25,514*	*55,763*	*54,146*

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

Description	Share Capital	Other reserves											Profits carried over from consolidated	Total Group net equity
		Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital	Extraordinary reserve	Reserve for exercised stock options	Reserve for transition to Ias/Ifrs	Cash-flow hedge reserve	Reserve ex art. 55 (dpr 597-917)	Reserve IAS 19	Total Reserves		
Balance at 1st January 2017	33,263	63,348	6,652	13	36,496	70,119	1,475	7,290	(1,901)	1,474	(826)	184,141	68,161	285,565
Allocation of 2016 profit						9,235						9,235	(9,235)	
Distribution of parent company dividends													(46,568)	(46,568)
Other minor variations										(4)		(4)	1	(3)
Consolidated comprehensive income (1/1 -30/09/2017):														
- Profit for the period													53,934	53,934
- Other Profits/Losses, net of taxes									212			212		212
Balance at 30 September 2017	33,263	63,348	6,652	13	36,496	79,354	1,475	7,290	(1,689)	1,471	(826)	193,584	66,293	293,140
Other minor variations										(3)		(1)		(1)
Consolidated comprehensive income (1/10 - 31/12/2017):														
- Profit for the period													11,570	11,570
- Other Profits/Losses, net of taxes									- 51		68	17		17
Balance at 31 December 2017	33,263	63,348	6,652	13	36,496	79,354	1,475	7,290	(1,740)	1,468	(758)	193,600	77,863	304,726
Allocation of 2017 profit						13,998						13,998	(13,998)	
Distribution of parent company dividends													(49,229)	(49,229)
Other minor variations										(4)		(5)		(5)
Consolidated comprehensive income (1/1 -30/09/2018):														
- Profit for the period													56,261	56,261
- Other Profits/Losses, net of taxes									(498)			(498)		(498)
Balance at 30 September 2018	33,263	63,348	6,652	13	36,496	93,352	1,475	7,290	(2,238)	1,465	(758)	207,095	70,897	311,255

CONSOLIDATED CASH FLOWS STATEMENT (INDIRECT METHOD)

Consolidated (€thousand)	*30.09.18*	*30.09.17*
Result for the Period	56,261	53,934
Adjustment:		
Amortization and write-downs	5,221	4,862
Allocation of provison for bad debts	9,894	9,245
Allocation of provison for supplementary clientele severance indemnity	666	504
Capital profit/losses on disposal of assets	3	(4)
relating to related parties	*0*	*0*
Financial (income) charges net of foreign exchange gains and losses	3,169	(3,902)
relating to related parties	*(1)*	*10*
Foreign exchange evaluated (gains)/losses	(63)	(9)
	18,890	10,696
Net change in Staff Severance Provision	(595)	(1,291)
(Increase) decrease in trade receivables	(67,163)	(64,308)
relating to related parties	*972*	*(1,048)*
(Increase) decrease in inventories	(2,737)	3,713
Increase (decrease) in trade payables	53,431	53,647
relating to related parties	*1,543*	*12,682*
(Increase) decrease in other assets	(2,451)	(15,032)
relating to related parties	*(1)*	*(134)*
Increase (decrease) in other liabilities	111	(835)
relating to related parties	*(208)*	*28*
Net change in tax assets / liabilities	21,021	22,424
relating to related parties	*19,155*	*18,416*
Income tax paid	(9,222)	(11,568)
relating to related parties	*(7,430)*	*(8,844)*
Interest paid	(4,088)	4,948
relating to related parties	*0*	*0*
Interest received	919	(1,046)
relating to related parties	*1*	*(11)*
Foreign exchange evaluated gains	64	0
Foreign exchange evaluated losses	(1)	9
Cash-flow form operating activities	64,440	55,291
(Investments) in other intangible assets	(247)	(797)
(Investments) in tangible assets	(3,754)	(4,167)
Net disposal of tangible assets	648	563
Net (investments) in equity investments no consolidated on a line-by-line basis	(516)	116
Net (investments) in equity investments in other companies	0	4
Outgoing for acquisition of subsiaries or going concerns during the year (net of liquidity purchased)	(9,191)	(9,570)
Cash-flow from investment activities	(13,060)	(13,851)
Distribution of dividends	(49,229)	(46,568)
Other changes, including those of third parties	(508)	207
Other changes in financial payables (net of non-current loans received)	(1,108)	4,106
relating to related parties	*0*	*0*
New non-current loans received	97,894	80,000
relating to related parties	*0*	*0*
Non current loans repayment	(49,933)	(47,421)
relating to related parties	*0*	*0*
Net change in current financial receivables	(28)	2,659
relating to related parties	*104*	*2,628*
Net change in non-current financial receivables	(623)	4,959
Cash-flow from financing activities	(3,535)	(2,058)
Increase (decrease) in cash-flow	47,845	39,382
Opening cash and equivalents	156,285	114,160
Closing cash and equivalents	204,130	153,542

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

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Structure and contents of the interim condensed consolidated financial statements

The interim report as at 30 September 2018 have been prepared in accordance with the accounting policies and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002 while for information and the purposes of this report, reference is made to article 154-ter of the Legislative Decree 58 dated 24 February 1998.

In the "Accounting policies" section, the international accounting principles adopted in the drawing up of the quarterly report as at 30 September 2018 do not differ from those used in the drawing up of the consolidated financial statements as at 31 December 2017, excepted for the amendments and interpretations effective from the 1st January 2018.

For the purposes of the application of IFRS 8 it is noted that the Group operates in the "Distribution of food products to non-domestic catering" sector only, with regard to performance levels in the third quarter of 2018, see what described in the Directors' Report.

The interim condensed consolidated financial statements as at 30 September 2018 have been prepared on the basis of the cost method except for the derivative financial instruments, which are recorded at fair value.

The consolidated financial statements as at 30 September 2018 show, for comparison purposes, for the Income Statement the figures for the third quarter and progressive figures as at 30 September 2017 and for the Statement of the Financial Position the figures as at 31 December 2017 and 30 September 2017.

The following classifications have been used:

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

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

The figures are expressed in Euros.

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

The interim report is not audited.

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

Consolidation method

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

- Subsidiaries have been consolidated as from the date when control was actually transferred to the Group, and are no longer consolidated as from the date when control was transferred outside the Group.
- Assets and liabilities, charges and income of the companies consolidated on a line-by-line basis, have been fully entered in the consolidated financial statements; the book value of equity investments has been written off against the corresponding portion of shareholders' equity of the related concerns, by assigning to each single item of the statement of financial position's assets and liabilities, the current value as at the date of acquisition of control (purchase method as defined by IFRS 3, "Business combinations"). Any residual difference, if positive, is entered under "*Goodwill*" in the assets; if negative, in the income statement.
- Mutual debt and credit, costs and revenues relationships, between consolidated companies, and the effects of all significant transactions between these companies, have been written off.
- The portions of shareholders' equity and of the results for the period of minority shareholders have been shown separately in the consolidated shareholders' equity and income statement: this holding is determined on the basis

of the percentage held in the fair value of the assets and liabilities recorded at the date of original takeover and in the changes in shareholders' equity after this date.

- Subsequently, the profits and losses are attributed to the minority shareholders on the basis of the percentage they hold and the losses are attributed to minorities even if this implies that the minority holdings have a negative balance.
- Changes in the shareholding of the Parent Company in a subsidiary which do not imply loss of control are accounted as equity transactions.
- If the Parent Company loses control over a subsidiary, it:
    - derecognises the assets (including any goodwill) and liabilities of the subsidiary,
    - derecognises the carrying amount of any non-controlling interest,
    - derecognises the cumulative translation differences recorded in equity,
    - recognises the fair value of the consideration received,
    - recognises the fair value of any investment retained,
    - recognises any surplus or deficit in the profit and loss,
    - re-classifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate.

Scope of consolidation

The interim condensed consolidated financial statements as at 30 September 2018 include the financial statements of the Parent Company MARR S.p.A. and those of the companies it either directly or indirectly controls.
Control is achieved when the Group is exposed or has the right to variable performance levels, deriving from its own relations with the entity involved in the investment and, simultaneously, has the capacity to affect these performance levels by exercising its power over the entity. Specifically, the Group controls a subsidiary if, and only if, the Group has:
· the power over the entity involved in the investment (or has valid rights conferring upon it the current capacity to manage the significant activities of the entity being invested in);
· exposure or the right to variable performance levels deriving from relations with the entity being invested in;
· the capacity to exercise its own power over the entity being invested in terms of affecting the amount deriving from its performance.
There is a general assumption that the majority of voting rights implies control. In support of this assumption and when the Group possesses less than the majority of the voting (or similar) rights, the Group considers all the significant facts and circumstances to establish whether it controls the entity being invested in, including:
· contractual agreements with other owners of voting rights;
· rights deriving from contractual agreements;
· voting rights and potential voting rights of the Group.
The Group reconsiders whether it has control over a subsidiary or not if the facts and circumstances indicate that there have been changes in one or more of the significant elements defining control.

The complete list of subsidiaries included in the scope of consolidation as at 30 September 2018, with an indication of the method of consolidation, is reported in the MARR Group organisation.
The consolidated financial statements have been prepared on the basis of the financial statements as at 30 September 2018 prepared by the subsidiaries included in the scope of consolidation and adjusted, if necessary, in order to align them to the accounting Group policies and classification criteria, in accordance with IFRS.

As at 30 September 2018 the structure of the Group differs from that at 31 December 2017 due to the purchase of the remaining 50% of the quotas of Griglia Doc. S.r.l. made by DE.AL S.r.l. Depositi Alimentari on 27 February 2018 and for its subsequent merger by incorporation in DE.AL. S.r.l., the legal effects of which came into force on 25 June 2018.

Furthermore, as explained in the Director's report, it should be noted that on 31 May 2018 the Parent Company bought the 40% of the quotas of Si'Frutta S.r.l., a company operating in the supply of fresh fruit and vegetable products to hotels, restaurants, in canteens and chains operators and in industrial transformation activities.

Accounting policies

The criteria for assessment used for the purpose of predisposing the consolidated accounts up for the financial statements closed on 30 September 2018 do not differ from those used for the drafting of the consolidated financial statements as at 31 December 2017 (refer to the paragraph "Accounting policies" of the Explanatory Notes on the Annual Financial Report 2017). It should be highlighted that the new Accounting Standards, changes and interpretations to the Accounting Standards applicable from 1 January 2018 and listed above did not affected the equity, economic and financial situation of the present interim statement of the Group:

- IFRS 9 - Financial instruments. In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all the phases of the project concerning financial instruments and replaces IAS 39, Financial Instruments: Recording and assessment, and all previous versions of IFRS 9. The principle introduces new requirements for classification, assessment, loss of value and hedge accounting.
- IFRS 15 (and subsequent clarifications issued on 12 April 2016) - Revenues deriving from contracts with customers. This IFRS was issued in May 2014 and introduces a new five-phase model to be applied to revenues from customer contracts. IFRS 15 provides that revenues be recorded for an amount reflecting the payment the entity deems to have the right to in exchange for the transfer of goods or services to the customer. The principle gives a more structured approach for recording and assessing revenues, replacing all the current requirements in the other IFRS on the recognition of revenues.
- Changes to IFRS 2 – Clarifications of classification and measurement of share based payment transactions. This amendment deals with the following matters identified by the IFRS Interpretations Committee: i) the accounting of a share based payment plan with defined benefits including the achievement of targets; ii) a share based payment in which the method of settlement is correlated to future events; iii) share based payments settled net of fiscal withholdings; iv) transfer from a cash based payment method to a share based payment method.
- Changes to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. This amendment deals with worries that arose during the application of IFRS 9 on financial instruments before the introduction of the new insurance contract standards. Two options are given for companies subscribing insurance contracts with regard to IFRS 4: i) an option that enables the company to reclassify some revenues or costs originating from specific financial assets from the income statement to the statement of comprehensive income; ii) a temporary exemption from the application of IFRS 9, the main activity of which is the subscription of contracts as described in IFRS 4.
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration. The interpretation deals with transactions in foreign currency in the event that an entity recognises a nonmonetary asset or liability originating from a payment or receipt of an advance payment before the entity recognises the relevant asset, cost or revenue. This need not be applied to taxes, insurance or re-insurance contracts.
- Changes to IAS 40 regarding transfers of investment property. The amendment provides that: i) paragraph 57 of IAS 40 be modified, providing that an entity must transfer a property from, or to, the category of investment property only when there is evidence of its change of use; ii) the list of examples included in the paragraph 57 (a) – (d) be redefined as a non-exhaustive list of examples.
- Improvements to the International Financial Reporting Standards (2014-2016). These are part of the annual improvement plan for the standards and will come into force from 1 January 2018. The changes concern:
  - IFRS 1: the short-term exemptions provided in paragraph E3-E7 are deleted, given that the reasons for including them are no longer in place;
  - IFRS 12: the scope of the standard is clarified, specifying that the disclosure requirements, except for those in paragraphs B10-B16, are applicable to the interests of an entity listed in paragraph 5, which are classified as held for sale, distribution of as a discontinued operations ex IFRS 5;
  - IAS 28: it is clarified that the decision to measure an investment in a subsidiary or joint venture held by a venture capital company at fair value through the income statement is possible for all investments in subsidiaries or joint ventures as of their initial recording.
  - Changes to IFRS 9 - Financial Instruments. The changes, published in October 2017, concern the "Prepayment Features with Negative Compensation" which enable the application of the amortized cost or the fair value through other comprehensive income (OCI) for the financial activities with an option of advance termination ("negative compensation");
  - Changes to IAS 28 - Long-term Interests in Associates and Joint Ventures. The changes specify that IFRS 9 must be applied to the long-term receivables from an associate company or a joint venture which, in substance, is part of the investment in the associate company or joint venture.

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

- IFRS 16 – Leases. Standard published by the IASB on 13 January 2016, destined to replace standard IAS 17 – Leasing, and also the interpretations of IFRIC 4 – Determining whether an agreement involves leasing, SIC 15 – Operating leasing – Incentives and SIC 27 – The evaluation of the substance of operations in the legal form of leasing. The new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract. Its application is provided as of 1 January 2019. Advance application is allowed for entities applying IFRS 15. The Group is evaluating the impacts of this new standard on its own consolidated financial statements; for further details regarding the estimated effects we refer to the Explanatory Notes of the consolidated financial statements at 31 December 2017, given that no significant variations regarding assumption made for analysis occurred during the year.
- IFRIC 23 - Uncertainty over Income Tax Treatments. This interpretation provides indications on how to reflect in the accounting of income tax the uncertainties of the fiscal treatment of a specific phenomenon. IFRIC 23 will come into force on 1 January 2019.

Finally we remind that IASB on 12 December 2017 published the *Annual Improvements to IFRS (2015 – 2017 cycle)* that included the modify at *IAS 12 – Income Taxes; at IAS 23 – Borrowing Costs, at IFRS 3 – Business Combinations – and at IFRS 11 – Joint Arrangement.*

Main estimates adopted by management and discretional assessments

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

Comments on the main items of the consolidated income statement

1. Revenues

(€thousand)	***3rd quarter 2018***	*3rd quarter 2017*	***30.09.18 (9 months)***	*30.09.17 (9 months)*
Net revenues from sales - Goods	496,434	481,516	1,257,170	1,228,044
Revenues from Services	85	78	239	225
Other revenues from sales	0	0	36	39
Advisory services to third parties	78	94	222	208
Manufacturing on behalf of third parties	20	12	44	24
Rent income (typical management)	10	15	35	90
Other services	503	558	1,697	1,550
Total revenues	497,130	482,273	1,259,443	1,230,180

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

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

(€thousand)	***3rd quarter 2018***	*3rd quarter 2017*	***30.09.18 (9 months)***	*30.09.17 (9 months)*
Italy	464,266	453,422	1,191,064	1,145,611
European Union	16,296	14,640	41,764	50,221
Extra-EU countries	16,568	14,211	26,615	34,348
Total	497,130	482,273	1,259,443	1,230,180

2. Other revenues

The Other revenues are broken down as follows:

(€thousand)	***3rd quarter 2018***	*3rd quarter 2017*	***30.09.18 (9 months)***	*30.09.17 (9 months)*
Contributions from suppliers and others	9,371	12,201	28,645	30,608
Other Sundry earnings and proceeds	266	(479)	579	983
Reimbursement for damages suffered	229	351	515	588
Reimbursement of expenses incurred	220	178	543	635
Recovery of legal taxes	10	9	25	41
Capital gains on disposal of assets	14	17	55	73
Total other revenues	10,110	12,277	30,362	32,928

The "Contributions from suppliers and others" consist mainly of contributions obtained from suppliers for the commercial promotion of their products with our customers.
As regards the comparison to the same period of the previous year, it has to be recalled that part of the contribution from suppliers (amounting to 5.275 thousand Euros in the nine months) has been included to reduce the cost of purchase of goods following the reformulation of some of the contracts for the recognition of end-of-year bonuses.

3. Purchase of goods for resale and consumables

This item is composed of:

(€thousand)	3rd quarter 2018	3rd quarter 2017	30.09.18 (9 months)	30.09.17 (9 months)
Purchase of goods	366,989	343,605	1,015,274	984,864
Purchase of packages and packing material	1,509	1,375	3,866	3,671
Purchase of stationery and printed paper	216	221	584	612
Purchase of promotional and sales materials and catalogues	24	113	146	287
Purchase of various materials	109	99	328	396
Discounts and rebates from suppliers	(5,536)	(536)	(5,536)	(771)
Fuel for industrial motor vehicles and cars	86	67	209	228
Total purchase of goods for resale and consumables	363,397	344,944	1,014,871	989,287

As regards the performance of the purchase cost of goods destined for commercialisation, please refer to the Directors' Report on market performance.
As highlighted in the previous paragraph, the item "Purchases of goods" benefited of the part of contribution from suppliers identifiable as end-of year bonuses and amounting in the nine months to 5,275 thousand Euros (2,923 thousand Euros in the quarter).

4. Personnel Costs

As at 30 September 2018 the item amounts to 28.324 thousand Euros (28.323 thousand Euros in the nine month of 2017) and includes all expenses for employed personnel, including holiday and additional monthly salaries as well as related social security charges, in addition to the severance provision and other costs provided contractually.

Instead to a decrease, compared to the same period of 2017, of personnel costs registered in the first haf- as a result of the process of outsourcing some activities conducted since the first months of the previous business year, the item shows a slight increase in the third quarter mainly by the effect of the seasonality of the period (+80 thousand Euros compared to the third quarter of 2017).
The percentage incidence on total revenues in the quarter is unchanged mainly by the effect of the maintenance of a careful resource management policy, with specific reference to the management of leave and permits and of overtime work.

To this end, we would like to highlight that the average number of Group employees amounted to 847.9 at 30 September 2018 against 853.3 in same period in the previous year.

5. Amortizations, depreciations and write-downs

(€thousand)	3rd quarter 2018	3rd quarter 2017	30.09.18 (9 months)	30.09.17 (9 months)
Depreciation of tangible assets	1,679	1,590	4,951	4,693
Amortization of intangible assets	103	64	265	164
Provisions and write-downs	3,963	3,786	10,560	9,749
Total amortization and depreciation	5,745	5,440	15,776	14,606

We point out that the item "Provision and write-downs" as at 30 September 2018 refers for 9,894 thousand Euros (9,245 thousand Euros as at 30 September 2017) to the provision for bad debts in addition to a provision for supplementary client severance indemnity for 666 thousand Euros (504 thousand Euros as at 2017).

The increase in depreciation is related to the plan of investment for expansion and modernization works carried out in the last three-years period in some MARR distribution centres.

6. Other operating costs

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

(€thousand)	3rd quarter 2018	3rd quarter 2017	30.09.18 (9 months)	30.09.17 (9 months)
Operating costs for services	54,082	52,819	143,252	138,557
Operating costs for leases and rentals	2,510	2,362	7,348	7,239
Operating costs for other operating charges	369	367	1,156	1,156
Total other operating costs	56,961	55,548	151,756	146,952

The operating costs for services mainly include the following items: sale expenses, distribution and logistic costs of our products for 116,952 thousand Euros (114,067 thousand Euros in the 2017), costs for utilities for 8,415 thousand Euros (7,870 thousand Euros in the 2017), porterage fees and other charges for handling goods for 4,209 thousand Euros (3,751 thousand Euros of 2017), processing by third parties for 3,330 thousand Euros (2,848 thousand Euros in the 2017) and maintenance costs for 3,620 thousand Euros (3,621 thousand Euros in the 2017).

In the quarter the detail of the main items of operating costs is the following: sale expenses, distribution and logistic costs of our products for 44,116 thousand Euros (43,416 thousand Euros in 2017), costs for utilities for 3,480 thousand Euros (3,160 thousand Euros in 2017), porterage fees and other charges for handling goods for 1,670 thousand Euros (1,479 thousand Euros in 2017); processing by third parties for 1,191 thousand Euros (1,042 thousand Euros in 2017) and maintenance costs for 1,227 thousand Euros (1,158 thousand Euros in 2017).

As explained in the Half Year Financial Report, the increase was mainly related to an higher distribution and handling cost of the products due to a different mix of the sales.

Costs for leases and rentals mainly concern the rental fees for industrial buildings that amount to a total of 6,917 thousand Euros (6,876 thousand Euros as at 30 September 2017). It should be noted out that the rental fees for industrial buildings include the fees of 501 thousand Euros paid to the associate companies Le Cupole S.r.l. in Castelvetro (MO) for the rental of the property in which the branch MARR Battistini carries out its activities (Via Spagna 20 – Rimini).

The operating costs for other operating charges mainly include the following items: "other indirect duties, taxes and similar costs" for 472 thousand Euros, "local council duties and taxes" for 220 thousand Euros and "expenses for credit recovery" for 269 thousand Euros.

7. Financial income and charges

(€thousand)	3rd quarter 2018	3rd quarter 2017	30.09.18 (9 months)	30.09.17 (9 months)
Financial charges	1,241	1,184	4,088	4,948
Financial income	(464)	(299)	(919)	(1,046)
Foreign exchange (gains)/losses	(104)	69	(55)	125
Total financial (income) and charges	673	954	3,114	4,027

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

As also highlighted in the Directors' Report, the decrease in financial charges has benefited from a reduction in the cost of money related, in addition to the trend of interest rates, to the renegotiation of some long term loans starting from the latter part of 2017.

8. Taxes

(€thousand)	***3rd quarter 2018***	*3rd quarter 2017*	***30.09.18 (9 months)***	*30.09.17 (9 months)*
Ires-Ires charge transferred to Parent Company	9,060	9,425	19,419	19,141
Irap	1,739	2,028	3,836	4,034
Reimboursement for taxes of previouse years	4	(54)	4	(56)
Net provision for deferred tax liabilities	(53)	(456)	(819)	(969)
Total taxes	10,750	10,943	22,440	22,150

9. Earnings per share

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

(Euros)	***3rd quarter 2018***	*3rd quarter 2017*	***30.09.18 (9 months)***	*30.09.17 (9 months)*
Basic Earnings Per Share	0.42	0.40	0.85	0.81
Diluted Eaenings Per Share	0.42	0.40	0.85	0.81

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

Earnings:

(€thousand)	***3rd quarter 2018***	*3rd quarter 2017*	***30.09.18 (9 months)***	*30.09.17 (9 months)*
Profit for the period	27,695	26,626	56,261	53,934
Minority interests	0	0	0	0
Profit used to determine basic and diluted earnings per share	27,695	26,626	56,261	53,934

Number of shares:

(number of shares)	***3rd quarter 2018***	*3rd quarter 2017*	***30.09.18 (9 months)***	*30.09.17 (9 months)*
Weighted average number of ordinary shares used to determine basic earning per share	66,525,120	66,525,120	66,525,120	66,525,120
Adjustments for share options	0	0	0	0
Weighted average number of ordinary shares used to determine diluted earning per share	66,525,120	66,525,120	66,525,120	66,525,120

10. Other profits/(losses)

The other profits/losses accounted for in the consolidated statement of other comprehensive income consist of the effects produced and reflected in the period with reference to the following items:
- effective part of the operations for: hedging interest rates related to variable rate loans existing at the date; hedging exchange risk rate related to the bond in US dollars closed with an operation of private placement in the month of July 2013; effective part of the term exchange purchase transactions carried out to hedge the underlying goods purchasing operations. The value indicated, amounting to a total loss of 498 thousand Euros in the first nine months (+212 thousand Euros in the same period of the previous year), is shown net of the taxation effect (that amounts to approximately +104 thousand Euros in the first nine months of the year). During the third quarter the evaluation of hedging operations generated a loss in the consolidated comprehensive income statement for 144 thousand Euros (+1,112 thousand Euros 2017).
According to the IFRS these profits/losses have been entered in the net equity and highlighted (according to IAS 1 revised, in force from 1st January 2009) in the consolidated comprehensive income statement.

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Rimini, 14 November 2018

The Chairman of the Board of Directors

Paolo Ferrari

Appendices

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

- Appendix I Reconciliation of liabilities deriving from financing activities as at 30 September 2018 and as at 30 September 2017.

Appendix 1

RECONCILIATION OF LIABILITIES DERIVING FROM FINANCING ACTIVITIES AS AT 30 SEPTEMBER 2018 AND AS AT 30 SEPTEMBER 2017

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

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

	30 September 2017	Cash flows	Purchases	Non-financial changes Other changes/ reclassifications	Exchange rates variations	Fair value variation	31 December 2016
Current payables to bank	62,263	8,983	0	0	0	0	53,280
Current portion of non current debt	74,334	(29,909)	126	51,230	0	0	52,887
Current financial payables for bond private placement in US dollars	323	(753)	0	323	0	0	753
Current financial payables for leasing contracts	217	(93)	47	0	0	0	263
Current financial payables for purchase of quotas or shares	11,309	(10,035)	1,054	9,000	0	0	11,290
Total current financial payables	148,446	(31,807)	1,227	60,553	0	0	118,473
Current payables/(receivables) for hedging financial instruments	66	0	0	0	0	67	(1)
Total current financial instruments	66	0	0	0	0	67	(1)
Non-current payables to bank	136,599	62,488	0	(51,043)	0	0	125,154
Non-current financial payables for bond private placement in US dollars	36,152	0	0	43	(4,371)	0	40,480
Non-current financial payables for leasing contracts	565	(263)	8	0	0	0	820
Non-current financial payables for purchase of quotas or shares	1,470	0	0	(9,000)	0	0	10,470
Total non-current financial payables	174,786	62,225	8	(60,000)	(4,371)	0	176,924
Non-current payables/(receivables) for hedging financial instruments	70	0	0	0	0	(17)	87
Total non-current financial instruments	70	0	0	0	0	(17)	87
Total liabilities arising from financial activities	323,368	30,418	1,235	553	(4,371)	50	295,483

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows	40,453
Other changes/ reclassifications	553
Exchange rates variations	(4,371)
Fair value variation	50
Total detailed variations in the table	**36,685**
Other changes in financial liabilities	4,106
New non-current loans received	80,000
Non current loans repayment	(47,421)
Total changes shown between financing activities in the Cash Flows Statement	**36,685**

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

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

Rimini, 14 November 2018

Pierpaolo Rossi
Manager responsible for the drafting
of corporate accounting documents