Interim Report

as at 31 March 2020

14 May 2020

MARR S.p.A.
Via Spagna, 20 – 47921 Rimini - Italy
Capital stock € 33.262.560 fully paid
Tax code and Trade Register of Romagna-Forlì-Cesena and Rimini 01836980365
Subject to the management and coordination of Cremonini S.p.A. – Castelvetro (MO)

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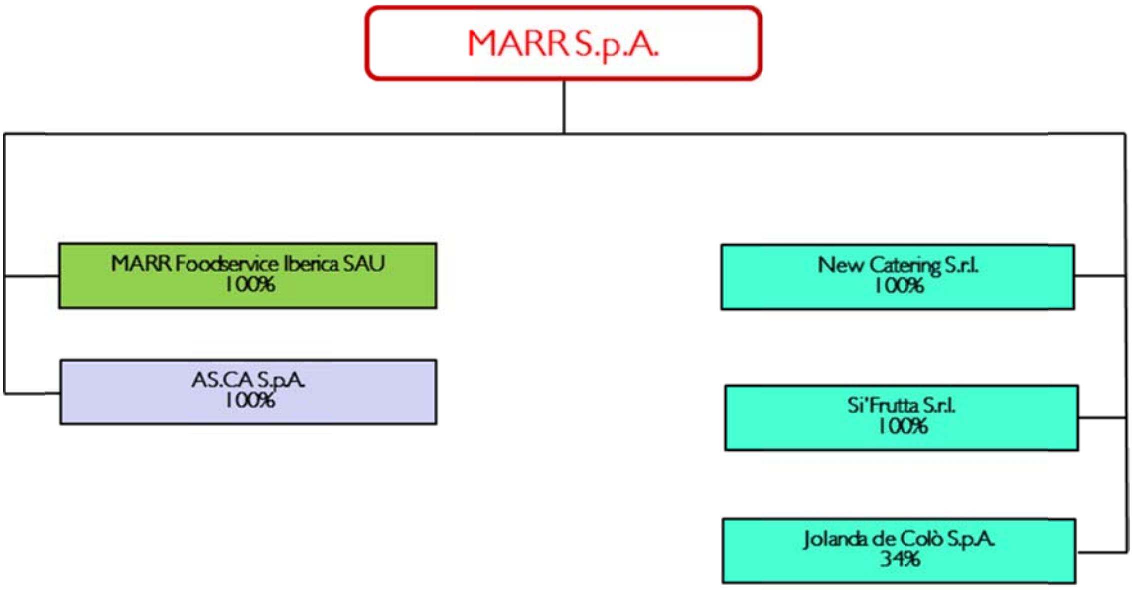
MARR GROUP ORGANISATION

as at 31 March 2020



Operating

Leasing going concern

Non operating (in pre-liquidation)

As at 31 March 2020 the structure of the Group differs from that at 31 December 2019 for the purchase finalized by the Parent Company on 11 March of the remaining 60% of the shares of SìFrutta S.r.l.; the purchase from the companies Sì Frutta S.r.l. and Vitali e Bagnoli Multiservice S.r.l. for a total price of 0.8 million Euros allowed the company to acquire the total control of the shareholding.

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

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)	Company which leases going concerns to the Parent Company, effective from 1 February 2020
New Catering S.r.l. Via dell'Acero n.1/A - Santarcangelo di Romagna (RN)	Marketing and distribution of foodstuff products to bars and fast food outlets.
MARR Foodservice Iberica S.A.U. Calle Lagasca n. 106 1° centro - Madrid (Spain)	Non-operating company (in pre – liquidation).

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

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

CORPORATE BODIES

Board of Directors

Chairman	Ugo Ravanelli
Chief Executive Office	Francesco Ospitali
Directors	Claudia Cremonini
	Vincenzo Cremonini
Independent Directors	Marinella Monterumisi [(I)]
	Alessandro Nova
	Rossella Schiavini [(I)]

[(I)] Member of Control and Risk Committee

Board of Statutory Auditors

Chairman	Massimo Gatto
Auditos	Andrea Foschi
	Simona Muratori
Alternate Auditors	Alvise Deganello
	Lucia Masini

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 first quarter of 2020

The interim report as at 31 March 2020, 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 first quarter of 2020, which began very positively, suffered the shock of Covid-19 blocking tourism and catering activities. It is expected that the slowdown in results will also impact the second quarter, with a recovery in out-of-home consumption expected from the summer.

The total consolidated revenues for the period amounted to 261.7 million Euros, compared to 333.4 million in the first quarter of 2019, and were affected by the block on tourism and catering activities following the measures for the containment of the spread of the Covid-19 pandemic, implemented in Italy at the end of February.
Up to 23 February 2020, the Group sales showed progressively since the beginning of the year an increase of +4.1% compared to the same period last year, with an increase in line with the objectives.

As confirmation of the positivity of the new trade and product initiatives implemented already from the end of last year, it must be noted that, with the increase in revenues already highlighted, the first two months of 2020 had also seen an increase in the EBITDA and EBIT values that was more than proportional with a significantly increasing pre-tax result. The positive effect of these initiatives will continue as soon as the consumption levels begin to recover.

The operating profitability was affected by the marked reduction in revenues, and were mitigated in part by the interventions on the fixed operating costs.

In March, the measures that involved part of the workforce through the careful implementation of some of the available employment laws led to savings of approximately 45% in the cost of labour.

Consequently EBITDA and EBIT reached 3.6 and -4.2 million Euros respectively compared to17.3 and 10.7 million Euros in the same period of 2019.

The net result for the period amounted to -4.0 million Euros (with an EPS of -0.06 Euros) compared to 6.6 million Euros in the first quarter of 2019.

In this market context in the first three months of the year - which due to seasonality are relatively significant for their contribution to sales for the entire year – total sales of the MARR Group reached 259.7 million Euros, compared to 329.3 million in 2019.

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

During this period, based on the most recent survey by the Confcommercio Studies Office (Survey no.4, April 2020), there was a decrease in the item "Hotels, meals and out-of-home consumption" (by quantity) of -25%, with a decrease of -70% in March. The same trend was also confirmed by a recent study published on 7 May by Federalberghi, according to which in 2020, which began with an increase in the number of hotel guests in January (+3.8% for foreigners and +4.8% for Italians), there was an initial decrease in February (approximately -7%), and then a collapse in March (approximately -90%).

In the first quarter, the Group sales to clients in the "Street Market" (restaurants and hotels not belonging to Chains) and "National Account" (operators in Chains and Groups and Canteens) categories amounted to 209.4 million Euros compared to 273.4 million in the first three months of 2019 (a decrease of -23%, less than the overall market decrease).

In the Street Market category (restaurants and hotels not belonging to Groups or Chains), which was particularly affected by the stop of tourism and catering activities, sales reached 149.3 million Euros compared to 198.4 million in the first quarter of 2019.

Sales to National Account clients (operators in Canteens and Chains and Groups) amounted to 60.1 million Euros (74.9 million in 2019).

In the "Wholesale" category, sales in the first quarter of 2020 amounted to 50.3 million Euros compared to 56.0 million in 2019.

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

	MARR Consolidated (€thousand)	*31 March 2020*	*31 March 2019*
	Revenues from sales and services by customer category		
	Street market	149,252	198,450
	National Account	60,182	74,912
	Wholesale	50,265	55,983
	Total revenues form sales in Foodservice	259,699	329,345
(1)	Discount and final year bonus to the customers	(4,165)	(4,696)
(2)	Other services	661	622
(3)	Other	56	63
	Revenues from sales and services	256,251	325,334

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, the statement of financial position and the net financial position for the first quarter of 2020, compared to the same period of the previous year.

Analysis of the re-classified income statement[1]

MARR Consolidated (€thousand)	1st quarter 2020	%	1st quarter 2019	%	% Change
Revenues from sales and services	256,251	97.9%	325,334	97.6%	(21.2)
Other earnings and proceeds	5,498	2.1%	8,061	2.4%	(31.8)
Total revenues	**261,749**	**100.0%**	**333,395**	**100.0%**	**(21.5)**
Cost of raw materials, consumables and goods for resale	(222,444)	-85.0%	(281,608)	-84.4%	(21.0)
Change in inventories	8,528	3.3%	14,732	4.4%	(42.1)
Services	(35,732)	-13.7%	(39,225)	-11.8%	(8.9)
Leases and rentals	(110)	0.0%	(219)	-0.1%	(49.8)
Other operating costs	(429)	-0.2%	(386)	-0.1%	11.1
Value added	**11,562**	**4.4%**	**26,689**	**8.0%**	**(56.7)**
Personnel costs	(7,967)	-3.0%	(9,400)	-2.8%	(15.2)
Gross Operating result	**3,595**	**1.4%**	**17,289**	**5.2%**	**(79.2)**
Amortization and depreciation	(3,993)	-1.5%	(3,728)	-1.1%	7.1
Provisions and write-downs	(3,839)	-1.5%	(2,834)	-0.9%	35.5
Operating result	**(4,237)**	**-1.6%**	**10,727**	**3.2%**	**(139.5)**
Financial income	233	0.1%	149	0.1%	56.4
Financial charges	(1,559)	-0.6%	(1,599)	-0.5%	(2.5)
Foreign exchange gains and losses	138	0.0%	111	0.0%	24.3
Value adjustments to financial assets	0	0.0%	0	0.0%	0.0
Result from recurrent activities	**(5,425)**	**-2.1%**	**9,388**	**2.8%**	**(157.8)**
Non-recurring income	0	0.0%	0	0.0%	0.0
Non-recurring charges	0	0.0%	0	0.0%	0.0
Net result before taxes	**(5,425)**	**-2.1%**	**9,388**	**2.8%**	**(157.8)**
Income taxes	1,377	0.6%	(2,814)	-0.8%	(148.9)
Net result attributable to the MARR Group	**(4,048)**	**-1.5%**	**6,574**	**2.0%**	**(161.6)**

The consolidated economic results of the first quarter of 2020, which began very positively, suffered the shock of Covid-19 blocking tourism and catering activities and are the following: total revenues amounting to 261.7 million Euros (333.4 million in the same period of the previous year); EBITDA[2] amounting to 3.6 million Euros (17.3 million as at 31 March 2019); EBIT amounting to -4.2 million Euros (10.7 million Euros as at 31 March 2019).

The trend in revenues from sales and services (-21.2% compared to the same period of last year), which until 23 February 2020 had highlighted a progressive increase of 4.1% compared to the same period of last year, is the result of the marked reduction in sales during March, with a sales dynamic in each category of clients as analysed previously.

[1] It is specified that the reclassified income statement does not show the item "Other Profits/Losses net of the effect of taxation" reported in the "Comprehensive income statement", as required by IAS 1 revised applicable from 1st January 2009 onwards.

[2] 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.

The item “Other earnings and proceeds”, mainly represented by contributions from suppliers on purchases and that includes logistics payments which MARR charges to suppliers, is related to the trend of costs for the purchase of goods and has been negatively impacted by the dynamics of sales.

In this context, actions have been implemented aimed at properly managing the operating costs, by intervening on the reducible fixed costs and optimising the management of the logistics and distribution network, which have mitigated the impact of the sales trend on the earnings.

As regards operating costs, it must been highlighted the decrease in value of Services: from 39.2 million Euros in the first quarter of 2019 to 35.7 million Euros in the same period of 2020 with a percentage incidence on total revenues from 11.8% in 2019 to 13.7% in 2020.

The personnel costs also highlight a decrease of 1.4 million, mainly due to the adjustment of the business organization to the market situation through the use of the employment laws made available by the Government (approximately 0.8 million Euros), an intensification in the use of paid leave (0.2 million Euros in March) and less overtime work (approximately 0.1 million Euros in March 2020), as well as the benefits of integrating the business activities of AS.CA into MARR (for approximately 0.3 million Euros).
In this regard, it should be noted that in March, the measures which affected part of the workforce through the careful use of the various employment law tools available led to savings of approximately 45% in the personnel costs.

It must be recalled that the item “Amortization and depreciation” includes, for 2.2 million Euros (2.0 million in the same period of 2019) the depreciation for the quarter of the right of use accounted for according to IFRS16 in the financial statements for the lease contracts; the total increase of the item is mainly the effect mainly of the investment plan put in place for some years at the distribution centres of the Parent Company.

The item “provisions and write-downs” amounted to 3.8 million Euros (2.8 million in the first quarter of 2019) and its increase is mainly attributable to a higher provision (around 0.8 million Euros) to the bad debt provision (3.5 million Euros in the first quarter of 2020) carried out in relation to the current situation of uncertainty on the market; 0.3 million Euros is related to the provision for supplementary customer indemnity.

By effect of that illustrated above the result of recurrent activities, net of the financial management which is substantially in line with the same period of the previous year, amounts at the end of the quarter a loss of 5.4 million Euros (against a profit of 9.4 million Euros as at 31 March 2019) and, as a result of deferred tax assets, the net result for the period was equal to a net loss of 4.0 million Euros (profit of 6.6 million Euros as at 31 March 2019).

Analysis of the re-classified statement of financial position

MARR Consolidated (€thousand)	*31.03.20*	*31.12.19*	*31.03.19*
Net intangible assets	153,454	152,307	152,005
Net tangible assets	71,181	70,960	68,677
Right of use assets	45,313	45,437	57,539
Equity investments evaluated using the Net Equity method	2,046	2,452	516
Equity investments in other companies	304	304	304
Other fixed assets	42,999	33,222	26,798
Total fixed assets (A)	315,297	304,682	305,839
Net trade receivables from customers	337,463	376,253	368,771
Inventories	179,144	170,395	173,610
Suppliers	(227,669)	(332,999)	(289,586)
Trade net working capital (B)	288,938	213,649	252,795
Other current assets	39,818	60,690	45,275
Other current liabilities	(16,186)	(25,909)	(28,531)
Total current assets/liabilities (C)	23,632	34,781	16,744
Net working capital (D) = (B+C)	312,570	248,430	269,539
Other non current liabilities (E)	(1,436)	(1,194)	(1,093)
Staff Severance Provision (F)	(7,600)	(8,298)	(8,370)
Provisions for risks and charges (G)	(6,792)	(7,807)	(7,853)
Net invested capital (H) = (A+D+E+F+G)	612,039	535,813	558,062
Shareholders' equity attributable to the Group	(336,637)	(339,798)	(331,082)
Consolidated shareholders' equity (I)	(336,637)	(339,798)	(331,082)
(Net short-term financial debt)/Cash	(21,860)	17,269	38,477
(Net medium/long-term financial debt)	(207,553)	(166,859)	(207,904)
Net financial debt - before IFRS 16 (L)	(229,413)	(149,590)	(169,427)
Current lease liabilities (IFRS16)	(8,210)	(7,911)	(7,567)
Non-current lease liabilities (IFRS16)	(37,779)	(38,514)	(49,986)
IFRS 16 effect on Net financial debt (M)	(45,989)	(46,425)	(57,553)
Net financial debt (N) = (L+M)	(275,402)	(196,015)	(226,980)
Net equity and net financial debt (O) = (I+N)	(612,039)	(535,813)	(558,062)

Analysis of the Net Financial Position[3]

The following represents the trend in Net Financial Position.

MARR Consolidated (€thousand)		*31.03.20*	*31.12.19*	*31.03.19*
A.	Cash	1,166	10,873	13,350
	Bank accounts	126,670	181,530	139,044
	Postal accounts	35	90	313
B.	Cash equivalent	126,705	181,620	139,357
C.	Liquidity (A) + (B)	127,871	192,493	152,707
	Current financial receivable due to Parent company	4,077	1,843	4,628
	Current financial receivable due to related companies	0	0	0
	Others financial receivable	2,278	1,807	1,079
D.	Current financial receivable	6,355	3,650	5,707
E.	Current Bank debt	(31,842)	(38,796)	(37,924)
F.	Current portion of non current debt	(114,525)	(130,076)	(81,264)
	Financial debt due to Parent company	0	0	0
	Financial debt due to Related Companies	0	0	0
	Other financial debt	(9,719)	(10,002)	(749)
G.	Other current financial debt	(9,719)	(10,002)	(749)
H.	Current lease liabilities (IFRS16)	(8,210)	(7,911)	(7,567)
I.	Current financial debt (E) + (F) + (G) + (H)	(164,296)	(186,785)	(127,504)
J.	Net current financial indebtedness (C) + (D) + (I)	(30,070)	9,358	30,910
K.	Non current bank loans	(177,552)	(137,491)	(169,578)
L.	Other non current loans	(30,001)	(29,368)	(38,326)
M.	Non-current lease liabilities (IFRS16)	(37,779)	(38,514)	(49,986)
N.	Non current financial indebtedness (K) + (L) + (M)	(245,332)	(205,373)	(257,890)
O.	Net financial indebtedness (J) + (N)	(275,402)	(196,015)	(226,980)

The financial indebtedness of the MARR Group was also affected at the end of the quarter by the unforeseen Covid-19 outbreak, reaching 275.4 million Euros, an increase of approximately 48.4 million Euros compared to the same period last year, mainly due to the trend in the net trade working capital, which was affected by the reduction in payables to suppliers and only partly compensated by the reduction in the trade receivables.

It is recalled that the net financial indebtedness stated above does not consider the long-term financial receivables due to the evaluation of the Cross Currency Swap derivative contracts ongoing at the end of the period; should these receivables be included, the financial indebtedness of the Group as at 31 March 2020 would amount to 270.2 million Euros (223.4 million Euros as at 31 March 2019 and 192.6 million Euros as at 31 December 2019).

With regard to the main financial movements in the first quarter of 2020, in addition to the ordinary operating management and the financial outlays relating to the investments made at the distribution centres of the Parent Company,

[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.

as detailed in the next paragraph "Investments", it is pointed out that in March the Parent Company paid 0.8 million Euros for the purchase of 60% of the shares of the company SìFrutta S.r.l..

As regards the structure of the financial debts, it must be pointed out that in the first three months of 2020, the Parent Company stipulated the following new contracts:

- loan signed on 24 February 2020 with Banca Intesa San Paolo for total 50 million Euros, divided into two tranches, one of 20 million Euros (granted on 26 February) and the other "bullet" of 30 million Euros (granted on 25 March 2020); both two lines of financing expire in February;
- loan granted on 4 March 2020 by Credito Emiliano for 7.5 million Euros, with amortization plan ending in March 2023.

In view of the above, it should also be noted that the two outstanding loans with Banca Intesa San Paolo, which at 31 December 2019, were classified as 9.5 million Euros in current financial payables and 10.3 million Euros in non-current financial debt, those loans were paid off early.
In January the last installment of the mortgage loan in place with Banca Intesa San Paolo was also paid and the related mortgage was canceled.

Analysis of the Trade net working Capital

MARR Consolidated (€thousand)	*31.03.20*	*31.12.19*	*31.03.19*
Net trade receivables from customers	337,463	376,253	368,771
Inventories	179,144	170,395	173,610
Suppliers	(227,669)	(332,999)	(289,586)
Trade net working capital	288,938	213,649	252,795

As at 31 March 2020, trade net working capital amounted to 288.9 million Euros, compared to 252.8 million at the end of the first quarter of 2019, affected by the decrease in suppliers, only partially offset by the reduction in trade receivables.

As a result of the health emergency at the end of February and the closure of all business activities from 11 March, the results at the end of the first quarter are not comparable with the first quarter of 2019, as a result of the impacts described previously concerning the total revenues and the purchase costs of goods.

The Company continues to focus closely on the management of the trade receivables, implementing methods based on the situations and requirements of each individual territory and market segment. The objective remains that of safeguarding the company equity, also focusing closely on the forthcoming recovery in consumption levels.

In the light of the market trends, the management team has implemented a series of interventions aimed at managing the net trade working capital, with specific regard to the continuing focus on managing the receivables and inventories.

Re-classified cash-flow statement

MARR Consolidated (€thousand)	31.03.20	31.03.19
Net profit before minority interests	(4,048)	6,574
Amortization and depreciation	3,993	3,728
Change in Staff Severance Provision	(698)	(48)
Operating cash-flow	(753)	10,254
(Increase) decrease in receivables from customers	38,790	9,718
(Increase) decrease in inventories	(8,749)	(14,732)
Increase (decrease) in payables to suppliers	(105,330)	(33,641)
(Increase) decrease in other items of the working capital	1,805	19,706
Change in working capital	(73,484)	(18,949)
Net (investments) in intangible assets	(1,246)	(79)
Net (investments) in tangible assets	(1,963)	(2,024)
Flows relating to acquisitions of subsidiaries and going concerns	(800)	(181)
Investments in other fixed assets and other change in non current items	(4,009)	(2,284)
Free - cash flow before dividends	(78,246)	(10,979)
Distribution of dividends	0	0
Capital increase	0	0
Other changes, including those of minority interests	887	238
Cash-flow from (for) change in shareholders' equity	887	238
FREE - CASH FLOW	(77,359)	(10,741)
Opening net financial debt	(196,015)	(156,656)
Effect for change in liability for IFRS16	(2,028)	(59,583)
Cash-flow for the period	(77,359)	(10,741)
Closing net financial debt	(275,402)	(226,980)

Investments

With regard to the investments of the first quarter of 2020 it is pointed out the purchase finalized by the Parent Company on 11 March 2020 of the remaining quota of 60% of the company Si'Frutta S.r.l.; this operation resulted in the recognition of a provisionally determined goodwill of 1,147 thousand Euros and the entry of tangible fixed assets for a 204 thousand Euros, mainly concentrated in the "Plant and machinery" and "Other assets" categories.

As concern the item "fixed assets under development and advances" the continuation of the works for the new headquarters' building located in Santarcangelo di Romagna is highlighted, with a total investment in the period amounting to 1,155 thousand Euros.

The following is a summary of the net investments made in the first quarter of 2020:

(€thousand)	*31.03.20*
Intangible assets	
Patents and intellectual property rights	47
Fixed assets under development and advances	52
Goodwill	1,147
Total intangible assets	1,246
Tangible assets	
Land and buildings	201
Plant and machinery	317
Industrial and business equipment	27
Other assets	256
Fixed assets under development and advances	1,165
Total tangible assets	1,966
Total	3,212

It is highlighted that the amount of investment exposed does not consider the amounts recorded as Right of use following the application of new IFRS 16.

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 first quarter of 2020 the company never purchased or sold the above-mentioned shares and/or quotas.

As at 31 March 2020 the company does not possess own shares.

During the quarter, the Group did not carry out atypical or unusual operations.

Significant events during the first quarter 2020

Since the end of February, Italy was hit by the Covid-19 pandemic (so-called Coronavirus), with regard to which the Government has implemented increasingly stringent health protection measures, imposing restrictions on the circulation of people and in the Prime Ministerial Decree of 11 March on business activities as well, measures which were updated in the Prime Ministerial Decree of 26 April. Consistently with the dispositions in force, the Company has adopted organizational measures to ensure the continuation of management and logistical activities so as to ensure continuity of service for all clients, through its own nationwide distribution network, in full respect and protection of the health of its collaborators, for which it has also stipulated a specific insurance policy.

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

On 11 March, MARR S.p.A. acquired 60% of the shares of SiFrutta S.r.l. from the companies Si Frutta S.r.l. and Vitali e Bagnoli Multiservice S.r.l. for a total price of 0.8 million Euros. Through this operation, MARR has acquired a controlling stake in the company.

Subsequent events after the closing of the quarter

On 28th April the Shareholders' Meeting approved the 2019 financial statements and resolved to suspend the distribution of the 2019 dividends allocating the business year's profit to the extraordinary reserve.

The Shareholders' Meeting also resolved on the appointment of the Board of Directors (the number of which was brought from nine to seven with Ugo Ravanelli Chairman) and of the Board of Statutory Auditors remaining in office for three business years and therefore until the Shareholders' Meeting to be called for the approval of the financial statements for 2022.

The extraordinary Shareholders' Meeting approved the modification of art. 7 of the company By-Laws introducing "Increased in voting rights" pursuant to art. 127-quinquies of the TUF; subsequently the Board of Directors being held today approved the related Rules that will be published in a dedicated section on the Company website.

The Board of Directors meeting held at the end of the Shareholders' Meeting confirmed as Chief Executive Officer Francesco Ospitali and assessed the possession of the independence requirements provided by the law and the Borsa Italiana Corporate Governance Code for the Directors: Marinella Monterumisi, Alessandro Nova and Rossella Schiavini.

The Board of Directors meeting held on 28 April set up the Control and Risk Committee, composed solely of Independent Directors, and namely Marinella Monterumisi and Rossella Schiavini.

The today Board of Directors also took note of the independence assessment expressed by the Board of Statutory Auditors for its members.

Outlook

From the beginning of the impact caused by Covid-19, MARR has defined a clear approach that has oriented its operating and management choices.
Specifically, the 5 strategic priorities are:
- enhancing liquidity and making available the financial resources required, also thanks to the support of its shareholders, as a result of the suspension of the payment of the dividend, despite the excellent results of 2019;

- the proper management of operating costs intervening on the reducible fixed costs and optimising the management of the logistics and distribution network;
- consolidating its position of leadership and its relationship with the market, ensuring for its professional partners/clients a standard of service in full respect of the health and safety regulations in force throughout the supply chain, capable of satisfying and safeguarding the end Consumer;
- the identification of new business opportunities, with specific regard to the forms of service that have strengthened (take away and food delivery), that have started (food packs) or that are about to develop with the summer season (for example the new line of "Grab&Go Fresh Menu"). The new opportunities also concern the enhancement of some lines of products (for example packaging, disinfectants, ready to eat food) and some adjustment to the new requirements of the commercial approach (e.g. digital);
- the further strengthening of MARR's competitive position as a result of the expected market consolidation as soon as the pandemic emergency has receded or at least slowed down.

The group of strategic priorities defined and the consequent tactical and operating activities applied, together with the expected recovery of consumption levels, albeit with the health restrictions that the operators will implement, would suggest a segmented scenario:
- short-term: from now to the end of spring, and therefore in the second quarter, the negative impact will still be significant. Taking into account that during April, all of the opportunities were brought to nil (Easter festivities and public holidays and weekends), the gradual and slow recovery expected from the second half of May will be significantly diluted throughout the entire quarter;
- medium-term: from the third quarter, and thus in the most significant period for national tourist activity, expectations point towards a recovery in consumption levels, with the opportunity to bring the results for the period closer to those typical of previous years;
- long-term: starting from early in 2021, we expect the progressive realignment (which we are estimating could be fully achieved during the second half of the year) and the standardisation of out-of-home consumption, which will once again be close to 1/3 of the total food consumption in our country. During this period, we believe that the market will undergo significant changes to the benefit of the strengthening of the more structured companies, also favouring the natural consolidation towards aggregations.

It should be noted, as resulting from a recent study (by TradeLab, published by Confimprese), that there is a worry in the country relating to personal economic conditions, but that 6 out of 10 Italians believe that out-of-home consumption cannot be renounced. It is worth remembering that the value of the market of out-of-home food and beverage consumption amounted to 86 billion Euros in 2019, with a growth rate of 15% in the last five years and 1.2 million employees working in this sector.
The TradeLab study also shows that 7 out of 10 Italians will try to go on holiday or travel this summer.

It must be highlighted that in early May, also as a result of the authorisation to restart take away services, the market began to show signs of a recovery in consumption levels, resulting in a positive effect on sales, which showed an increase compared to the preceding weeks in which, despite being in a lockdown situation (so called phase 1) a gradual positive trend of progressive growth had been recorded as a result of commercial activities aimed at promoting the service to clients involved in allowed business activities.

Interim Consolidated Financial Statements

MARR Group

Interim Report

as at 31 March 2020

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(€thousand)	*31.03.20*		*31.12.19*		*31.03.19*	
ASSETS						
Non-current assets						
Tangible assets	71,181		70,960		68,677	
Right of use assets	45,313		45,437		57,539	
Goodwill	151,068		149,921		149,921	
Other intangible assets	2,386		2,386		2,084	
Investments valued at equity	2,046		2,452		516	
Investments in other companies	304		304		304	
Non-current financial receivables	482		490		636	
Financial instruments/derivatives	5,222		3,419		3,565	
Deferred tax assets	0		0		0	
Other non-current assets	51,693		38,455		30,485	
Total non-current assets	329,695		313,824		313,727	
Current assets						
Inventories	179,144		170,395		173,610	
Financial receivables	4,860		2,403		5,707	
relating to related parties	*4,077*	*83.9%*	*1,843*	*76.7%*	*4,628*	*81.1%*
Financial instruments / derivative	1,495		1,247		0	
Trade receivables	323,065		367,111		360,883	
relating to related parties	*12,551*	*3.9%*	*10,988*	*3.0%*	*13,822*	*3.8%*
Tax assets	2,306		2,103		4,653	
relating to related parties	*12*	*0.5%*	*12*	*0.6%*	*12*	*0.3%*
Cash and cash equivalents	127,871		192,493		152,707	
Other current assets	37,512		58,587		40,622	
relating to related parties	*129*	*0.3%*	*434*	*0.7%*	*150*	*0.4%*
Total current assets	676,253		794,339		738,182	
TOTAL ASSETS	*1,005,948*		*1,108,163*		*1,051,909*	
LIABILITIES						
Shareholders' Equity						
Shareholders' Equity attributable to the Group	336,637		339,798		331,082	
Share capital	*33,263*		*33,263*		*33,263*	
Reserves	*222,320*		*221,434*		*208,103*	
Net result of the period attributable to the Group	*81,054*		*85,101*		*89,716*	
Total Shareholders' Equity	336,637		339,798		331,082	
Non-current liabilities						
Non-current financial payables	207,484		166,793		207,904	
Non-current lease liabilities (IFRS16)	37,779		38,514		49,986	
relating to related parties	*333*	*0.9%*	*499*	*1.3%*	*995*	*2.0%*
Financial instruments/derivatives	69		66		0	
Employee benefits	7,600		8,298		8,370	
Provisions for risks and costs	6,463		6,185		6,070	
Deferred tax liabilities	329		1,622		1,783	
Other non-current liabilities	1,436		1,194		1,093	
Total non-current liabilities	261,160		222,672		275,206	
Current liabilities						
Current financial payables	156,086		178,802		119,905	
relating to related parties	*0*	*0.0%*	*0*	*0.0%*	*0*	*0.0%*
Current lease liabilities (IFRS16)	8,210		7,911		7,567	
relating to related parties	*662*	*8.1%*	*660*	*8.3%*	*655*	*8.7%*
Financial instruments/derivatives	0		72		32	
Current tax liabilities	3,392		3,742		4,683	
relating to related parties	*1,885*	*55.6%*	*1,755*	*46.9%*	*2,503*	*53.4%*
Current trade liabilities	227,669		332,999		289,586	
relating to related parties	*6,509*	*2.9%*	*9,867*	*3.0%*	*8,880*	*3.1%*
Other current liabilities	12,794		22,167		23,848	
relating to related parties	*327*	*2.6%*	*679*	*3.1%*	*394*	*1.7%*
Total current liabilities	408,151		545,693		445,621	
TOTAL LIABILITIES	*1,005,948*		*1,108,163*		*1,051,909*	

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(€thousand)	*Notes*	*1st quarter 2020*		*1st quarter 2019*	
Revenues	1	256,251		325,334	
relating to related parties		*12,699*	*5.0%*	*15,510*	*4.8%*
Other revenues	2	5,498		8,061	
relating to related parties		*182*	*3.3%*	*164*	*2.0%*
Changes in inventories		8,528		14,732	
Purchase of goods for resale and consumables	3	(222,444)		(281,608)	
relating to related parties		*(15,435)*	*6.9%*	*(20,040)*	*7.1%*
Personnel costs	4	(7,967)		(9,400)	
Amortizations, depreciations and provisions	5	(4,279)		(3,834)	
Losses due to impairment of financial assets	6	(3,553)		(2,728)	
Other operating costs	7	(36,271)		(39,830)	
of which profits and losses deriving from the accounting elimination of financial assets valued at amortized cost		*(25)*		*(58)*	
relating to related parties		*(772)*	*2.1%*	*(814)*	*2.0%*
Financial income and charges	8	(1,188)		(1,339)	
of which profits and losses deriving from the accounting elimination of financial assets valued at amortized cost		*(242)*		*(286)*	
relating to related parties		*(3)*	*0.3%*	*246*	*(18.4%)*
Income (charge) from associated companies		0		0	
Net result before taxes		***(5,425)***		***9,388***	
Taxes	9	1,377		(2,814)	
Net result of the period		***(4,048)***		***6,574***	
Attributable to:					
Shareholders of the parent company		(4,048)		6,574	
Minority interests		0		0	
		(4,048)		*6,574*	
EPS base (euros)	10	(0.06)		0.10	
EPS diluted (euros)	10	(0.06)		0.10	

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(€thousand)	*Notes*	1st quarter 2020	1st quarter 2019
Net result of the period (A)		*(4,048)*	*6,574*
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		873	237
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect		14	0
Total Other Profits/(Losses), net of taxes (B)	*11*	*887*	*237*
Comprehensive Result (A + B)		*(3,161)*	*6,811*
Attributable to:			
Shareholders of the parent company		(3,161)	6,811
Minority interests		0	0
		(3,161)	*6,811*

CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDER'S EQUITY

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 2019	33,263	63,348	6,652	13	36,496	93,352	1,475	7,290	(1,578)	1,463	(644)	207,868	83,141	324,272
Other minor variations										(1)		(2)	1	(1)
Consolidated comprehensive income (1/1 -31/03/19):														
- Profit for the period													6,574	6,574
- Other Profits/Losses, net of taxes									237			237		237
Balance at 31 March 2019	33,263	63,348	6,652	13	36,496	93,352	1,475	7,290	(1,341)	1,462	(644)	208,103	89,716	331,082
Allocation of 2018 profit						12,759						12,759	(12,759)	
Distribution of MARR S.p.A. dividends													(51,890)	(51,890)
Other minor variations										(4)		(3)	(1)	(4)
Consolidated comprehensive income (1/04-31/12/19):														
- Profit for the period													60,035	60,035
- Other Profits/Losses, net of taxes									753		(178)	575		575
Balance at 31 December 2019	33,263	63,348	6,652	13	36,496	106,111	1,475	7,290	(588)	1,458	(822)	221,434	85,101	339,798
Other minor variations										(1)		(1)	1	
Consolidated comprehensive income (1/1 -31/03/2020):														
- Net result of the period													(4,048)	(4,048)
- Other Profits/Losses, net of taxes									873		14	887		887
Balance at 31 March 2020	33,263	63,348	6,652	13	36,496	106,111	1,475	7,290	285	1,457	(808)	222,320	81,054	336,637

CASH FLOWS STATEMENT (INDIRECT METHOD)

Consolidated (€thousand)	31.03.20		31.03.19	
Net result of the Period	(4,048)		6,574	
Adjustment:				
Amortization / Depreciation	1,841		1,685	
IFRS 16 depreciation	2,152		2,044	
Change in deferred tax	(1,536)		(380)	
Allocation of provison for bad debts	3,553		2,728	
Provision for supplementary clientele severance indemnity	287		105	
Capital profit/losses on disposal of assets	(62)		(120)	
relating to related parties	*0*	*0.0%*	*0*	*0.0%*
Financial (income) charges net of foreign exchange gains and losses	1,326		1,450	
relating to related parties	*3*	*0.2%*	*3*	*0.2%*
Foreign exchange evaluated (gains)/losses	148		(111)	
Total	7,709		7,401	
Net change in Staff Severance Provision	(721)		(48)	
(Increase) decrease in trade receivables	41,884		6,278	
relating to related parties	*(1,563)*	*(3.7%)*	*2,279*	*36.3%*
(Increase) decrease in inventories	(8,560)		(14,732)	
Increase (decrease) in trade payables	(106,915)		(33,641)	
relating to related parties	*(3,358)*	*3.1%*	*51*	*(0.2%)*
(Increase) decrease in other assets	8,470		17,930	
relating to related parties	*305*	*3.6%*	*307*	*1.7%*
Increase (decrease) in other liabilities	(9,776)		2,084	
relating to related parties	*(352)*	*3.6%*	*(81)*	*(3.9%)*
Net change in tax assets / liabilities	(5,532)		1,464	
relating to related parties	*130*	*(2.3%)*	*2,600*	*177.6%*
Interest paid	(1,559)		(1,599)	
relating to related parties	*(3)*	*0.2%*	*(4)*	*0.3%*
Interest received	233		149	
relating to related parties	*0*	*0.0%*	*1*	*0.7%*
Foreign exchange gains	(148)		(2)	
Foreign exchange losses	0		113	
Income tax paid	0		0	
Cash-flow from operating activities	(78,963)		(8,029)	
(Investments) in other intangible assets	(98)		(79)	
(Investments) in tangible assets	(1,274)		(2,069)	
Net disposal of tangible assets	109		167	
Outgoing for acquisition of subsidiaries or going concerns during the year (net of the cash acquired)	(615)		(180)	
Cash-flow from investment activities	(1,878)		(2,161)	
Other changes, including those of third parties	890		235	
Net change lease liabilities (IFRS16)	(2,464)		(2,030)	
relating to related parties	*(164)*	*6.7%*	*(163)*	*8.0%*
Net change in financial payables (excluding the new non-current loans received)	(7,449)		(2,819)	
relating to related parties	*0*	*0.0%*	*0*	*0.0%*
New non-current loans received	57,500		0	
relating to related parties	*0*	*0.0%*	*0*	*0.0%*
Repayment of other long - term debt	(32,980)		(7,105)	
relating to related parties	*0*	*0.0%*	*0*	*0.0%*
Net change in current financial receivables	(2,705)		(2,829)	
relating to related parties	*(2,234)*	*82.6%*	*(2,671)*	*94.4%*
Net change in non-current financial receivables	3,427		(965)	
relating to related parties	*0*	*0.0%*	*0*	*0.0%*
Cash-flow from financing activities	16,219		(15,513)	
Increase (decrease) in cash-flow	(64,622)		(25,703)	
Opening cash and equivalents	192,493		178,410	
Closing cash and equivalents	127,871		152,707	

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 31 March 2020 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.

In the "Accounting policies" section, the international accounting principles adopted in the drawing up of the quarterly report as at 31 March 2020 do not differ from those used in the drawing up of the consolidated financial statements as at 31 December 2019, excepted for the amendments and interpretations effective from the 1st January 2020.

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; as regards performance levels in the first quarter of 2020, see that described in the Directors' Report on management performance.

The consolidated financial statements as at 31 March 2020 show, for comparison purposes, for the statement of profit or loss the figures for the first quarter of 2019 and for the statement of financial position the figures as at 31 December 2019 and at 31 March 2019.

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).

It is believed that these classifications provide information which better represent the economic and financial situation of the Group.

The figures are expressed in Euros.

The statements and tables contained in this quarterly report are shown in thousands Euros.

The interim report is not subject to auditing.

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 31 March 2020 include the financial statements of the Parent Company MARR S.p.A. and those of the companies it either directly or indirectly controls.
Control is achieved when the Group is exposed or has the right to variable performance levels, deriving from its own relations with the entity involved in the investment and, simultaneously, has the capacity to affect these performance levels by exercising its power over the entity.
Specifically, the Group controls a subsidiary if, and only if, the Group has:
· the power over the entity involved in the investment (or has valid rights conferring upon it the current capacity to manage the significant activities of the entity being invested in);
· exposure or the right to variable performance levels deriving from relations with the entity being invested in;
· the capacity to exercise its own power over the entity being invested in terms of affecting the amount deriving from its performance.
There is a general assumption that the majority of voting rights implies control. In support of this assumption and when the Group possesses less than the majority of the voting (or similar) rights, the Group considers all the significant facts and circumstances to establish whether it controls the entity being invested in, including:
· contractual agreements with other owners of voting rights;
· rights deriving from contractual agreements;
· voting rights and potential voting rights of the Group.
The Group reconsiders whether it has control over a subsidiary or not if the facts and circumstances indicate that there have been changes in one or more of the significant elements defining control.

The complete list of subsidiaries included in the scope of consolidation as at 31 March 2020, with an indication of the method of consolidation, is included in the Group Organisation section.
The interim condensed consolidated financial statements have been prepared on the basis of the financial statements as at 31 March 2020 prepared by the subsidiaries included in the scope of consolidation and adjusted, if necessary, in order to align them to the accounting Group policies and classification criteria, in accordance with IFRS.

As at 31 March 2020 the structure of the Group differs from that at 31 December 2019 for the purchase, finalized by the Parent Company on 11 March, of the remaining 60% of the shares of SìFrutta S.r.l.; the purchase from the companies Sì Frutta S.r.l. and Vitali e Bagnoli Multiservice S.r.l. for a total price of 0.8 million Euros allowed the company to acquire the total control of the shareholding.

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

Corporate aggregations realised during the first quarter

On 11 March 2020 the Parent Company purchased the remaining 60% of the shares of the company SìFrutta S.r.l., already 40% owned.

The operation has the following effects:

Purchase consideration	*(€thousand)*
Total purchase consideration	1,206
- Fair value of the net assets identifiable	59
Goodwill	1,147

The cost of the aggregation is determined by the purchase price defined in the sales contracts, 40% of which were finalised in 2018 and the remaining 60% in the first quarter of 2020; it also includes a portion of indemnities pad out by MARR to the vendors and the impairment of the holding accounted for as at 31 December 2019.

The cost of the aggregation was determined on the basis of the accountable values stated in the contracts for the sale of the holdings. The details of the net assets acquired and goodwill are as follows:

(€thousand)	*Book value of acquired company*	*Fair value of the acquired assets and liabilities*
Tangible and intangible assets	223	740
Inventories	189	189
Trade receivables	1,391	1,391
Other current assets	633	633
Net financial indebtedbess	(650)	(650)
Employee benefits	(77)	(23)
Current trade liabilities	(1,585)	(1,585)
Other current liabilities	(95)	(636)
Fair value of net identifiable assets acquired	29	59

The goodwill attributed to the purchase is justified by the strategic value of the business purchased, operating in the supply of fresh fruit and vegetable products to clients in the sector of hotels, restaurants, organized catering and industrial transformation processes.

The price paid out in the quarter, net of cash acquired amounts to 615 thousand Euros.

Accounting policies

The criteria for assessment used for the purpose of predisposing the consolidated accounts up for the quarter closed on 31 March 2020 do not differ from those used for the drafting of the consolidated financial statements as at 31 December 2019, excepted for new Accounting Standards, interpretations and changes to the Accounting Standards effective from 1st January 2020 which, it should be pointed out, have had no significant impact on the current equity, economic and financial situation of the Group.

- Changes to IAS 1 and IAS 8. These changes, published by the IASB on 31 October 2018, provide for a different definition of "material", in other words: "*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity*".

- Changes to the Conceptual Framework for Financial Reporting, published by the IASB on 29 March 2018. The main changes compared to the 2010 version concern: i) a new chapter on assessment; ii) better definitions and guidance, especially as regards the definition of liabilities; iii) clarifications of important concepts, such as stewardship, prudence and uncertainties in assessments.
- Changes to IFRS9, IAS 39 and IFRS 7 (Interest Rate Benchmark Reform). These changes focus on the accounting of hedging transactions in order to clarify the potential effects deriving from the uncertainty caused by the "Interest Rate Benchmark Reform". Furthermore, these changes require companies to provide additional information to the investors as regards their hedging transactions that are directly affected by these uncertainties.
- Changes to IFRS3 "Business Combination". These changes, issued by the IASB on 22 October 2018, are aimed at resolving the difficulties that arise when an entity determines whether it has purchased a business or group of assets.

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

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

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)	1st quarter 2020	1st quarter 2019
Net revenues from sales - Goods	255,614	324,648
Revenues from Services	36	41
Manufacturing on behalf of third parties	3	5
Rent income (typical management)	7	7
Other services	591	633
Total revenues	256,251	325,334

For a comment on the trend of the revenues from sales of goods see 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)	1st quarter 2020	1st quarter 2019
Italy	234,298	299,474
European Union	12,710	15,274
Extra-EU countries	9,243	10,586
Total	256,251	325,334

2. Other revenues

The Other revenues are broken down as follows:

(€thousand)	1st quarter 2020	1st quarter 2019
Contributions from suppliers and others	5,056	7,584
Other Sundry earnings and proceeds	99	114
Reimbursement for damages suffered	152	114
Reimbursement of expenses incurred	119	120
Recovery of legal taxes	6	7
Capital gains on disposal of assets	66	122
Total other revenues	5,498	8,061

The "Contributions from suppliers and others" consist mainly of contributions obtained from suppliers for the commercial promotion of their products with our customers; for a comment on its trend see the Directors' Report on management performance.
Lastly, it should be recalled that a part of the contribution from suppliers, related contracts for the recognition of the end-of-year bonuses, has been included to reduce the cost of purchasing materials.

3. Purchase of goods for resale and consumables

This item is composed of:

(€thousand)	1st quarter 2020	1st quarter 2019
Purchase of goods	222,553	282,261
Purchase of packages and packing material	900	971
Purchase of stationery and printed paper	125	200
Purchase of promotional and sales materials and catalogues	42	81
Purchase of various materials	124	93
Discounts and rebates from suppliers	(1,370)	(2,067)
Fuel for industrial motor vehicles and cars	70	69
Total purchase of goods for resale and consumables	222,444	281,608

As regards the performance of the purchase cost of goods destined for commercialisation, see the Directors' Report and the relevant comments on the gross margin.
As highlighted in the previous paragraph, the item "Purchases of goods" benefit for 1,350 thousand Euros (2,008 thousand Euros in the first quarter 2019), of the part of contribution from suppliers identifiable as end-of year bonuses.

4. Personnel costs

As at 31 March 2020 the item amounts to 7,967 thousand Euros (9,400 thousand Euros as at 31 March 2019) 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.

The decrease is the combined result of two factors: on one hand, the adjustment of the business organization to the market situation through the use of employment laws made available by the Government, an intensification in the use of paid leave and less overtime work, and on the other hand the benefits resulting from the integration of the business activities of AS.CA into MARR.

5. Amortizations, depreciation and provisions

This item is composed of:

(€thousand)	1st quarter 2020	1st quarter 2019
Depreciation of tangible assets	1,742	1,594
Depreciation of right of use	2,152	2,044
Amortization of intangible assets	99	90
Adjustment to provision for supplementary clientele severance indemnity	286	106
Total amortization, depreciation and provisions	4,279	3,834

6. Losses due to impairment of financial assets

This item is composed of:

(€thousand)	1st quarter 2020	1st quarter 2019
Allocation of taxable provisions for bad debts	3,059	2,234
Allocation of non-taxable provisions for bad debts	494	494
Total Losses due to impairment of financial assets	3,553	2,728

The increase in the item is mainly related to a greater provision made in relation to the current uncertainty on the market.

7. Other operating costs

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

(€thousand)	1st quarter 2020	1st quarter 2019
Operating costs for services	35,732	39,225
Operating costs for leases and rentals	110	219
Operating costs for other operating charges	429	386
Total other operating costs	36,271	39,830

The operating costs for services mainly include the following items: sale expenses, distribution and logistics costs for our products for 28,149 thousand Euros (31,073 thousand Euros in the first quarter of 2019), utility costs for 2,043 thousand Euros (2,265 thousand Euros in the first quarter of 2019), handling costs for 938 thousand Euros (1,124 thousand Euros in the first quarter of 2019), third party works for 1,016 thousand Euros (971 thousand Euros in the first quarter of 2019) and maintenance costs amounting to 1,381 thousand Euros (1,256 thousand Euros in the first quarter of 2019).

The costs for the leases and rentals totalled 111 thousand Euros (219 thousand Euros in the same period of 2019) and represents the lease contracts not within the scope of application of the new accounting standard.

The operating costs for other operating charges mainly include the following items: "other indirect duties, taxes and similar costs" for 170 thousand Euros, expenses for credit recovery for 95 thousand Euros and "local council duties and taxes" for 94 thousand Euros.

8. Financial income and charges

Details of primarily "Financial income and charges" are as follows:

(€thousand)	1st quarter 2020	1st quarter 2019
Financial charges	1,559	1,599
Financial income	(233)	(149)
Foreign exchange (gains)/losses	(138)	(111)
Total financial (income) and charges	1,188	1,339

The net 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.
It is specified that the financial charges included interest expenses for 334 thousand Euros (of which 3 thousand Euros related to lease contract with the related Company Le Cupole of Castelvetro (MO), for the lease of the buildings located in Via Spagna, 20 – Rimini) as a result of the application of IFRS 16.

9. Taxes

(€thousand)	Ist quarter 2020	Ist quarter 2019
Ires/Ires charge transferred to Parent Company	130	2,600
Irap	29	578
Net provision for deferred taxes	(1,536)	(380)
Previous years tax	0	16
Total taxes	(1,377)	2,814

Deferred taxes include also the estimate of deferred tax assets calculated on the tax loss for the quarter for about 810 thousand Euros.

10. Earnings / (losses) per share

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

(Euros)	Ist quarter 2020	Ist quarter 2019
Basic Earnings Per Share	(0,06)	0,10
Diluted Earnings Per Share	(0,06)	0,10

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

Earnings:

(€thousand)	Ist quarter 2020	Ist quarter 2019
Net result of the period	(4.048)	6.574
Minority interests	0	0
Profit used to determine basic and diluted earnings per share	(4.048)	6.574

Number of shares;:

(number of shares)	Ist quarter 2020	Ist quarter 2019
Weighted average number of ordinary shares used to determine basic earning per share	66.525.120	66.525.120
Adjustments for share options	0	0
Weighted average number of ordinary shares used to determine diluted earning per share	66.525.120	66.525.120

11. 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 by the Group to hedge the underlying goods purchasing operations. The value indicated, amounting to a total profit of 873 thousand Euros in the first quarter of 2020 (237 thousand Euros in the same period of the previous year), is shown net of the taxation effect (that amounts to a negative effect for some 276 thousand Euros as at 31 March 2020).
- actuarial profits regarding the evaluation of Staff Severance Provision as required by amendments to IAS principle 19 "Employee Benefits"; the value indicated, amounting to a total profit of 14 thousand Euros, is shown net of the taxation effect.

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 May 2020

The Chairman of the Board of Directors

Ugo Ravanelli

Appendices

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

- Appendix I – Reconciliation of liabilities deriving from financing activities as at 31 March 2020 and 31 March 2019.

Appendix 1

RECONCILIATION OF LIABILITIES DERIVING FROM FINANCING ACTIVITIES AS AT 31 MARCH 2020 AND AS AT 31 MARCH 2019

			Non-financial changes				
	31/03/2020	Cash flows	Other changes/ reclassifications	Purchases	Exchange rates variations	Fair value variation	31/12/2019
Current payables to bank	31.296	(8.335)	0	835	0	0	38.796
Current portion of non current debt	115.072	(28.980)	13.976	0	0	0	130.076
Current financial payables for bond private placement in US dollars	9.457	(814)	386	0	226	0	9.659
Current financial payables for IFRS 16 lease contracts	8.210	(2.465)	736	2.028	0	0	7.911
Current financial payables for leasing contracts	261	(66)	56	0	0	0	271
Current financial payables for purchase of quotas or shares	0	(800)	0	800	0	0	0
Total current financial payables	164.296	(41.460)	15.154	3.663	226	0	186.713
Current payables/(receivables) for hedging financial instruments	0	(72)	0	0	0	0	72
Total current financial instruments	0	(72)	0	0	0	0	72
Non-current payables to bank	177.482	53.500	(13.509)	0	0	0	137.491
Non-current financial payables for bond private placement in US dollars	30.002	0	11	0	745	0	29.246
Non-current financial payables for IFRS 16 lease contracts	37.779	0	(735)	0	0	0	38.514
Non-current financial payables for leasing contracts	0	0	(56)	0	0	0	56
Non-current financial payables for purchase of quotas or shares	0	0	0	0	0	0	0
Total non-current financial payables	245.263	53.500	(14.289)	0	745	0	205.307
Non-current payables/(receivables) for hedging financial instruments	69	(66)	0	0	0	69	66
Total non-current financial instruments	69	(66)	0	0	0	69	66
Total liabilities arising from financial activities	409.628	11.902	865	3.663	971	69	392.158

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries or merger)	12.702
Other changes/ reclassifications	865
Exchange rates variations	971
Fair value variation	69
Total detailed variations in the table	14.607
Other changes in financial liabilities	(9.913)
New non-current loans received	57.500
Non current loans repayment	(32.980)
Total changes shown between financing activities in the Cash Flows Statement	14.607

	31/03/2019	Cash flows	Non-financial changes Other changes/ reclassifications	Purchases/IFRS 16	Exchange rates variations	Fair value variation	31/12/2018
Current payables to bank	37.924	(3.119)	0	0	0	0	41.043
Current portion of non current debt	81.264	(7.061)	11.129	0	0	0	77.196
Current financial payables for bond private placement in US dollars	309	(752)	309	0	0	0	752
Current financial payables for IFRS 16 lease contracts	7.566	(2.030)	9.596	0	0	0	0
Current financial payables for leasing contracts	228	(55)	57	0	0	0	226
Current financial payables for purchase of quotas or shares	181	(180)	0	0	0	0	361
Total current financial payables	127.472	(13.197)	21.091	0	0	0	119.578
Current payables/(receivables) for hedging financial instruments	31	21	0	0	0	0	10
Total current financial instruments	31	21	0	0	0	0	10
Non-current payables to bank	169.578	0	(11.129)	0	0	0	180.707
Non-current financial payables for bond private placement in US dollars	38.100	0	14	0	719	0	37.367
Non-current financial payables for IFRS 16 lease contracts	49.986	0	(9.596)	59.582	0	0	0
Non-current financial payables for leasing contracts	226	0	(57)	0	0	0	283
Non-current financial payables for purchase of quotas or shares	0	0	0	0	0	0	0
Total non-current financial payables	257.890	0	(20.768)	59.582	719	0	218.357
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	385.393	(13.176)	323	59.582	719	0	337.945

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries or merger)	(12.996)
Other changes/ reclassifications	323
Exchange rates variations	719
Fair value variation	0
Total detailed variations in the table	(11.954)
Other changes in financial liabilities	(4.849)
New non-current loans received	0
Non current loans repayment	(7.105)
Total changes shown between financing activities in the Cash Flows Statement	(11.954)

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 May 2020

Pierpaolo Rossi
Manager responsible for the drafting
of corporate accounting documents