Annual Report

as at December 31, 2020

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

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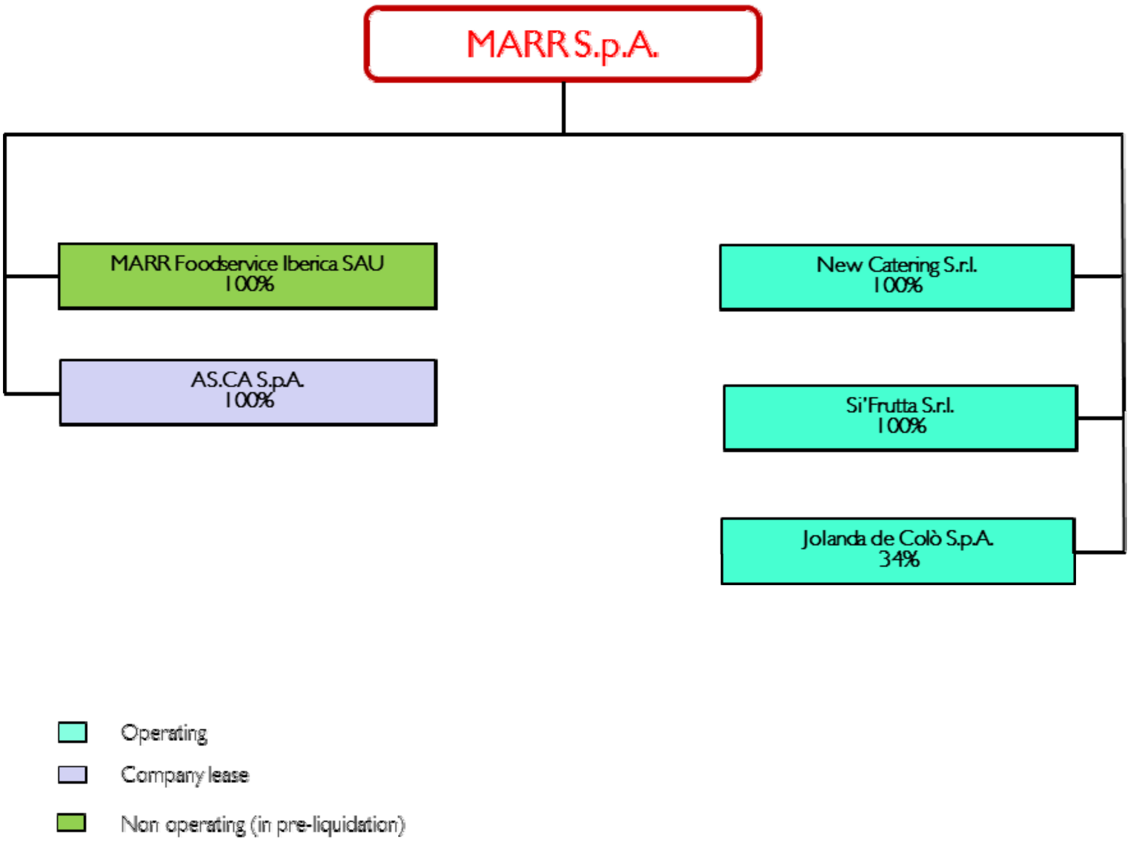
MARR GROUP ORGANISATION

as at 31 December 2020



The structure of the Group as at 31 December 2020 differs from that as at 31 December 2019 as a result of the acquisition on 11 March 2020 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 has enabled MARR to obtain complete control over the shareholding.

The MARR Group's activities are entirely dedicated to the foodservice marketing and 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 Pasquale Tosi s.n.c. - Santarcangelo di Romagna (RN)	As of 1 February 2020, this company has been leased to the Parent Company.
New Catering S.r.l. Via Pasquale Tosi s.n.c. - 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 (Spagna)	Non-operating company (in pre – liquidation).
SìFrutta S.r.l. Via Pasquale Tosi s.n.c. - Santarcangelo di Romagna (RN)	Supply of fresh fruit and vegetable products to hotels, restaurants, canteens and chains operators and in industrial transformation activities.

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

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

CORPORATE BODIES

Board of Directors

Chairman	Ugo Ravanelli
Chief Executive Officer	Francesco Ospitali
Directors	Claudia Cremonini
	Vincenzo Cremonini
Independent Directors	Marinella Monterumisi [1]
	Alessandro Nova
	Rossella Schiavini [1]

[1] Member of Control and Risk Committee

Board of Statutory Auditors

Chairman	Massimo Gatto
Auditors	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 business year 2020

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

The 2020 business year closed with total consolidated revenues amounting to 1,073.7 million Euros (1,695.8 million in 2019), with a reduction in the second quarter of 30.6% (compared to the same period in 2019), an improvement compared to -43.6% after the first six months of 2020.

The EBITDA reached 39.4 million Euros, compared to 128.5 million in 2019, and was affected by the reduction in revenues and margins, also influenced by the different sales mix in terms of clients. The reduction in margins was partly mitigated by the interventions on the fixed operating costs, which did not affect customer relations. Of the measures implemented, those involving part of the workforce concerned the careful use of the various employment law tools available, with a consequent containment of the personnel cost.

The EBIT, which reached 2.8 million Euros (99.1 million in 2019), was also affected by a prudential policy of allocation to the provision for bad debts, which increased the allocations in 2020 to 19.3 million Euros, with a 1.8% incidence on the total revenues, highlighting an increase of 6 million compared to 13.3 million in 2019 (0.8% of the total revenues).

Also thanks to a free cash flow (before the variations in debts due to IFRS 16) of +19.1 million Euros, compared to +14.4 in 2019, the net financial debt at the end of 2020 amounted to 192.3 million Euros, an improvement compared to 196.0 million as at 31 December 2019.

Sales of the MARR Group in 2020 amounted to 1,058.8 million Euros, compared to 1,666.7 million in 2019.

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

Sales to customers in the Street Market and National Account categories reached 850.4 million Euros (1,424.2 million in 2019), with 663.7 million Euros in the Street Market category (restaurants and hotels not belonging to Groups or Chains), compared to 1,128.2 million in 2019, and 186.7 million in the National Account category (operators of Chains and Groups and Canteens), compared to 296.0 million in 2019.

Sales to customers in the Wholesale category reached 208.3 million Euros, compared to 242.4 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)	31.12.20	31.12.19
Revenues from sales and services by customer category		
Street market	663,703	1,128,226
National Account	186,741	296,009
Wholesale	208,340	242,443
Total revenues from sales in Foodservice	1,058,784	1,666,678
(1) Discount and final year bonus to the customers	(12,022)	(18,105)
(2) other services	1,352	2,618
(3) other	282	196
Revenues from sales and services	1,048,396	1,651,387

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

Organisation and logistics

The organisational structure and logistics of the MARR Group as at 31 December 2020, indicating the availability of properties, is as follows:

Offices, Branches, Distribution Centres and Subsidiaries

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

Subsidiaries		
AS.CA S.p.A.	Castenaso (BO)	Property
New Catering S.r.l.	Castenaso (BO), Forlì (FC), Perugia (PG) e Rimini (RN)	Leasehold by: subsidiary company by MARR S.p.A., partent company MARR S.p.A. and third party
SiFrutta S.r.l.	Cervia, Rimini	Leasehold by third party and sublease by MARR S.p.A.

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 2020, compared to the previous year.

Analysis of the re-classified Income Statement

MARR Consolidated (€thousand)	*31.12.20*	*%*	*31.12.19*	*%*	*% Change*
Revenues from sales and services	1,048,396	*97.6%*	1,651,387	*97.4%*	*(36.5)*
Other earnings and proceeds	25,281	*2.4%*	44,422	*2.6%*	*(43.1)*
Total revenues	1,073,677	*100.0%*	1,695,809	*100.0%*	*(36.7)*
Cost of raw materials, consumables and goods for resale	(825,511)	*-76.9%*	(1,345,052)	*-79.3%*	*(38.6)*
Change in inventories	(36,035)	*-3.4%*	11,517	*0.7%*	*(412.9)*
Services	(143,414)	*-13.3%*	(193,642)	*-11.4%*	*(25.9)*
Leases and rentals	94	*0.0%*	(573)	*-0.1%*	*(116.4)*
Other operating costs	(1,566)	*-0.1%*	(1,533)	*-0.1%*	*2.2*
Value added	67,245	*6.3%*	166,526	*9.8%*	*(59.6)*
Personnel costs	(27,826)	*-2.6%*	(38,054)	*-2.2%*	*(26.9)*
Gross Operating result	39,419	*3.7%*	128,472	*7.6%*	*(69.3)*
Amortization and depreciation	(16,128)	*-1.5%*	(15,581)	*-0.9%*	*3.5*
Provisions and write-downs	(20,451)	*-1.9%*	(13,781)	*-0.9%*	*48.4*
Operating result	2,840	*0.3%*	99,110	*5.8%*	*(97.1)*
Financial income and charges	(5,298)	*-0.5%*	(5,263)	*-0.3%*	*0.7*
Value adjustments to financial assets	(222)	*0.0%*	(110)	*0.0%*	*101.8*
Result from recurrent activities	(2,680)	*-0.2%*	93,737	*5.5%*	*(102.9)*
Non-recurring income	0	*0.0%*	0	*0.0%*	*0.0*
Non-recurring charges	0	*0.0%*	(550)	*0.0%*	*(100.0)*
Result before taxes	(2,680)	*-0.2%*	93,187	*5.5%*	*(102.9)*
Income taxes	190	*0.0%*	(26,658)	*-1.6%*	*(100.7)*
Taxes relating previous years	77	*0.0%*	80	*0.0%*	*(3.8)*
Total net result	(2,413)	*-0.2%*	66,609	*3.9%*	*(103.6)*

The consolidated economic results for 2020, initially very positive, were rocked by the Covid-19 pandemic and the restrictions imposed by the institutions during the various lockdown phases, as also commented in the previous interim financial reports.
It must be noted that these figures were particularly affected by the economic, social and health situation in the first half year, which recorded an overall fall in revenues, with a reduction in margins (also penalised by the sale during the lockdown period of fresh perishable products in storage and the hesitation of the products, especially frozen seafood, already purchased with a view to the summer season), only partly compensated by the interventions on the operating costs, which did not affect customer relations or prejudice the opportunity of re-opening the foodservice activities.
The summer re-opening enabled a progressive recovery of sales, which increased during the second half year compared to the first half of the year.
The consolidated operating economic results for 2020 were as follows: total revenues of 1,073.7 million Euros (1,695.8 million Euros in 2019); EBITDA[1] of 39.4 million Euros (128,5 million Euros in 2019); EBIT of 2.8 million Euros (99.1 million Euros in 2019).
The trend in Revenues from sales is a consequence of the performance of sales in the individual client categories, as analysed previously.

[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.

The item "Other earnings and proceeds", mainly represented by contributions from suppliers on purchases and which includes logistics payments which MARR charges to suppliers, is correlated to the trends in the costs of purchasing goods and was negatively affected by the trends in sales.

It must be recalled that in this context, action was taken aimed at properly managing the operating costs, by intervening on the compressible fixed costs and optimising the management of the logistics and distribution network, all with the aim of reducing the impact on the income statement caused by the measures imposed by the institutions as a result of the pandemic.

As regards operating costs, the decrease in absolute value of Services must be highlighted, from 193.6 million Euros in 2019 to 143.4 million in 2020, with a percentage incidence on total sales from 11.4% in 2019 to 13.3% in 2020, in line with the trends recorded as at 30 September and thus highlighting an increase in efficiency compared to the first half of the year.

As regards the lease and rental costs, it must be pointed out that this item includes a revenue item that, net of the lease costs for contracts lasting less than twelve months and thus not within the scope of application of IFRS 16, is represented by the reduction in the lease fees agreed during the second half of the year with the lessors as a result of the health emergency.[ii]
This revenue item mainly concerns the contracts for the lease of the buildings where the branches of the Parent Company are based and amounts to 351 thousand Euros.

The personnel cost also highlighted a decrease of 10.2 million Euros compared to last year, mainly as a result of the adjustment of the workforce to the market situation by making use of the social safety nets made available by the Government (about 6.4 million Euros since March, with about 400,000 hours covered by the social safety nets), less overtime work (about 1.2 million Euros since March 2020), an intensification in the use of paid leave (0.4 million Euros since March 2020), in addition to the benefits of integrating the business activities of AS.CA into MARR (about 1.3 million Euros since the start of the year).

It must be recalled that the item "amortizations" includes 9.0 million Euros (8.3 million in 2019) for the depreciation of the right of use accounted for according to IFRS16 in the financial statements for the lease contracts.

The item provisions and write-downs amounted to 20.5 million Euros, an increase compared to 13.8 million in 2019.
This item is composed for 19.3 million Euros by the provisions for bad debts and for 0.9 million Euros for the provision for client severance indemnity.
The increase in the allocation to the provisions for bad debts (+6.0 million Euros compared to 2019) is related to the continuing market uncertainty which, after a recovery during the summer season, has once again been affected by the new restrictions imposed since the middle of October and, with differing methods and localisation, still ongoing on the date of this report.

As a result of the above, the result before taxes, net of financial management which is substantially in line with last year, amounted to losses of 2.7 million Euros as at 31 December 2020.
It must be pointed out that, with losses of 19.0 million Euros as at 30 June 2020, the third quarter registered a positive result of recurrent activities amounting to 20.5 million Euros, thanks to the progressive recovery of out-of-home consumption as soon as the conditions allowed, with MARR sales to the restaurant category which in September reached and exceeded 90% of the historical figures for 2019, also related to a recovery in the operating margin.
The fourth quarter, which began with the first half of October at the same levels as the third quarter, was penalised by the progressive restrictions imposed on restaurants, which only allowed take away and delivery, culminating in the restrictions on movements during the Christmas festivities, which is historically the most important part of the fourth quarter for restaurants.

The net result as at 31 December 2020 amounted to a loss of 2.4 million Euros, compared to profits of 66.6 million Euros in 2019.

[ii] The benefit deriving from the definition of such agreements was accounted consistently with the IFRS standard as a reduciton in operating costs.

Analysis of the re-classified statement of financial position

MARR Consolidated (€thousand)	31.12.20	31.12.19*
Net intangible assets	153,488	152,307
Net tangible assets	75,517	70,960
Right of use assets	51,849	45,437
Equity investments evaluated using the Net Equity method	1,828	2,452
Equity investments in other companies	300	304
Other fixed assets	30,264	33,222
Total fixed assets (A)	313,246	304,682
Net trade receivables from customers	298,850	368,642
Inventories	134,581	170,395
Suppliers	(234,579)	(324,535)
Trade net working capital (B)	198,852	214,502
Other current assets	45,885	52,226
Other current liabilities	(13,712)	(18,298)
Total current assets/liabilities (C)	32,173	33,928
Non-current assets held for sale (D)	2,400	0
Net working capital (E) = (B+C+D)	233,425	248,430
Other non current liabilities (F)	(1,868)	(1,194)
Staff Severance Provision (G)	(7,275)	(8,298)
Provisions for risks and charges (H)	(7,100)	(7,807)
Net invested capital (I) = (A+E+F+G+H)	530,428	535,813
Shareholders' equity attributable to the Group	(338,112)	(339,798)
Consolidated shareholders' equity (J)	(338,112)	(339,798)
(Net short-term financial debt)/Cash	90,443	17,269
(Net medium/long-term financial debt)	(229,297)	(166,859)
Net financial debt - before IFRS16 (K)	(138,854)	(149,590)
Current lease liabilities (IFRS16)	(8,528)	(7,911)
Non-current lease liabilities (IFRS16)	(44,934)	(38,514)
IFRS16 effect on Net financial debt (L)	(53,462)	(46,425)
Net financial debt (M) = (K+L)	(192,316)	(196,015)
Net equity and net financial debt (N) = (J+M)	(530,428)	(535,813)

* It must be noted that the figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020

Analysis of the Net Financial Position [III]

The following represents the trend in Net Financial Position.

	MARR Consolidated (€thousand)	Note	31.12.20	31.12.19*
A.	Cash		3,633	10,873
	Bank accounts		247,842	181,530
	Postal accounts		16	90
B.	Cash equivalent		247,858	181,620
C.	Liquidity (A) + (B)	13	251,491	192,493
	Current financial receivable due to Parent Company		5,794	1,843
	Current financial receivable due to Related Companies		0	0
	Others financial receivable		626	560
D.	Current financial receivable	10	6,420	2,403
E.	Current derivative/financial instruments	7	0	1,247
F.	Current Bank debt		(66,684)	(38,796)
G.	Current portion of non current debt		(100,125)	(130,076)
	Financial debt due to Parent Company		0	0
	Financial debt due to Related Companies		0	0
	Other financial debt		(659)	(10,002)
H.	Other current financial debt		(659)	(10,002)
I.	Current lease liabilities (IFRS16)	24	(8,528)	(7,911)
J.	Current financial debt (F) + (G) + (H) + (I)	23/24/25	(175,996)	(186,785)
K.	Net current financial indebtedness (C) + (D) + (E) + (J)		81,915	9,358
L.	Non current bank loans	16/18	(204,254)	(137,491)
M.	Non-current derivative/financial instruments	7	1,818	0
N.	Other non current loans	16/18	(26,861)	(29,368)
O.	Non-current lease liabilities (IFRS16)	17	(44,934)	(38,514)
P.	Non current financial indebtedness (L) + (M) + (N) + (O)		(274,231)	(205,373)
Q.	Net financial indebtedness (K) + (P)		(192,316)	(196,015)

* It must be noted that the figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

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

In comparing the figures with last year, it must be highlighted that the financial receivables deriving from the evaluation of the derivative Cross Currency Swap contracts related thereto and expiring in 2023 (amounting to 1.8 million Euros) has been included in the net financial position (classified in the non-current financial debts) as at 31 December 2020.
If said receivables had been considered as at 31 December 2019 as well (they then amounted to 3,419 thousand Euros), the financial debt of the Group would have amounted to 192.6 million Euros.
Taking into account the net financial position thus redefined, the financial debt of the Group has improved slightly compared to 31 December 2019.
Compared to the previous period, this result benefitted from the non-distribution of dividends (51,890 thousand Euros in 2019) and was affected by the extraordinary event of Covid-19, which mainly impacted the trends in net trade working capital, where the reduction in payables to suppliers was only partially compensated by the reduction in trade receivables.

As highlighted in the previous Half-Yearly Financial Report, this trend led to the identification as at 30 June of covenant breaches concerning some financial contracts due to the exceeding of one of the contractual indices, that concerning the ratio between the net financial indebtedness and the EBITDA. For these loans, management started and finalised "covenant holidays" agreements with the respective banks for the temporary suspension of the verification of the financial parameters. The timeframes for the conclusion of these agreements had led to the classification as at 30 June of a portion of these loans, the instalments of which would have expired beyond twelve months as per the original amortization plans for the loans, in the current financial debts, for a total amount of 101.2 million Euros.
The subsequent subscription of the "covenant holidays" agreements concerning the verification of the financial parameters with the results as at 31 December 2020 enables the Group to continue to include the loans among the non-current liabilities.

As regards the structure of the financial debts, as also described in the previous interim reports, it must be pointed out that despite the difficult global situation caused by the lockdown initially and then by the continuing health restrictions, the Parent Company stipulated the following new contracts during the year:
- loan signed on 24 February 2020 with Banca Intesa San Paolo for 50 million Euros, split into two portions, one of 20 million Euros (paid out on 26 February) and the other "bullet" of 30 million Euros (paid out on 25 March 2020), both expiring in February 2023;
- loan signed on 4 March 2020 with Credito Emiliano for 7.5 million Euros, with a pay-back plan terminating in March 2023;
- loan signed on 9 April 2020 with Credit Agricole Italia for 10 million Euros, with pay-back plan terminating in April 2026;
- loan signed on 13 May 2020 with Unicredit for 30 million Euros, with pay-back plan terminating in May 2022;
- loan signed on 20 May 2020 with UBI Banca for 25 million Euros, with pay-back plan terminating in May 2023.

In addition to the above, it must be pointed out that the two ongoing loans with Banca Intesa San Paolo were both terminated in advance, for a total of 19.8 million Euros which, as at 31 December 2019, had been classified for 9.5 million Euros in the current financial payables and for 10.3 million in the non-current financial payables.

In January, the last instalment of the mortgage loan ongoing with Banca Intesa San Paolo was paid and the relative mortgage was cancelled while, in July, the Parent Company paid back to the investors the capital portion coming up for expiry of the private placement bond in US dollars stipulated in 2013 together with the six-monthly portion of interest, with a total expenditure amounting to 8,514 thousand Euros.

As regards the main financial transactions in 2020, in addition to the ordinary management of operations and the financial outgoings concerning the investments made at the distribution centres of the Parent Company, as described in more detail in the following section "Investments", it must be noted that the price for the purchase of 60% of the shares in SiFrutta S.r.l. was paid (0.8 million Euros).

Lastly, it must be pointed out that on 30 December 2020, a Pool loan was signed with BNL and Cassa Depositi e Prestiti, with payment date on 7 January 2021. This loan is covered by a SACE guarantee as envisaged in the so-called "Liquidity Decree" of 08/04/2020, no. 23, amounts to a total of 80 million Euros and has a duration of 45 months (12 months of which are pre-payback).

Analysis of the Trade net working Capital

MARR Consolidated (€thousand)	*31.12.20*	*31.12.19**
Net trade receivables from customers	298,850	368,642
Inventories	134,581	170,395
Suppliers	(234,579)	(324,535)
Trade net working capital	198,852	214,502

* It must be noted that the figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

As a result of the health emergency that began at the end of February and the closure of all businesses from 11 March to 18 May and the subsequent restrictions on hotel and restaurant activities, which started again in November and are still in force on the date of this report, the results as at 31 December 2020 are not comparable with those for 2019 because of the impacts commented on previously with regard to the total revenues and the cost of purchasing goods.

As at 31 December 2020, the trade net working capital amounted to 198.9 million Euros, an improvement compared to 230.1 million Euros as at 30 September 2020 and a reduction, as a result of that mentioned above, compared to 214.5 million as at 31 December 2019.
In this regard, it must be pointed out that a careful review of the supply policy implemented during the lockdown and the recovery of restaurant activities as of 18 May last, with trends in the summer season that were almost free of the binding restrictions imposed at other times, enabled a significant decrease in the inventories compared to last year.

The Company's focus on the management of the trade receivables remains high, implementing methods based on the situations and requirements of each territory and market segment. Despite the market recovery recorded during the summer, the introduction in the second half of October of new regulatory restrictions enforced nationwide has made it increasingly important to remain close to the customers in order to enable the timely management of the receivables and to enhance relations with the customers themselves, with the aim of safeguarding the company equity with a view to the full recovery of consumption levels.

Re-classified cash-flow statement

MARR Consolidated (€thousand)	*31.12.20*	*31.12.19**
Net profit before minority interests	(2,413)	66,609
Amortization and depreciation	16,132	15,582
Change in Staff Severance Provision	(1,023)	(120)
Operating cash-flow	12,696	82,071
(Increase) decrease in receivables from customers	69,792	1,574
(Increase) decrease in inventories	35,814	(11,517)
Increase (decrease) in payables to suppliers	(89,956)	9,118
(Increase) decrease in other items of the working capital	6,108	(3,186)
Change in working capital	21,758	(4,011)
Net (investments) in intangible assets	(1,609)	(691)
Net (investments) in tangible assets	(13,674)	(9,561)
Flows relating to acquisitions of subsidiaries and going concerns	(800)	(2,315)
Investments in other fixed assets and other change in non current items	(16,083)	(12,567)
Free - cash flow before dividends	18,371	65,493
Distribution of dividends	0	(51,890)
Other changes, including those of minority interests	728	813
Cash-flow from (for) change in shareholders' equity	728	(51,077)
FREE - CASH FLOW	19,099	14,416
Opening net financial debt	(196,015)	(156,656)
Effect for change in liability for IFRS16	(15,400)	(53,775)
Cash-flow for the period	19,099	14,416
Closing net financial debt	(192,316)	(196,015)

* It must be noted that the figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

The free cash flow (before the variations in debt due to IFRS 16) showed an improvement compared to last year, increasing from +14.4 million Euros in 2019 to +19.1 million Euros in 2020.

In the following table we provide reconciliation between the "free-cash flow" shown above and the "increase/decrease in cash flow" reported in the cash flows statement (indirect method):

MARR Consolidated (€thousand)	*31.12.20*	*31.12.19*
Free - cash flow	19,099	14,416
(Increase)/Decrease in current financial receivables	(2,770)	(771)
Increase/(Decrease) in net financial debt	42,669	438
Increase (decrease) in cash-flow	58,998	14,083

Investments

As regards the investments made in 2020, the purchase on 11 March 2020 of the remaining 60% of the shares of SìFrutta S.r.l. by the Parent Company should be mentioned. This operation involved the inclusion of the goodwill, provisionally determined as 1,147 thousand Euros, and tangible fixed assets amounting to 217 thousand Euros, mainly in the "Other assets" and "Plant and machinery" categories.
The increase in intangible assets was related mainly to the acquisition of new software, some of which is still being implemented.

As regards the fixed assets under development and advances, it must be highlighted that on the closing date of the 2020 business year, the construction of the new management facility in Santarcangelo di Romagna were still ongoing. The facility was opened, with the progressive transfer of the various corporate departments, in February 2021. The overall investment for the year amounted to 9,600 thousand Euros.

Regarding the investments in Land and buildings, Plant and machinery and Industrial and business equipment, the investments were mainly linked to the works at the distribution centres of the Parent Company. These include the works at the facilities of the MARR Scapa distribution centre (692 thousand Euros), those at the offices in Rimini where the SìFrutta distribution centre operates (220 thousand Euros) and the investment in the Ischia warehouse of the MARR Napoli branch (totalling 508 thousand Euros).

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

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

(€thousand)	*31.12.20*
Intangible assets	
Patents and intellectual property rights	245
Fixed assets under development and advances	216
Goodwill	1,147
Total intangible assets	1,608
Tangible assets	
Land and buildings	757
Plant and machinery	1,824
Industrial and business equipment	250
Other assets	1,049
Fixed assets under development and advances	9,796
Total tangible assets	13,676
Total	15,284

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

Research and development activities

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

Transactions with related parties

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

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

(€ thousand)	*Annual report*	*Value of production*	*Cost of production*	*Profit (loss) for the year*	*Net Investments*	*Employees (number)*	*Net Equity*
Foodservice Companies							
AS.CA S.p.A.	31/12/2020	11,751	9,799	1,368	128	0	8,258
New Catering S.r.l.	31/12/2020	21,372	20,795	402	33	26	9,593
Marr Foodservice Ibérica S.A.U.	31/12/2020	0	7	(5)	0	0	400
Sì Frutta S.r.l.	31/12/2020	7,614	8,174	(448)	(92)	12	576
Associated Companies							
Jolanda De Colò S.p.A.	31/12/2020	16,035	16,498	(321)	367	49	1,638

It is pointed out that the value of MARR's consolidated purchase and sales of goods by transactions with the Parent Company Cremonini S.p.A. and affiliated companies (identified by name in the following table) represented respectively approximately 10.2% of the total consolidated purchases and 3.4% of the total consolidated revenue from sales and services carried out by the Group

The economic and financial data for the 2020 business year is showed in the following table, classified by related party.

COMPANY	FINANCIAL RELATIONS						ECONOMIC RELATIONS								
	RECEIVEBLES			PAYABLES			REVENUES				COSTS				
	Trade	Other	Financial	Trade	Other	Financial	Sale of goods	Performance of services	Other revenues	Financial Income	Purchase of goods	Services	Leases and rental	Other operating charges	Financial charges
From Parent Companies:															
Cremonini S.p.A. (*)	2,682	12	5,794	166	770		7			25		1,227			8
Total	2,682	12	5,794	166	770	0	7	0	0	25	0	1,227	0	0	8
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Jolanda De Colò											1				
Total	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
From Affiliated Companies (**)															
Cremonini Group															
Caio S.r.l.	1						36								
Casa Maioli S.r.l.	8						99								
Castelfrigo S.r.l.															
Chef Express S.p.A.	438	9		3			3,364				13	21			
Fiorani & C. S.p.a.		294		980			172		311		12,753				
Global Service S.r.l.		3		594								1,002			
Guardamiglio S.r.l.	7						28								
Inalca Food and Beverage S.r.l.	397	1		27	2		5,776	133	1		106				
Inalca S.p.a.		120		7,439			2,311		715		68,321	8			
Interjet S.r.l.															
Italia Alimentari S.p.a.	2	37		302			3		88		2,791				
Roadhouse Grill Roma S.r.l.	344						2,441								
Roadhouse S.p.A.	2,153			1	4		21,585	25				2			
Tecno-Star Due S.r.l.															
W Italia S.r.l.	10						17								
From Affiliated Companies															
Farmservice S.r.l.							7								
Le Cupole S.r.l.						4,093									37
Time Vending S.r.l.		20							20						
Total	3,360	484	0	9,346	6	4,093	35,839	158	1,135	0	83,984	1,033	0	0	37

(*) The items in the Other Receivables columns relate to the residual IRES receivables for requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011, transferred to the Parent Company within the scope of of the National Consolidated tax base; the amount in the the other payables is related to the IRES balance of the year 2020. Trade receivables and payables include the net amount of VAT transferred to Cremonini within the scope of the Group VAT liquidation.

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

From Oter Related Parties															
Members of top management team					252		1					661			
Total	0	0	0	0	252	0	1	0	0	0	0	661	0	0	0

Other Information

The Company neither holds nor has ever held shares or quotas of parent companies, even through third party persons and/or companies; consequently, during 2020, the company never purchased or sold the above-mentioned shares and/or quotas.
As at 31 December 2020, the Company does not own treasury shares.
During the year, the Group did not carry out atypical or unusual operations.
As regards the report on the reconciliation between the result for the period and the net Equity of the group, and the same values for the Parent Company, refer to Appendix 3 of the consolidated financial statements.

Report on corporate governance and the ownership structure

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

It must also be pointed out that MARR S.p.A. adheres to and abides by the Code of Self-Governance for listed companies approved by the Corporate Governance Committee and produced in its current version in June 2011 by the Business Associations (ABI, Ania, Assonime, Confindustria), Borsa Italiana S.p.A. and the Association of Professional Investors (Assogestioni).

Significant events during 2020

At the end of February, Italy was hit by the Covid-19 pandemic (so-called Coronavirus), with regard to which the Government adopted increasingly strict health protection measures, imposing restrictions on the circulation of people and in the DPCM of 11 March also on the exercise of business activities; these measures were updated numerous times during the course of 2020. Consistently with the dispositions emanated, the Company adopted organizational measures to ensure the continuation of management and logistical activities throughout the pandemic, so as to ensure continuity in the services to its Clients, through its own nationwide distribution network, in full respect and protection of the health of its collaborators, with which it also stipulated a suitable insurance policy.

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

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

On 28 April 2020, the Shareholders' Meeting approved the financial statements as at 31 December 2019 and resolved to suspend the distribution of the 2019 dividends and allocate the profits to the extraordinary reserve.

The Shareholders' Meeting also appointed the Board of Directors (the number of members being reduced from nine to seven, with Ugo Ravanelli as Chairman) and the Board of Statutory Auditors, which ill remain in office for three business years until the Shareholders' Meeting called to approve the financial statements for 2022.

The extraordinary Shareholders' Meeting approved the modification to art. 7 of the By-Laws, introducing the increase in voting rights pursuant to art. 127-quinquies of the TUF. The Board of Directors then approved the new Regulation, published in the relative section of the company's website.

The meeting of the Board of Directors held after the Shareholders' Meeting confirmed Francesco Ospitali as Chief Executive Officer and assessed the possession of the independence requirements envisaged by the law and Code of Self-Governance of Borsa Italians for the Directors Marinella Monterumisi, Alessandro Nova and Rossella Schiavini.

The Board of Directors also set up the Control and Risk Committee, composed of the independent directors Marinella Monterumisi and Rossella Schiavini.

The Board of Directors meeting on 14 May acknowledged the assessment of independence by the Board of Statutory Auditors for its members.
On 10 July 2020, the Parent Company paid back to the investors the capital quota in expiry of the private placement bond in US dollars stipulated in 2013, together with the six-monthly interest instalment, with a total outgoing of 8,514 thousand Euros.

In the second half of the year, MARR received an upgrade (from BBB to A, on a scale from CCC to AAA) in the ESG Ratings assessment by MSCI, a leading international institute in services supporting investor decisions. The A rating assigned to MARR is reward for the company's continuing commitment and its policies in support of Environment, Social and Governance. With the awareness and responsibility of its role of market leader, some time ago MARR started a plan to enhance its approach towards sustainability, implementing projects in each of the three ESG areas, including: • Environment: green and sustainable products, production line certification, animal wellbeing; • Social: emphasis on transparency, legality and correctness in relations with stakeholders; • Governance: full respect of all the applicable Regulations, Codes and best practices.

Subsequent events after the closing of the year

On 5 March 2011, MARR signed a binding Framework Agreement for the acquisition of all of the shares of a newly incorporated company, into which will be conferred all of the activities of Antonio Verrini & Figli S.p.A. ("Verrini"), including those of processing and marketing seafood products, and of Chef S.r.l. (Chef), which leases the company Chef Seafood.
Verrini, based in Genoa and operating through 5 distribution centres along the coast of Liguria and in Viareggio, is a reference business in the marketing of seafood products in Liguria and Versilia. In 2020, it recorded sales of over 48 million Euros in sales in 2020 (before the pandemic, sales had been 58 million in 2019), with a significant specialisation in fresh products (over 2/3 of the sales) and processing of fresh and defrosted products. As regards Chef, in 2020 the Company sold more than 7 million Euros worth of seafood products, mainly to restaurants on the Riviera of Romagna, served by the distribution centre in San Clemente (Rimini).

In addition to its procurement skills, Verrini is capable of also valorising purchases through its presence in the retail and wholesale channels, which are vital in terms of product segmentation. Also, its specialisation in the catering channel. which represents more than half of Verrini's sales, could create significant synergies within the MARR Group, aimed in particular at Street Market clients in Piedmont, Liguria and Tuscany.

The operation, for which the stipulation of the closing is subject to the approval of the Antitrust Authority, envisages a valorisation (including assumption of debts) of 8 million Euros and partly delayed payment, in addition to an earn out of up to a maximum of 2 million Euros and subject to the achievement of targets in terms of returns and profits in 2022. The operation also envisages the stipulation of lease contracts for 6 plus 6 years for the distribution centres through which the Verrini Group operates.

Outlook

The sales trends in the first two months of 2021 are much the same as those in the fourth quarter of 2020, benefitting from the momentary easing of the restrictions in the first half of February, during which there was a significant recovery in activities in the catering sector.

The continuing uncertainty as regards the time required to resolve the pandemic situation does not allow us at this time to make any short-term forecasts on the development of the effects of the pandemic on general consumption and, as regards MARR's activities, on the foodservice market in Italy.

Although out-of-home food consumption in Italy has shown the resilience of the market when the conditions have allowed, the measures implemented by the Government and Local Administrations for containing the spread of the virus are affecting consumption in the out-of-home food consumption sector, especially commercial catering, but also involving collective catering. The length of these measures could have repercussions, which we believe could be temporary; however, our country will revert to being one of the preferred destinations for world tourism as soon as conditions will allow it.

In this context, it must be recalled that MARR possesses an organizational and distribution structure that is present nationwide and is thus capable of ensuring an adequate level of service to all clients and to all of the business areas which involve out-of-home food consumption, including those functional to public and health services such as hospitals and facilities for elderly.

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

The Company is also placing great emphasis and attention on managing the trade receivables and operating costs, which for MARR have always been characterised by the high level of the variable ones, with the aim of ensuring continuity in terms of quality, of products and services offered to the market, so as to help overcome the contingent difficulties where possible and be completely ready to resume proper business activities when the current uncertainties will be resolved.

Business continuity

MARR has defined a clear approach – restated at the beginning of the pandemic and adjusted to suit the changes in context during the course of the last year – which is being concretely implemented to pursue its strategic orientations:
i. enhancing liquidity, at the end of 2020, MARR exceeded 250 million in liquidity, doubling the levels at the start of the pandemic, also thanks to the support of its shareholders, the trust of the financial institutes, the careful management of all the components of the working capital and a selective approach to investments, favouring those oriented towards growth;
ii. proper management of operating costs, achieved by intervening on the fixed costs and the optimisation of the management of the logistical and distribution network in a flexible manner during the various phases of the pandemic, always with the aim of maintaining client support and service;
iii. consolidating its leadership position and market relations, ensuring a high standard of service for its professional partners/clients, in full respect of the health laws and regulations throughout the production line, capable of satisfying and guaranteeing the final consumer. From the viewpoint of client service, the initiatives for the monetisation of the government contributions (for example management of the "holiday bonus" and "rent bonus") should also be mentioned, as should the offer of local and *Made in Italy* products which, in addition to valorising the quality of Italian food products, has been useful in obtaining the "Production Line Bonus" by clients. The client remains the focal point of MARR, through an integrated approach based on "*phygital marketing*" initiatives, in other words those with a balance between the "physical" approach and "digital" tools;
iv. identifying new business opportunities with specific regard to the forms of service (take away, food delivery) and product lines (for example packaging, sanitisers, disinfectants, food ready to eat) that have been strengthened during the pandemic;
v. further enhancement of MARR's competitive position as a result of the expected consolidation of the Market once the pandemic emergency has been overcome. In this consolidation process, which will benefit the more structured operators, MARR, consistently with its leadership role, will make the most of the opportunities to enhance its offer and presence to further raise its level of service. From this viewpoint, the recent acquisition of the activities of processing and marketing of seafood products (especially fresh) of the Verrini Group is further confirmation of MARR's role of market aggregator. This operation represents a major opportunity to continue to enhance the offer of fresh seafood products, a type of product generating client trust which is the basis of the specialisation strategy implemented over the years by MARR. Again with a view to territorial growth and enhancement, the beginning of the next quarter is expected to see the opening of a new distribution centre in Catania. This distribution centre will be destined to improve coverage in eastern Sicily, and consequently increase the level of service offered in a highly tourist-oriented area with significant prospects of growth;
vi. ESG, as market leader, MARR has always focused closely on sustainability and intends to implement an increasing number of initiatives in this regard. Examples of this are the MSC and ASC certifications for the chain of custody of sustainable fishing and fish farming respectively and the voluntary certification of the process of control over the sustainable seafood production line, which has recently been integrated in respect of the criteria for the conditions of increased animal wellbeing in fish farming systems (www.marr.it/sostenibilita/pesca-sostenibile).

These strategic orientations are the reference point for the management of the various phases of the pandemic and also for the expected recovery of out-of-home food consumption.
In a context of normality, which it is hoped will be more the case in the second half of 2021, Italians will return to enjoying out-of-home food consumption as a vital part of their social lives and Italy will return to being one of the most sought after tourist destinations for foreigners, with Italian food once again being one of the more attractive elements.
Confirmation of this was seen in the early part of last February which, as a result of the momentary easing of the restrictions, showed a significant recovery in activities for clients in the catering sector, confirming the reactivity of out-of-home consumption that had already been observed in the third quarter of 2020. Such trends are proof that once the health conditions allow, out-of-home food consumption will return to being an important item of expenditure for Italians.

Although considering the complexity and scope of a rapidly developing context, the Company considers the presupposition of business continuity to be appropriate and correct, taking into account its capacity to deal with its obligations in the foreseeable future, and especially in the next 12 months, on the basis of the following considerations:
- the significant sources of liquidity currently available (over 250 million Euros as at 31 December 2020);
- credit lines granted and not used as at 31 December 2020 totalling not less than 200 million Euros;
- the support of the main banks, on the basis of its leadership status in the sector in which it operates (during the lockdown period, banks paid out loans of over 120 million Euros to the company), and on 30 December 2020, a Pool loan was signed with BNL and Cassa Depositi e Prestiti, with payment date on 7 January 2021. This loan is covered by a SACE guarantee as envisaged in the so-called "Liquidity Decree" of 08/04/2020, no. 23, amounts to a total of 80 million Euros and has a duration of 45 months (12 months of which are pre-payback);
- the support of the banks also led to the temporary suspension – "Covenant holiday" – of the verification of the financial indices for the contracts that envisaged them on 30 June 2020 and on 31 December 2020: this suspension was granted by all of the banks which paid out loans for which a covenant breach situation was encountered;
- the same Covenant holiday agreement was also enforced as at 30 June 2020 and as at 31 December 2020 with the investors who signed the bond loan ("USPP") in US dollars, part of which, amounting to 8.9 million Euros, was paid back on expiry, together with the interest due, in July.

In addition to the above factors, the Group has also acknowledged the commitment by the government institutions to support the operators and individuals worst affected by Covid-19 through safeguarding measures which will be implemented in coming months and which the Group intends to avail itself of, if possible.

Main risks and uncertainties

In carrying out its activities, the Company is affected by risks of a financial nature, as described in more detail in the Explanatory notes to the financial statements, these risks being intended as: market risks (as a combination of the risk concerning foreign currencies for purchases abroad, the exchange rate risk and price risk), credit risks and liquidity risks.
It should also be considered that although the company operates in the food distribution sector, which is characterised by its mainly stable nature, in this year it is affected by Covid-19 pandemic and by the general state of the economy and is therefore exposed to the uncertainty of the current macro-economic scenario, albeit to a lesser extent than other sectors.
The difficulties in accessing credit by clients in the light of the current trends because of Covid-19 also continued in 2020 and have led the management team to keep a strong focus on credit management. The policies of cost containment aimed at maintaining the trade margin were also confirmed.
As regards the development of the financial situation of the Group, this depends upon numerous conditions, including the performance of the banking and monetary segments, which are also affected by the current economic situation, in addition to the achievement of the pre-established objectives in terms of management of the trade net working capital.
As regards the specific risks and uncertainties involved in the activities of MARR and the Group, please refer to that described in detail in the paragraph entitled "provision for non-current risks and charges" in the Explanatory Notes.

Human Resources

At the end of December 2020, there were 770 employees of the MARR Group (8 Executives, 34 Managers, 537 Employees and 191 Workers), a decrease compared to the end of 2019 (823 employees), mainly as a result of the reorganization due to the integration of the activities of AS.CA into MARR, the completion of the outsourcing of operating activities of the MARR Sanremo branch, the completion of the outsourcing of the delivery activities of SI'FRUTTA and the outsourcing of the activities previously carried out at the Carnemilia facility.
The average number of employees during 2020 (801) also slightly decreases compared to the average figure for 2019 (843) and is higher than that at the end of December 2020, due to that described above and also as a result of the significant limitation in the hiring of workers with contracts of a seasonal nature (aimed at dealing with peaks of activity) due to the impacts on the foodservice market caused by the health emergency.

In addition to dependent personnel, the Group also employs about 800 sales agents and a network of transporters with about 750 vehicles.

As regards the information related to "training and safety in workplace", see the "health and safety at work" and "human resources" paragraphs in the Consolidated non-financial statement at 31 December 2020 attached at this report.

Personnel Cost
The personnel cost also highlighted a decrease of 10.2 million Euros compared to last year, mainly as a result, in addition to the changes in workforce described above, of the adjustment of the workforce to the market situation by making use of

the social safety nets made available because of the health emergency (about 6.4 million Euros since March, with about 400,000 hours covered by the social safety nets), less overtime work (about 1.2 million Euros since March 2020), an intensification in the use of paid leave (0.4 million Euros since March 2020), in addition to the benefits of integrating the business activities of AS.CA into MARR (about 1.3 million Euros since the start of the year).

Environmental information

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

The waste produced by our activities - constituted by leftover packaging such as paper, plastic and glass, and sub-products of animal origin deriving from the processing carried out in some local units - is disposed of in compliance with the dispositions of the Law concerning environmental and sanitary matters, almost totally through public utilities and partly through private disposal firms.
More details are exposed in the "Environment" paragraph of the Consolidated non-financial statement at 31 December 2020, attached at this Report.

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

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

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

As regards the information required by Legislative Decree 254/2016, see the Consolidated Non-Financial Statement as at 31 December 2020, which is annexed to this Report and is an integral part thereof.

MARR S.p.A. – PARENT COMPANY [IV]

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

Re-classified Income Statement of the Parent Company MARR

MARR S.p.A. (€thousand)	*31.12.20*	*%*	*31.12.19*	*%*	*% Change*
Revenues from sales and services	1,023,970	*97.7%*	1,578,083	*97.3%*	*(35.1)*
Other earnings and proceeds	24,600	*2.3%*	43,024	*2.7%*	*(42.8)*
Total revenues	1,048,570	*100.0%*	1,621,107	*100.0%*	*(35.3)*
Raw and secondary materials, consumables and goods for resale	(817,670)	*-78.0%*	(1,289,856)	*-79.6%*	*(36.6)*
Change in inventories	(28,351)	*-2.7%*	11,384	*0.7%*	*(349.0)*
Services	(136,411)	*-13.0%*	(181,763)	*-11.2%*	*(25.0)*
Leases and rentals	(2,277)	*-0.2%*	(538)	*0.0%*	*323.2*
Other operating costs	(1,471)	*-0.1%*	(1,454)	*-0.1%*	*1.2*
Value added	62,390	*6.0%*	158,880	*9.8%*	*(60.7)*
Personnel costs	(26,696)	*-2.6%*	(35,559)	*-2.2%*	*(24.9)*
Gross Operating result	35,694	*3.4%*	123,321	*7.6%*	*(71.1)*
Amortization and depreciation	(15,270)	*-1.4%*	(14,832)	*-0.9%*	*3.0*
Provisions and write-downs	(19,500)	*-1.9%*	(13,195)	*-0.8%*	*47.8*
Operating result	924	*0.1%*	95,294	*5.9%*	*(99.0)*
Financial income and charges	(5,266)	*-0.5%*	(5,156)	*-0.3%*	*2.1*
Value adjustments to financial assets	(676)	*-0.1%*	(116)	*0.0%*	*482.8*
Result from recurrent activities	(5,018)	*-0.5%*	90,022	*5.6%*	*(105.6)*
Non-recurring income	0	*0.0%*	0	*0.0%*	*0.0*
Non-recurring charges	0	*0.0%*	0	*0.0%*	*0.0*
Result before taxes	(5,018)	*-0.5%*	90,022	*5.6%*	*(105.6)*
Income taxes	868	*0.1%*	(25,731)	*-1.6%*	*(103.4)*
Taxes relating previous years	50	*0.0%*	58	*0.0%*	*(13.8)*
Total net result	(4,100)	*-0.4%*	64,349	*4.0%*	*(106.4)*

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

Re-classified Balance Sheet of the Parent Company MARR

MARR S.p.A. (€thousand)	*31.12.20*	*31.12.19**
Net intangible assets	139,501	139,464
Net tangible assets	70,590	65,901
Right of use assets	50,592	42,880
Equity investments in other companies	24,411	24,282
Other fixed assets	30,453	32,997
Total fixed assets (A)	315,547	305,524
Net trade receivables from customers	295,825	357,835
Inventories	132,864	161,215
Suppliers	(229,586)	(313,705)
Trade net working capital (B)	199,103	205,345
Other current assets	44,337	51,167
Other current liabilities	(11,855)	(16,697)
Total current assets/liabilities (C)	32,482	34,470
Non-current assets held for sale (D)	2,400	0
Net working capital (E) = (B+C+D)	233,985	239,815
Other non current liabilities (F)	(1,853)	(1,194)
Staff Severance Provision (G)	(6,780)	(7,016)
Provisions for risks and charges (H)	(5,812)	(6,254)
Net invested capital (I) = (A+E+F+G+H)	535,087	530,875
Shareholders' equity	(327,948)	(331,338)
Shareholders' equity (J)	(327,948)	(331,338)
(Net short-term financial debt)/Cash	74,314	11,156
(Net medium/long-term financial debt)	(229,297)	(166,859)
Net financial debt - before IFRS16 (K)	(154,983)	(155,703)
Current lease liabilities (IFRS16)	(8,277)	(7,599)
Non-current lease liabilities (IFRS16)	(43,879)	(36,235)
IFRS16 effect on Net financial debt (L)	(52,156)	(43,834)
Net financial debt (M) = (K+L)	(207,139)	(199,537)
Net equity and net financial debt (N) = (J+M)	(535,087)	(530,875)

* It must be noted that the figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

Re-classified Net Financial Position of the Parent Company MARR

	(€thousand)	Note	*31.12.20*	*31.12.19**
A.	Cash		3,563	10,581
	Bank accounts		243,448	168,532
	Postal accounts		16	90
B.	Cash equivalent		243,464	168,622
C.	Liquidity (A) + (B)	15	247,027	179,203
	Current financial receivable due to Subsidiaries		1,365	4,944
	Current financial receivable due to Parent Company		5,794	1,843
	Others financial receivable		626	551
D.	**Current financial receivable**	12	**7,785**	**7,338**
E.	Current derivative/financial instruments	8	0	1,247
F.	Current Bank debt		(66,505)	(33,837)
G.	Current portion of non current debt		(100,125)	(130,076)
	Financial debt due to Parent Company		0	0
	Financial debt due to Subsidiaries		(13,209)	(2,716)
	Financial debt due to Related Companies		0	0
	Other financial debt		(659)	(10,003)
H.	Other current financial debt		(13,868)	(12,719)
I.	Current lease liabilities (IFRS16)	25	(8,277)	(7,599)
J.	Current financial debt (F) + (G) + (H) + (I)	24/25/26	(188,775)	(184,231)
K.	Net current financial indebtedness (C) + (D) + (E) + (J)		66,037	3,557
L.	Non current bank loans	18/20	(204,254)	(137,491)
M.	Non-current derivative/financial instruments	8	1,818	0
N.	Other non current loans	18/20	(26,861)	(29,368)
O.	Non-current lease liabilities (IFRS16)	19	(43,879)	(36,235)
P.	Non current financial indebtedness (L) + (M) + (N) + (O)	18/19/20	(273,176)	(203,094)
Q.	Net financial indebtedness (K) + (P)		(207,139)	(199,537)

* It must be noted that the figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

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 (cash, cheques and active banks); items of net working capital collectables; short-term financial assets;
- Negative short and long-term components: payables to banks; payables to other financiers, payables to leasing companies and factoring companies; payables to shareholders for loans.
The "Notes" column indicates the reference to the item in the statement of financial position of the Company for the purpose of an accurate its reconciliation.

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

MARR S.p.A. (€thousand)	*31.12.20*	*31.12.19**
Net profit before minority interests	(4,100)	64,349
Amortization and depreciation	15,270	14,832
Change in Staff Severance Provision	(236)	(141)
Operating cash-flow	10,934	79,040
(Increase) decrease in receivables from customers	62,010	10
(Increase) decrease in inventories	28,351	(11,384)
Increase (decrease) in payables to suppliers	(84,119)	10,684
(Increase) decrease in other items of the working capital	5,420	(3,100)
Change in working capital	11,662	(3,790)
Net (investments) in intangible assets	(460)	(691)
Net (investments) in tangible assets	(13,388)	(9,117)
Flows relating to acquisitions of subsidiaries and going concerns	(800)	(2,315)
Investments in other fixed assets and other change in non current items	(14,648)	(12,123)
Free - cash flow before dividends	7,948	63,127
Distribution of dividends	0	(51,890)
Other changes, including those of minority interests	715	788
Cash-flow from (for) change in shareholders' equity	715	(51,102)
FREE - CASH FLOW	8,663	12,025
Opening net financial debt	(199,537)	(160,677)
Effect for change in liability for IFRS16	(16,265)	(50,885)
Cash-flow for the period	8,663	12,025
Closing net financial debt	(207,139)	(199,537)

* It must be noted that the figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

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

MARR S.p.A. (€thousand)	*31.12.20*	*31.12.19*
Free - cash flow	8,663	12,025
(Increase)/Decrease in current financial receivables	800	(459)
Increase/(Decrease) in net financial debt	58,361	(2,089)
Increase (decrease) in cash-flow	67,824	9,477

Nature of proxies conferred on Directors

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

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

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

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

Transactions with related parties

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

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

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

It must be pointed out that the value of the purchase and sales of goods of MARR S.p.A. by transactions with Cremonini S.p.A. and affiliated companies (as in the following table) represented 11.5% of the total purchases and 3.7% of the total revenues from sales and services made by MARR itself.
All commercial transactions and provisions of services occurred at market value.

The economic and financial data for the 2020 business year is showed in the following table, classified by related party.

COMPANY	FINANCIAL RELATIONS						ECONOMIC RELATIONS								
	RECEIVABLES			PAYABLES			REVENUES				COSTS				
	Trade	Other*	Financial	Trade	Other*	Financial	Sale of goods	Performance of services	Other revenues	Financial Income	Purchase of goods	Services	Leases and rental	Other operating charges	Financial charges
From Parent Companies:															
Cremonini S.p.A. (*)	2,589	11	5,794	160			7			25		1,224			8
Total	2,589	11	5,794	160	0	0	7	0	0	25	0	1,224	0	0	8
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Jolanda De Colò											1				
Total	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
From Affiliated Companies(**)															
Cremonini Group															
Caio S.r.l.	1						36								
Casa Maioli S.r.l.	8						99								
Castelfrigo S.r.l.															
Chef Express S.p.A.	438	9		2			3,364				13	21			
Fiorani & C. S.p.a.		294		977			172		311		12,734				
Global Service S.r.l.		3		594								1,001			
Guardamiglio S.r.l.	8						28								
Inalca Food and Beverage S.r.l.	397	1		27	2		5,776	133			106				
Inalca S.p.a.		120		7,402			2,311		715		68,080	8			
Italia Alimentari S.p.a.		37		298			3		86		2,664				
Roadhouse Grill Roma S.r.l.	344						2,441								
Roadhouse S.p.A.	2,153				4		21,585	25				1			
W Italia S.r.l.	10						17								
From not Affiliated Companies															
Farmservice S.r.l.							7								
Le Cupole S.r.l.						4,093									37
Time Vending S.r.l.		20							20						
Total	3,359	484	0	9,300	6	4,093	35,839	158	1,132	0	83,597	1,031	0	0	37

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

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

From Affiliated Companies															
Asca S.p.a.	33			8		6,992	995	39	1	5	7,912		2,399		22
Marr Foodservice Iberica S.a.U.				119		281									2
New Catering S.r.l.	259			10		5,935	466	242	6		4	16			27
Si' Frutta S.r.l.	38		1,365	719			2	64		3	2,912	490			
Total	330	0	1,365	856	0	13,208	1,463	345	7	8	10,828	506	2,399	0	51

From Oter Related Parties															
Members of top management team					252		1					661			
Total	0	0	0	0	252	0	1	0	0	0	0	661	0	0	0

Proposal for the allocation of the 2020 result

Dear Shareholders,

before concluding and deciding on this matter, we would like to confirm that the draft financial statements closed on 31 December 2020 submitted for your examination and approval in this meeting, have been drafted in respect of the legislation in force.

In submitting the 2020 financial statements to the shareholders' meeting for approval, we propose to retain the business year losses, amounting to 4,099,916 Euros.

The Board of Directors would like to express its thanks to all of the employees and collaborators who, with great professionalism and commitment, are dealing with this difficult period and who, after a year of the pandemic emergency, are still showing a high level of involvement and strong motivation towards better management when proper business resumes.
At various levels of responsibility, the management team has shown sensitivity and skill in managing resources, especially during the times of greatest difficulty, ensuring a flexible and rapid response also during the closures and re-openings ordered by the various national and local health dispositions.

Rimini, 15 March 2021

For the Board of Directors
The Chairman
Ugo Ravanelli

MARR
Consolidated Non-Financial Statement
as at 31 December 2020
in accordance with Legislative Decree 254/2016

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Methodological Note

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

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

Unless otherwise stated, the figures and information in this Declaration refer to the MARR Group, this being considered as all of the operating companies entirely consolidated within the scope of the Annual Financial Report as at 31 December 2020. Marr Foodservice Iberica, a non-operational company, and Jolanda de Colò S.p.A., an associated company, are excluded from the scope of consolidation. Contrarily to last year, the 2020 figures include those of SìFrutta S.r.l., of which MARR purchased the remaining 60% of the shares on 11 March 2020; as at 31 December 2019, the company was a non-consolidated associate and is now a fully-owned subsidiary.

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

For the assessment of the trend of the Group's activities and for purposes of comparison, the data relative to the 2020 financial period also show the data relative to the previous two financial periods.

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

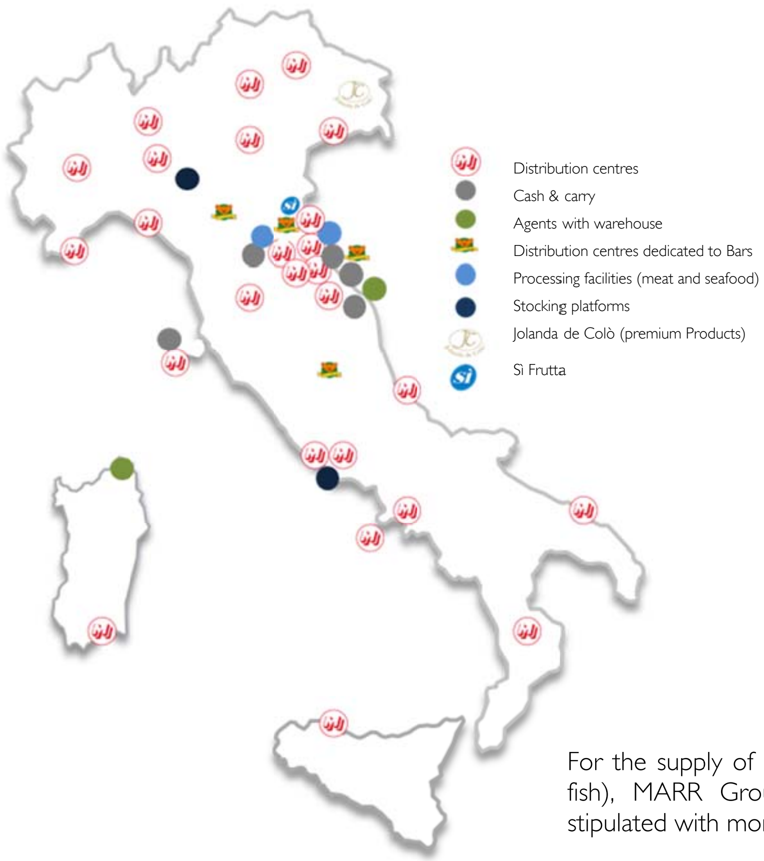
The Company Identity

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

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

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

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



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

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

With specific regard to the year 2020, it must be noted that the Covid-19 pandemic and the relative health restrictions aimed at limiting its effects had a significant impact on the hotels and restaurants sector, with obvious reflex impacts on MARR's operations. The latter immediately implemented new commercial initiatives, such as new or renewed lines of products which, in an integrated manner, were started and developed during the strictest phase of the lockdown in order to offer customers business opportunities and greater safety in the management of their own professional activities.

For the entire duration of the pandemic, through its nationwide distribution network, MARR continued with regularity to ensure customer service in respect of the laws and regulations in force. In this context, it must be highlighted that even during the periods of complete closures, MARR played a vital role in supplying structures of public utility (such as hospitals, residence homes for the elderly and many other structures of equal public utility), implementing specific protocols to ensure the safety of individuals and goods.

MARR has adopted commercial, management and operating initiatives that were started and developed during the strictest and most difficult phase of the lockdown.

Among the commercial activities implemented during the strictest and most difficult phase of the lockdown, the following new lines are worthy of mention:

- Hygiene and safety line: a selection of sanitising and disinfectant products in accordance with the guidelines of the WHO and the Italian Higher Health Institute and the laws in force, created with the aim of enabling customers to adopt suitable prevention and safety measures, and divided into three categories:

  - Hygiene and cleaning rooms and surfaces (including kitchen equipment);
  - Personal hygiene (face masks, visors, thermometers, gloves, gel, wipes, etc.);
  - cleaning kitchenware and tableware.

- Packaging line for *delivery and take away*: a wide range of containers for beverages and food, characterised by specific focus on biodegradable and compostable articles with a view to reducing plastic and offering compostable alternatives for cups, mugs, cutlery, plates, bowls and dishes, hamburger and pizza boxes and straws.

- *Grab & Go fresh* menu line: a complete range of first and second courses, salad dressing, sandwiches and panini, ice cream and dessert, fruit juices and summer beverages, for take away without resort to handling and for safe consumption.

- *Ready to eat* e *ready to cook* line: a selection aimed at offering customers pre-cooked and pre-packaged first and second courses and desserts not requiring additional handling, for heating up in a few minutes in the microwave and offering a quick and safe service from a hygiene viewpoint.

- *Made in Italy* line: MARR has elected to valorise the range of Italian products, thereby also supporting the domestic food production lines through a selection of Made in Italy products, all prepared entirely in Italy. The assortment ranges from salami and cheeses to meat and fish, from rice and pasta to conserves, honey and frozen vegetables. This line was launched in June and was a vital aspect in obtaining the "Catering Fund" envisaged by art. 58 of Decree Law 104 of 14 August 2020.

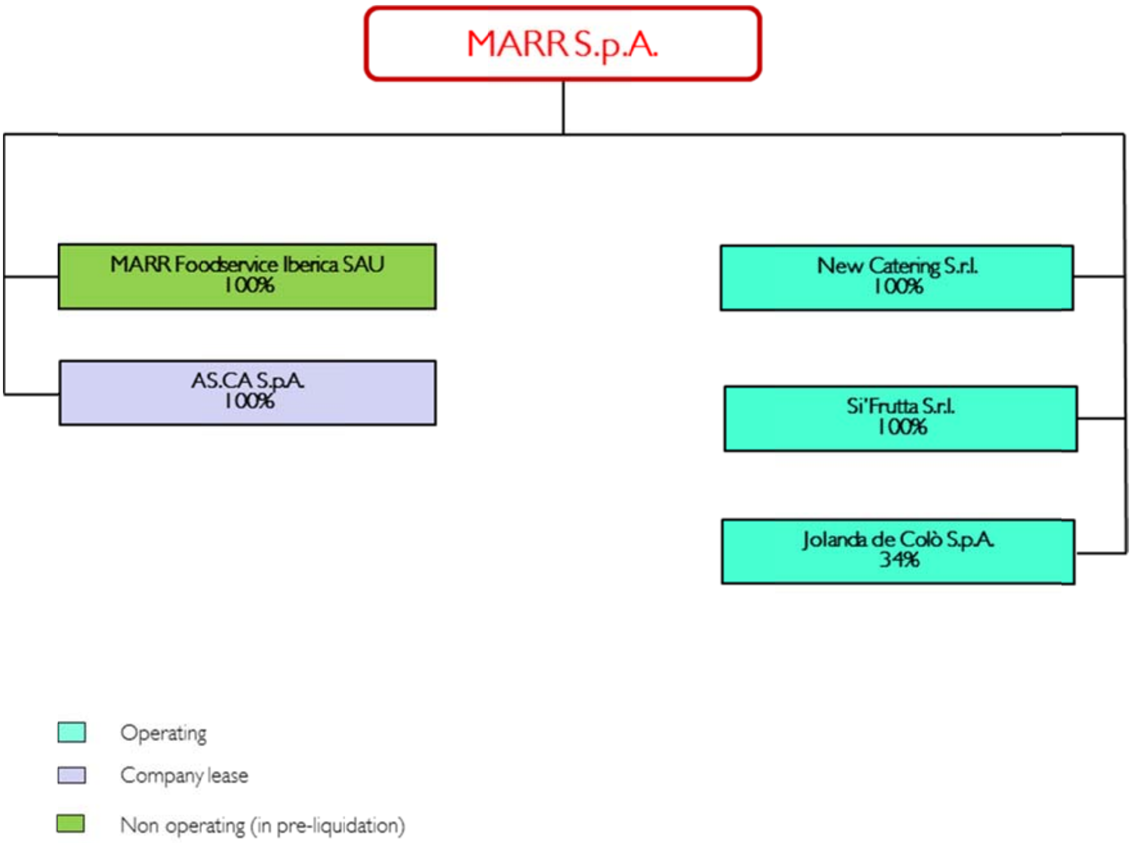
It must also be highlighted that in May, MARR organised a videoconference meeting on the topic of applying the new safety protocols put in place by the Government and Regional authorities for tourist structures with a view to the summer re-opening.

During the meeting, aimed at operators in the hotel sector in Emilia Romagna, MARR replied to the many questions and doubts regarding the new guidelines, with the aim of helping hoteliers and clarifying how to adjust their everyday business to the regulations and safety of their structures.

MARR also invested in 2020 in the online training of its commercial experts and collaborators, with new courses and video tutorials available on the "*academy.marr.it*" platform, with a total of about 40 new learning modules.

In order to also support the Commercial Network and the 850 Commercial Sales Agents collaborating with the company during these difficult times, MARR also studied a new plan of incentives for its commercial experts and provided the possibility of paying an advance on supplies to them on request, with an interest-bearing repayment plan over twenty-four months starting in July 2021.

The structure of the MARR Group (hereinafter "the Group") as at 31 December 2020 can be defined as follows:



To this regard, we point out that:

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

It must be noted that, as described in the above methodological note, the associate Jolanda de Colò, which is not consolidated, is not within the scope of reporting.

Stakeholders

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

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

- Employees and collaborators: the Group has over 750 employees and a sales staff of over 800; special training courses are organized every year in new sales techniques, health and safety at work and food safety, as well as specific training meetings for branch managers, sales managers, sales technicians, operating managers, sector specialists and local credit managers. The Company's employees are also aware of its main values thanks to the fact that the Code of Ethics is distributed to each one. MARR has also created the *MARR Academy*, a Company "workshop" conceived to foster the development of knowledge - knowledge of what to do and of how to get it done - addressed to everyone that collaborates with the Company, to invest in talent and skills and to increase the value of the organization. Lastly, a *house organ* is periodically circulated to all collaborators to inform them of the Company's trend, its results, national and local initiatives and the life of the Company in general.

- Suppliers of products and services: the Company promotes the creation of stable, long-term relationships with its suppliers in order to always ensure that the entire supply chain respects the Company's principles. The suppliers are selected, assessed and qualified according to methods and criteria defined by specific Company procedures and they are directly involved in quality control and the sustainability of their products. This involvement is also achieved by the use of tools such as the online catalogue and by encouraging them to obtain specific certifications, as described in more detail in the successive paragraphs.
- Control institutions and bodies: the Group is subject to many controls on the part of the official control institutions and bodies. Said controls involve the official analysis of samples of the products distributed and inspections carried out by the veterinary authorities and the food hygiene and nutrition control services of the competent local National Health departments. Controls and inspections are also carried out by other bodies, such as the Anti-Adulteration and Health Protection Police Corps, the Forestry Police Corps and the Coast Guards, as well as bodies appointed to control the measures adopted for the protection of workers and their health. MARR strictly respects the legislation applicable to its sector and collaborates with the authorities appointed to perform the controls when inspections are carried out. As a listed company, MARR is also subject to the control of the supervisory body (the Italian Securities and Exchange Commission - CONSOB) and it must respect the reporting obligations imposed by the segment of reference.
- Category associations: the Company fosters open dialogue with the category associations, paying attention to the requests put forward. Said associations are also a tool used by MARR for keeping updated and for complying with the law, considering the activity that they perform by advising their member companies in real time of new provisions that discipline the activities of the sector.
- Shareholders and the financial community: MARR, listed in the STAR segment (*"Segmento Titoli ad Alti Requisiti"*) of the Italian stock exchange since June 2005, has a capitalization of about Euro 1,010 thousand (annual average of 2020) and about 4,400 shareholders (as at 28 April 2020, date of the last Shareholders' Meeting). Over 40% of its capital is held by institutional investment funds, 90% of which are based abroad. The Company entrusts to its Investor Relations department the management of prompt and transparent reporting to the financial community, in line with the provisions of the legislation in force.
- Local community: the local community plays an important role inasmuch as linked to the activities of other stakeholders, such as the customers, the suppliers, the employees and the collaborators. Proximity to the community is not only indispensable but also strategic for the Company and is expressed, on one hand, by the dialogue with the local bodies and, on the other, by participation in social and cultural events held on the territory.

Fiscal approach of the Group

With regard to the requirements of GRI 207 applicable to this report, it must be pointed out that the operating companies in the Group are under a single tax regime, that in force in Italy. Only Marr Foodservice Iberica S.A., a non-operating company, is resident overseas for tax purposes (in Spain).
As required, the following are the Group figures by fiscal jurisdiction:

(€ thousand)	Italy	Other
Number of employees	770	0
Revenues from sales to third parties	1,012,391	0
Revenues from intragroup transactions with other tax jurisdictions	0	2
Result before taxes	(2,675)	(5)
Tangible assets other than cash and cash equivalents	75,517	0
Income taxes paid on a cash basis	2,935	0
Income taxes accrued on profits/(losses)	1,641	0

With regard to the 2020 taxes listed above, it should be noted that the Italian subsidiaries in the Group benefitted from the facilitation on the first IRAP instalment ex art. 24 of Decree Law 34/2020.

Due to the nature of its business and because its activities are carried out almost entirely in Italy, MARR does not adopt a specific tax strategy.
However, the Group is careful in assessing the possibility of benefitting from the facilitations granted by the ad hoc tax regulations, such as incentives on tangible and/or intangible investments, investments in so-called "disadvantaged" areas, etc.
In any event, MARR's conduct is consistent with a low exposure to tax-related risks.
The above opportunity assessments are made the Company's CFO.
The regulatory analyses and verifications are undertaken by the department reporting to the CFO and, if deemed opportune on the basis of their regulatory complexity, involving external consultants.
To this end, MARR:
- encourages training and refresher courses on tax-related topics for its employees, consistently with the reference regulatory changes;
- in preparing the annual financial statements and the half-yearly financial statements, MARR S.p.A. hires the professional studio "Boldrini, Pesaresi Avvocati e Commercialisti Associati" to prepare a report summarising the main potential tax-related risks.
The tax-related choices are made by the CFO on the basis of the analyses conducted by their own department and involving external consultants. In specific cases, and specifically when the choices to be made are or may be of "material" relevance, the determinations are made by the Board of Directors.
There is no internal body responsible for verifying their compliance.
As it does not adopt tax-related strategies, MARR S.p.A. does not envisage forms of involvement of the stakeholders as regards tax practices.

Material topics

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

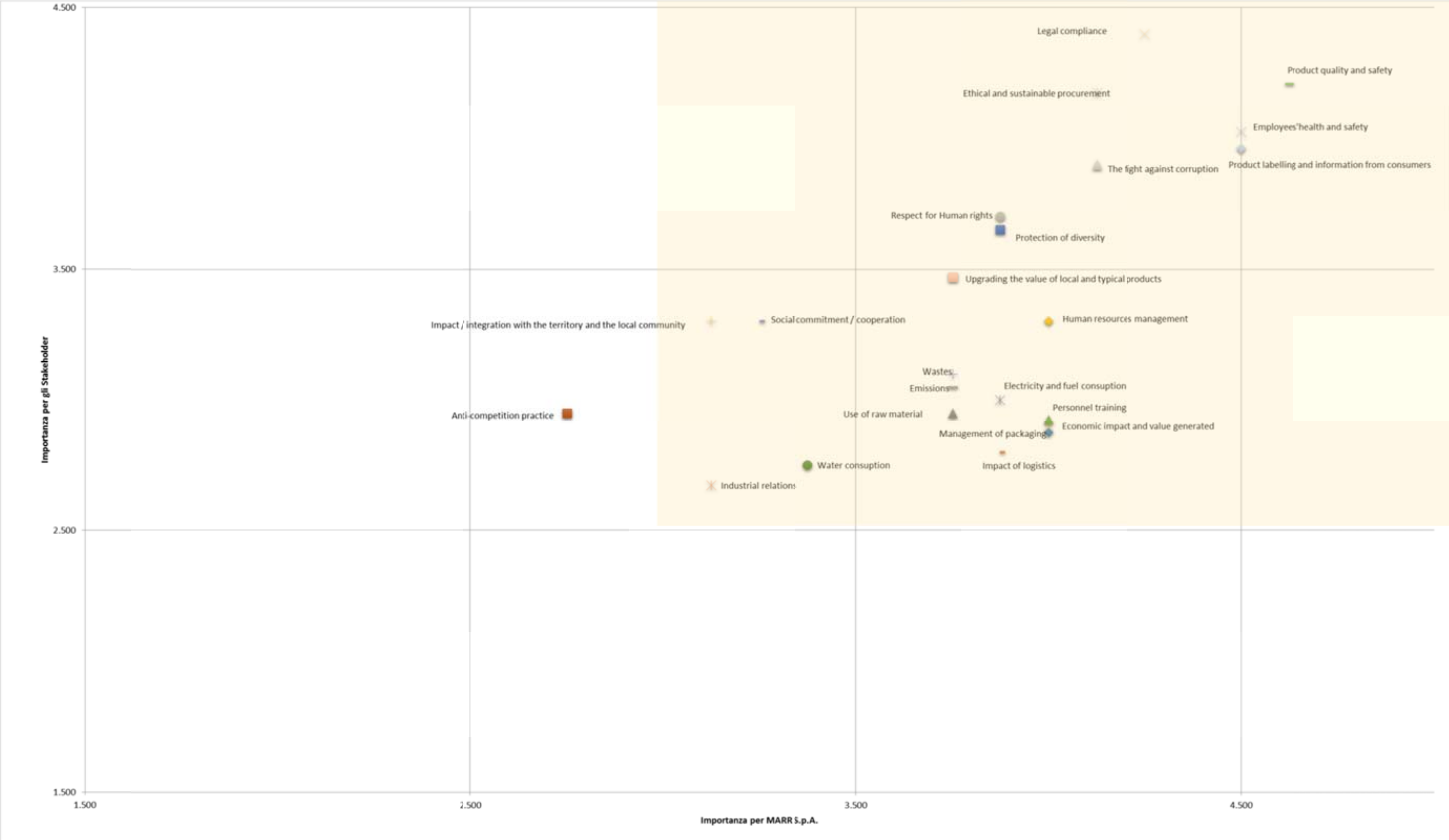
The materiality analysis process is structured as follows:

Identification of relevant topics	Assessment of the relevant topics	Approval and review
• Research and analysis of internal sources (policies, procedures, etc.) and of external sources (analysis of the publications of standard-setters and the benchmarks of the main competitors); • The development of a long list of potentially relevant topics ; • Review and approval of the long list and the selection of the most important to produce a short list .	• The organization of meetings with the front-line people to assess the importance of every topic on the short list, from the Company's and the stakeholders' viewpoints; • Consolidation of the results of the assessment and development of the relative materiality matrix.	• Approval of the short list of topics identified and assessed in the previous steps ; • Review and verification of the Materiality Matrix deriving from the assessment of the various topics ; • Overall approval of the materiality analysis.

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

It can be seen that the Covid-19 pandemic has in some cases led to a different assessment of the topics, with the internal and external stakeholders increasingly focusing on topics of worker health and safety and human resource management, regulatory compliance and respecting human rights.

Similarly, there is an increasing focus, especially by Management, on environmental topics, such as energy consumption, the use of water resources, logistical impacts and emissions.


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

The Company has subscribed to the Code of Self-Governance for quoted companies since it was quoted on the stock exchange in June 2005. As of 1 January 2021, the Company has adopted the new Code of Corporate Governance prepared by the Corporate Governance Committee in January 2020 (hereinafter the "Code").
MARR's governance structure is described in the Rules of self-governance and its activities are represented in the Corporate Governance Report.
In fulfilment of the Code, the Board of Directors defines the nature and level of risk compatible with the strategic goals of the Company, including in its assessments all of the risks that may become relevant form the viewpoint of the sustainable success of the company. Sustainability Governance does not as yet have a single responsible individual, but is divided according to responsibilities among the following departments and managers: Quality Assurance and Control, Product Divisions, Human Resources Department, Legal and Corporate Affairs Department, Investor Relations and Internal Auditing-Management Control; all of the subjects involved in the process are coordinated by the Chief Executive Officer.

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

On 28 April 2020, the Board of Directors of the Company appointed the members of the Board of Statutory Auditors to form the Supervisory Board, which is thus composed of Messrs Andrea Foschi, Massimo Gatto and Simona Muratori. Mr. Andrea Foschi has been appointed Chairman.

During 2020, the Board of Directors of MARR S.p.A., on proposal by the Supervisory Board, approved the updating of the Organizational Model, with the inclusion of new criminal circumstances, such as the cybernetic security perimeter, tax-related crimes and contraband.

The following is an examination of the material topics, as identified in the above diagram.

A vital premise for analysing the non-financial performance must be made this year with regard to the Covid-19 health emergency which began in March 2020 and, as of the date of preparation of this report, is still ongoing. The various restrictions imposed by the Government to deal with the pandemic and which involved closures and/or restrictions on hotels and restaurants during the course of the year, have had a direct impact on the operating and sales activities of the Group.

Management itself has maintained a closeness to the customers and offered solutions in line with the new requirements and the new consumption model, which is not focused more on delivery and take away aspects, and this has led to the review of certain operating methods impacting the indices reported on and may thus indicate performance levels dissimilar to the previous three years.

Fight against corruption

Risks and opportunities

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

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

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

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

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

Policies implemented by MARR

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

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

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

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

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

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

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

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

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

Non-financial performance

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

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

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

Environment

Risks and opportunities

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

In the practice of its business, the Group takes avail of about 170 carriers which, using over 750 vehicles, renders necessary the adoption of suitable procedures for the optimization of the logistics processes, aimed at reducing emissions into the atmosphere.

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

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

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

Policies implemented by MARR

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

- to reduce the quantities of packaging, using recycled materials when possible;
- to promote the use of packaging and materials of certified cellulose from sources managed in a responsible manner;
- to improve the differentiated collection of waste and the management of special wastes and of the by-products of animal origin such as, for example, the waste produced by the processing of meats and fish products;
- progressively implement environmental labelling of Brand products in order to facilitate disposal operations and the recycling of the packaging materials.

As regards the environmental labelling of brand products, in compliance with MARR's policy on environmental protection and in line with the increasing awareness of its customers in this regard, the use of plastic packaging constituted by recyclable materials and/or cardboard packaging constituted by fibres from certified sources and managed responsibly has been provided for.

The environmental labelling obligation for Brand products provides for:
- an illustration summarising the table instructing clients how to dispose of the packaging,
- the wording "Follow the instructions of your local authority for managing differentiated collection",
- the logo of the Mobius cycle for recycling where applicable,

- the logo "do not dispose of in the environment",
- the "FSC" brand (where possible, if there is paper/cardboard packaging),
- any other logos identifying the type of material used (for example: "ok compost" for compostable packaging),

Below is an example of a module illustration based on the characteristics of the packaging, with the "MARR per l'ambiente" logo.

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

- to reduce the number of vehicles on the road that have a strong environmental impact. This aspect stalled in 2020 because of the Covid-19 health emergency which heavily impacted MARR's reference market and also had serious repercussions on the capacity to invest of carriers. However, the process of renewing the fleet of vehicles is continuing, with investments aimed at vehicles with low environmental impact, such as latest generation Euros 6 class diesel, LNG and CNG and electrical vehicles, assessing the most suitable technology on the basis of the specific use of the vehicle or specific clause or restrictions imposed by local authorities or the specific requirements of tender contracts. Lastly, it is important to highlight that an exclusive TMS (*Transport Management System*) has been implemented, composed of a tracking module for real time monitoring of the distribution service, and a planning module which enables us to plan delivery routes while pursuing the objective of service quality with more efficient vehicles;
- to reduce the environmental impact of production processes, promoting the prevention of environmental pollution also by monitoring the quality of the waste waters by means of laboratory analyses to check that they conform to the provisions of Legislative Decree 152/06;
- to reduce the consumption of electricity (especially by correct management of the cold chain), potable water and gas;
- to limit the destruction of food products when this represents a waste of food and of Company resources and, indirectly, environmental resources;
- to rationalise the consumption of detergents and disinfectants which have a direct impact on the waste water discharged, scrupulously respecting the methods and concentrations indicated in the sanitisation procedures;
- to optimise the procedures for the management of deliveries to customers and the logistics for the transfer of the products between the Group's various platforms, maximising loads as far as compatible with the limits imposed by the Highway Code;

- to promote conduct that respects the environment and the correct use of the natural resources, involving the suppliers of fish products and requesting them to adhere to the standards of ethical, social and environmental responsibility defined in the contractual agreements;
- to manage the products, the rotations and the stocks in order to decrease waste and the destruction of stocks, avoiding the waste of food products and of Company resources.

With specific regard to the management of water resources, it must be noted that their use can be subdivided into four different types of consumption: hygiene services, washing the work rooms, product processing areas and cooling systems where condensation is produced through evaporation condensers. While in the first three cases only water originating from local aqueducts is used, considering the need to guarantee that the water supplied is drinkable in compliance with the sanitary certifications, in the case of cooling using evaporation condensers, the local wells are also used, if there are any.
In order to limit the consumption by the company of water resources to essential consumption, a monitoring system has been implemented with manual checks aimed at limiting consumption, optimising the resources and reducing waste, even in the event of faults in the water pipes and plants. The recording frequency has been determined on the basis of the criticality of each utility.
The discharges of the water used, with the exception of those similar to civil use (hygiene services) are in effect continuously monitored by both the internal procedures with regard to self-governance and by the authorities responsible for control with regard to the discharge authorisations or AUA present at the MARR facilities.
Lastly, it must be pointed out that MARR does not obtain water supplies from water basins in areas where there is a shortage of water.

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

Separate mention must be made of the topic of climate change, which is increasingly a focal point for the Company Management, which is attempting to assess risks and eventual opportunities and define strategies aimed at reducing its impact on the operations of the Group and mitigating the effects of these activities on climate change itself.

In particular, we believe that the climate change ongoing and forecast for coming years could have an effect on various aspects of MARR's operations management. Specifically, the rising of temperatures could directly impact the costs of product refrigeration and conservation. Similarly, it could also affect the supply chain.

In the circumstances, the supply of fish products could be affected by changes in the fishing campaigns and differing product availability; as regards meats, in some areas, milder winters could mean that more animals are available producing higher quality meat, while in others, more prolonged periods of average/high temperatures could have a negative impact on the yields of raw materials (such as milk) and products. The availability of vegetable products is also affected by the climate, given that many intensive crops are closely linked to the availability of water resources.

Another closely involved activity is that of product distribution, with MARR, as mentioned previously, increasingly focused on both the renewal of its fleet of vehicles (and those of its transporters) and the proper planning and optimisation of the loads transported. As regards its facilities, it must be reiterated that for some years now MARR has implemented an investment plan aimed at renewing and modernising the branches and companies in the Group and their facilities.

Non-financial performance

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

As regards the analysis of the year 2020 compared to the previous three years, it must be taken into account, as already mentioned in the introductory part to this document, that the Covid-19 health emergency and the consequent restrictions introduced to contain the pandemic, have had a significant impact on the sales of the Group.

In this contest, MARR's desire to remain close to its customers and offer solutions in line with the new market requirements, together with the lesser volumes handled, has also had an impact on the indices concerning the energy consumption reported on, with specific regard to energy consumption for product conservation and storage and also for the handling of goods, which can thus highlight some indices in going against the trends recorded in previous years.

Direct energy consumption

Energy consumption	UM	2020	2019	2018
Methane gas for heating	m3	264,568.32	274,204.25	316,527.00
Diesel oil for heating offices and for processing	l	68,372.00	118,807.00	124,399.00
Petrol for generators	l	-	-	30.00
Diesel oil for generators and sundry services	l	7,201.00	6,566.00	7,225.00
Electricity from the mains supply	KWh	54,047,388.00	59,889,309.00	58,916,697.00
In-house produced electricity	KWh	358,736.00	368,898.00	373,869.00

Energy consumptions expressed in GJ	UM	2020	2019	2018
Total consumptions	GJ	207,918.17	231,111.29	229,280.26
of which:				
Methane gas for heating	GJ	9,334.23	9,666.52	11,120.86
Diesel oil for heating offices and for processing	GJ	2,462.53	4,279.03	4,453.77
Petrol for generators	GJ	-	-	0.92
Diesel oil for generators and sundry services	GJ	259.36	236.49	258.67
Electricity from the mains supply	GJ	194,570.60	215,601.51	212,100.11
In-house produced electricity	GJ	1,291.45	1,328.03	1,345.93

There has been a slight reduction in the consumption of methane gas and electricity; this trend can be attributed to less activities as a result of Covid-19. The decrease in consumption of diesel oil for heating offices and product processing is due to the reduced consumption at the Carnemilia facility, the activities of which where outsourced during the course of 2020.

Electricity consumption	UM	2020	2019	2018
Total electricity consumption	KWh	54,406,124.00	60,258,207.00	59,290,566.00
of which:				
from renewable sources	KWh	358,736.00	368,898.00	373,869.00

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

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

- Electricity consumption: the total consumption of electricity acquired from the mains supply (partly from energy obtained from renewable sources and partly from non-renewable sources)[1] is given as a ratio to the tons of fresh and frozen product handled[2] (and therefore conserved) by MARR and its subsidiaries inasmuch as mainly used for the cooling and freezing systems.

	UM	2020	2019	2018
Electricity consumption (from the mains supply)	GJ	194,570.60	215,601.51	212,100.11
Tons of fresh and frozen product handled	t	193,670.71	287,915.26	281,677.62
Unit index of energy consumption	GJ/t	1.00	0.75	0.75

Despite the consumption of electricity decreasing in terms of absolute value, the unit consumption index shown in the table appears to have increased compared to previous years. The reduction in product quantity handled because of the effects of the Covid-19 pandemic, together with the need to continue in

[1] As regards the energy acquired from the mains supply, the management of renewable and non-renewable sources is not under the control of the Company, but depends on choices by the supplier; the Company is unable to distinguish the two components from the total energy consumed from the mains supply

[2] To identify the kg of product handled, reference is made to the kg of product that leaves the Group's storage structures (sold and transferred from the platforms to the branches and by these to the customers, except in the case of goods delivered to our customers directly by the suppliers).

any event to ensure a continuous service for customers, have made a proportional reduction in consumption impossible to achieve.

- Consumption of diesel oil for heating offices and for processing: total consumption of diesel oil is shown in relation to the tons of fresh and frozen product handled[1-3] (and therefore conserved) at the branches which use said energy resources (MARR Turin, MARR Venice, MARR Dolomites and Carnemilia) considering that a prevalent part of the diesel oil used is linked to the production of the hot water necessary for meat processing.

	UM	2020	2019	2018
Diesel oil consumption	GJ	2,462.53	4,279.03	4,453.77
Tons of fresh and frozen product handled	t	20,412.29	30,552.80	29,922.76
Unit index of diesel oil consumption	GJ/t	0.12	0.14	0.15

Use of water resources [4]

Water withdrawn by source	UM	2020		2019		2018	
		Soft water	Other types of water	Soft water	Other types of water	Soft water	Other types of water
Total volume, of which:	m3	156,501	-	212,092	-	226,334	-
- of which from surface waters	m3	-	-	-	-	-	-
- of which from groundwater	m3	37,127	-	55,907	-	79,607	-
- of which from sea water	m3	-	-	-	-	-	-
- of which water produced	m3	-	-	-	-	-	-
- of which third-party water resources	m3	119,374	-	156,185	-	146,727	-

The parameters for the subdivision of water between from fresh and other types is as follows: - fresh water (=< 1,000 mg/lt of total dissolved solids); other types of water (> 1,000 mg/lt of total dissolved solids).

It must be pointed out that the drawing of underground water is represented by the use of water (industrial use only) drawn from local wells, if any. The third-party water resources shown are represented by the use (both civil and industrial) of water drawn from aqueducts.

Water discharged	UM	2020	2019	2018
Total volume, of which:	m3	153,947.00	209,538.00	222,886.00
- discharged into sewer systems	m3	104,226.00	168,847.00	162,749.00
- discharged into surface waters	m3	49,721.00	40,691.00	60,137.00

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

	UM	2020	2019	2018
Total volume of water withdrawal	m3	156,501.00	212,092.00	226,334.00
Tons of product handled	t	326,709.87	498,842.10	492,853.84
Index of the use of water resources	m3/t	0.48	0.43	0.46

With a reduction in consumption because of the reduction in activities and less consumption of water used for cooling the refrigeration systems, the unit index of use of water resources shows an increase compared to previous years due to the impact of the Covid-19 pandemic, as stated in the preceding paragraphs.

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[3] The use of diesel oil is limited to the branches of Turin, Venice, the Dolomites and the Carnemilia platform, where it is used for both heating the offices and product processing (mainly for the production of hot water required for the meat processing activities).

[4] Since 2017, the volume of water discharged was estimated as being equal to the volume of water withdrawn, as there are no devices that measure water discharged; however, a part of the water is discharged by "evaporation" from the refrigeration systems fitted with evaporation towers, therefore it is deemed that the values indicated for the water discharged are, in fact, higher than the amount actually discharged. Since 2018 a measurement system has been in operation was installed in 2017 on the evaporation tower of the MARR Milan branch, and thus the difference highlighted between the volumes of water withdrawn and the volumes of water discharged is given by the portion of water discharged by "evaporation" at this branch. In consideration of the above, the Company and the Group are taking steps to be able to monitor said dispersion in the forthcoming years.

Emissions of GHG and of polluting substances into the atmosphere

- Direct Emissions coming from sources owned and controlled by the Company: [5]

Direct emissions – Scope 1	UM	2020	2019	2018
Total emissions	t CO2e	725.14	872.93	968.42
of which:				
Methane gas	t CO2e	524.87	540.69	621.62
Diesel oil for heating	t CO2e	181.19	314.84	327.70
Petrol	t CO2e	-	-	0.07
Diesel oil for generators and sundry services	t CO2e	19.08	17.40	19.03

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

Emissions – Scope 2	UM	2020	2019	2018
Total emissions	t CO2e	19,403.01	21,500.26	21,151.09
Electricity from the mains supply	t CO2e	19,403.01	21,500.26	21,151.09

- Indirect emissions consequent to the Group's activity, from sources that are not controlled sources or owned by the Company.[6]

Emissions – Scope 3	UM	2020	2019	2018
Total emissions	t CO2e	15,394.27	22,365.39	23,401.44
Road transport by logistics suppliers	t CO2e	15,394.27	22,365.39	23,401.44

The indirect emissions of Scope 3 taken into consideration are the emissions generated by the carriers, the service companies of which MARR takes avail for the distribution of its products and do not include the AS.CA, New Catering and SìFrutta data. We specify that the impact indicated above is relative to the km covered by the carriers both for the transport from the centralized storage structures to the large customers and the MARR distribution centres and from the latter to their own customers.[7]

It must be pointed out that in 2020, the reduction in volumes and restrictions imposed on the catering sector, on one hand, together with the commitment by MARR to ensure high service levels and closeness to its customers, have determined a reduction in Secondary transport (from MARR to customers) of 6.6% in deliveries per journey and of 10.31% in weight transported per journey. This has obviously had a negative impact of the saturation of vehicles and thus on emissions per hundredweight of product.

Ozone damaging substances:[8]

Ozone damaging substances	UM	2020	2019	2018
HFC - HFC/HFO	Kg.	2,865.60	6,401.40	4,956.50

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

[5] The source of the coefficients used for the conversion into tCO_2e is the ISPRA 2019 figure (for 2020), ISPRA 2018 (for 2019) and the ISPRA 2017 figure (for 2018).
[6] The emissions were estimated taking as benchmark a standard journey with average mileage and average weight transported for the year in question, multiplied by the total number of journeys made, assuming that all of the vehicles are powered by diesel fuel. The source of the coefficients used for conversion into tCO2e is the GHG Protocol (2015).
[7] Stretches by sea for the branches on the islands, the kilometres covered by the carriers of our agents with warehouses and transfers between branches have not been taken into account.
[8] Annual data communicated within the month of May by ISPRA (National Institute for Environmental Protection and Research).

In this regard, it must be noted that the reduction shown above is correlated to the revamping of the plants and the implementation of systems for detecting gas leaks, in addition to the reduced occurrence of specific faults that may involve greenhouse gas leaks.

For a best understanding please see the following index[9] which reflects the above trends:

Intensity of the greenhouse gas emissions	UM	2020	2019	2018
Emissions of ozone damaging substances (HFC-HFC/CFO)	t CO2e	9,690.97	23,726.27	18,351.68
Tons of fresh and frozen product handled	t	153,954.05	233,305.15	227,370.26
Unit index of greenhouse gas emissions	t CO2e/t	0.06	0.10	0.08

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

Wastes produced (Kg)	2020	2019	2018
Total wastes produced	2,236,444.20	3,267,830.00	3,298,981.10
- of which, hazardous	46,997.00	62,500.00	78,128.60
- of which, non-hazardous	2,189,447.20	3,205,330.00	3,220,852.50

Wastes destined for recovery (Kg)	2020	2019	2018
Total wastes produced	1,670,919.20	2,493,669.00	2,480,273.60
- of which, hazardous	45,054.00	59,249.00	75,488.60
- of which, non-hazardous	1,625,865.20	2,434,420.00	2,404,785.00

Wastes destined for disposal (Kg)	2020	2019	2018
Total wastes produced	565,525.00	774,161.00	818,707.50
- of which, hazardous	1,943.00	3,251.00	2,640.00
- of which, non-hazardous	563,582.00	770,910.00	816,067.50

As already described in the previous year, it is maintained that the increase trend of waste produced is directly linked to the increased turnover and the quantities of product handled by the Group, highlighting a decrease in 2020 attributable to the effects of the pandemic, as shown in the following index comparison:

	UM	2020	2019	2018
Total wastes produced	t	2,236.44	3,267.83	3,298.98
Tons of product handled	t	326,709.87	498,842.10	492,853.84
Waste per ton of product handled	t/t	0.007	0.007	0.007

It should be noted that the unit index of waste per tonne of product handled is constant over the three years.

Materials used by weight and volumes	UM	2020	2019	2018
Total packaging, of which:	t	1,728.89	2,575.63	2,405.54
Paper and cardboard	t	1,426.19	1,995.92	1,855.00
Plastic and polystyrene	t	263.80	518.95	497.38
Labels	t	38.90	60.77	53.16

The packaging used mainly comprises wrappings and is recyclable. In this regard, the non-recyclable packaging used includes polystyrene, labels and some plastic materials, with a total weight in 2020 of 231.85 tonnes (374.53 tonnes in 2019)[10].

[9] As an indicator for calculating the carbon intensity, we have deemed it reasonable to consider the tons of fresh and frozen product handled[2] (and therefore conserved) by the MARR branches and by the subsidiaries New Catering and SiFrutta, excluding the systems of the subsidiary AS.CA and of the three MARR branches inasmuch as they use ammoniac systems that do not produce CO2e.

For the calculation of Labels [11] tons, we considered a conventional weight as 1 gram for each label.

The decrease in materials used is closely linked to the reduction in turnover and quantities of products handled by the Group during the course of 2020. The unit consumption index[12] remains constant, as shown below:

	UM	2020	2019	2018
Total packaging consumed	t	1,728.89	2,575.63	2,405.54
Tons of product handled	t	326,709.87	498,842.10	492,853.84
Packaging per ton of product handled	t/t	0.005	0.005	0.005

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

Chemical substances	UM	2020	2019	2018
Ammonia for refrigeration	Kg	-	-	300.00
"Antifreeze" chemical products for the refrigeration circuits	Kg	3,370.00	66.00	660.00
Chemical products for water treatment	Kg	19,725.00	25,285.00	21,661.00

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

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

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

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

Food health and safety

Risks and opportunities

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

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

[10] Figure not available for 2018.
[11] It should be noted that the figures only included MARR S.pa. as AS.CA., New Catering and SiFrutta data were not available.
[12] The unit consumption index is calculated also including the tons of labels.

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

Policies implemented by MARR

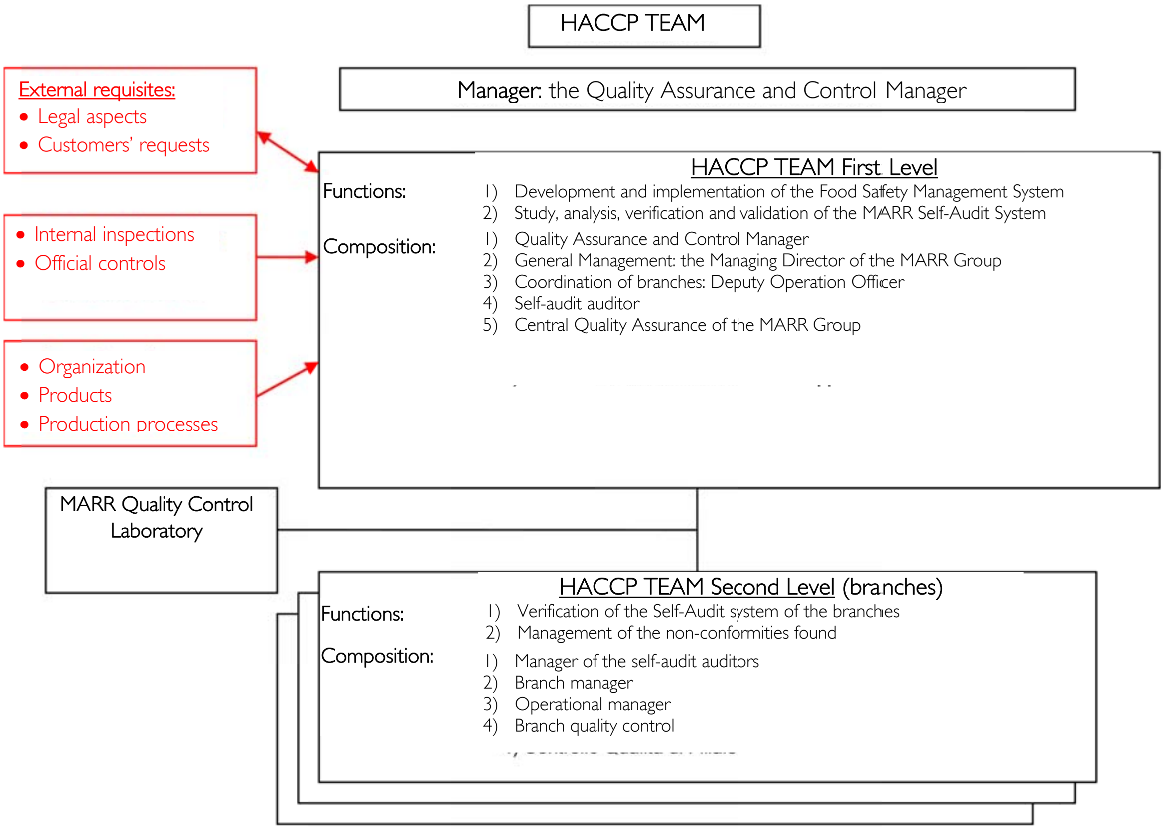
To guarantee food safety in the production and distribution processes, MARR has introduced the analysis of the dangers and risks linked to the various categories of merchandise, as well as the production processes that are carried out at its own operating units. The danger analyses and risk assessments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

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

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

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

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



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

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

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

With regard to the social impact of the articles sold, the information on the features of the products is given to the operators by means of the labelling, the packaging, the technical information sheets and the communications drawn up by the Marketing department. The labelling of the products sold under suppliers' trademarks is subjected to sample controls, during the goods reception phase, according to a specific Quality System procedure.[13] For products imported from third countries and MARR trademark products[14] the information on the labels and any claims (regarding health and nutrition) must be approved by the Quality Control department. The technical information sheets, which contain the main information on the products, are checked before publication and can be consulted at the "MARR Multimedia Catalogue" at the organisation's website. The advertising and promotional communications prepared by the Marketing Management, which contain information on the features of the products, must be checked and approved by Quality Control before being published.

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

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

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

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

- the application of Self-Regulation according to the HACCP system at the operating sites and platforms, on the basis of specific performance indicators, for the purpose of assessing the conformity of the structures and equipment, the management of the goods and the behaviour of the personnel;
- the analysis, management and containment of returns from customers, as an important activity to protect the quality perceived;
- the management of the products, the rotations and the stocks in order to decrease waste and the destruction of stocks, avoiding the waste of food products and of Company resources;
- the functioning and effectiveness of the Company's traceability system,[15] to guarantee the traceability of the products at every step of the process;
- the level of skill and training of the personnel, promoting training courses to guarantee the correct application of the Quality, Safety and Environment Management System procedures and to increase each person's awareness of his/her role to guarantee effective answers to customers and the institutions.

Non-financial performance [16]

Controls and analyses	2020	2019	2018
Total analyses	5,683	7,894	7,873
of which:			
Internal laboratory analyses	992	1,693	1,528
External analyses	4,691	6,201	6,345

The reduction of the number of analyses is a result of the reduced quantity of products handled, and thus sampled, caused by the restrictions due to the Covid-19 pandemic. However, it should be noted that, because of the inclusion in the sampling plans of multi-residual analyses, there was an increase in the number of analytical determinations compared to 2019.

Self-Regulation Inspections	2020	2019	2018
Total self-regulation inspections	74	113	112

The reduction in the number of self-audit inspections was caused by the restrictions imposed on movements, especially during the initial period of complete lockdown.

Health and Safety at Work

Risks and opportunities

The workers' safety

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

The Organization adopts all of the prevention and protection measures necessary to reduce to a minimum the exposure of the workers to the risks regarding their working activities.

In order to guarantee constant monitoring and supervision despite the widespread territorial articulation, management of safety at work is based on a system of proxies to attorneys for the management and supervision of the MARR Units, attributing consistent powers of an organizational nature and relative equity support.

The system also provides for the responsibility of the corporate departments in providing support for their own areas of supervision in managing safety at work.

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

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

The Manager of the Prevention and Protection Service (RSPP) and the Company physician are appointed and attributed the responsibilities defined in the reference laws and regulations.

Specifically, the RSPP has the duty of: assessing the risks and identifying the safety measures; preparing preventive and protective measures and systems for controlling them; preparing the safety procedure for the various business activities; proposing plans for worker information and training; participating in the periodical meetings ex art. 35 of Legislative Decree 81/2008; providing workers with information on safety in the work rooms and potential risks.

The duties of the Company physician include the following: collaborating in risk assessment; planning and carrying out health surveillance; opening, updating and preserving a health file for each worker; informing workers of the outcome of the health surveillance programme; informing the company of the suitability of workers for their specific working duties; during the periodical meeting on safety (ex art. 35 of Legislative Decree 81/2008) communicating the results, anonymously and collectively, of the health monitoring carried out and describing the significance of these results in terms of implementing any eventual measures; visiting the work rooms to verify and assess their adequacy in terms of the health and psycho-physical wellbeing of the workers.

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

These potential risks are identified by periodic inspections of the Prevention and Protection Service Manager of every unit, and they are formalised in the Risk Assessment Document of each operating unit, in accordance with Legislative Decree 81/08 as subsequently amended. They are shared with the Company physician and Workers' Safety Representative (RLS) when the latter is appointed or elected and approved by the Employer. Each of the risks specified above is assessed by specialist technicians. On the basis of the risk assessment results, MARR S.p.A. equips its workers with specific Individual Protection Devices on the basis of their duties.

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

Teams for the management of emergencies and first aid have been formed in all of the company facilities.

Compulsory health checks are carried out periodically for ensure that none of the employees exposed to specific risks (for example forklift drivers, drivers of vehicles in driving licence class C) have any alcohol or drug-related problems and alcohol tests are carried out on the transport employees who drive company vehicles under driving licence class B. In addition, there are periodical check-ups on all employees carried out according to the protocols identified by the Company physician.

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

MARR S.p.A. constantly updates an "injury report" which is examined and analysed during the periodical meeting on safety (ex art. 35 of Legislative Decree 81/2008) in which the figures required by the laws in force participate (Employer of person authorised by them, RSPP, RLS and Company physician), in addition to others whose participation may be useful in this regard.

MARR assesses all of the recurring risks. The occurrence of one of the risk factors identified above may involve complications of a legal nature and in relations with the competent supervisory bodies, with economic and well as reputational effects.

Because of the emergency caused by the Covid-19 pandemic, this biological risk also had to be assessed and managed in 2020.

Policies implemented by MARR

The workers' safety

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

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

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

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

In 2020, because of the restrictions imposed to contain and combat the spread of Covid-19 in the work rooms, training activities involving a practical part or that in any event cannot be carried out entirely online had to be suspended.

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

The activities implemented in 2020 to deal specifically with the Covid-19 health emergency include those listed and described below.

An internal crisis committee was formed immediately (composed of the managers of some of the internal departments: Chief Executive Officer, Deputy Operations Officer, Commercial Officer, Purchasing Manager, Human Resources Department, Quality Assurance and Control, Legal and Corporate Affairs Department) which monitors the situation continuously, presides over the respect of the instructions given by the authorities and verifies the proper management of operational problems at various levels (customers, suppliers, employees, collaborators).

Since the initial instructions given by the Government and health authorities, MARR has respected them, defining a procedure relating to the health and safety dispositions for preventing COVID 19, which has been continuously updated on the basis of the instructions that have followed since then.

The distribution of this procedure to all employees and the display of information boards and pamphlets has ensured that all workers are aware of the necessary information and the measures implemented by the Company (also in terms of cleaning, extraordinary sanitisation, work shifts ensuring rarefaction, ban on mass gatherings and obligation to keep at a minimum distance of more than one metre, use of individual protection devices, taking temperature on a sample basis using so-called "non-repetitive" sampling, ban on access by outsiders, etc.).

The respect of the dispositions contained in this procedure is also required of the service providers operating under contract in out Units and the transporters.

The procedure, which also provides for a daily check on its respect by the Operating Managers of the MARR Units, is available at all of the facilities and is affixed to the message boards and has also been given to all of the workers working on-site. All of the latter have made a declaration confirming that they have read and understood the dispositions and guarantee to respect them, including: the obligation to take their body temperature before entering the workplace, not coming to work if they have a fever or other fever-like symptoms, promptly informing their superiors if such symptoms appear while they are at work, consent to having their body temperature taken and the obligation to wear face masks properly.

The Biological Covid-19 DVR has been drawn up by the Prevention and Protection Service Manager and Company physician.

Company facilities have been properly sanitised.

A specific communication regarding the management of workers (so-called "fragile") who have chronic illnesses and congenital or acquired immune-depressive conditions that may mean they are more susceptible to contracting the Covid-19 virus has also been distributed on the company message boards.

The Committee for the application and verification of the rules contained in the Protocol regulating the measures for combating and containing the spread of the Covid-19 virus in the work areas has also been formed, with the involvement of the representatives of the Trade Unions and the workers' safety representatives.

Legal non-compliances regarding workers' health and safety

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

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

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

Non-financial performance

Accidents	2020			2019			2018		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total accidents	2	6	8	2	7	9	3	6	9
of which:									
accidents while travelling	2	2	4	1	2	3	0	2	2
serious accidents	0	0	0	0	0	0	0	0	0

The following indices are shown:[17]

Accident indices	2020			2019			2018		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Frequency index	-	5.384	3.914	2.336	4.600	3.960	7.191	3.671	4.646
Severity index	-	0.288	0.209	0.019	0.066	0.053	0.350	0.528	0.478

The total number of hours worked by the employees in 2020 (including overtime work) was 1,022,072.

It should be noted that 3 temporary workers were employed, for a total of 318 hours, and that there were no injuries in the workplace involving these workers.

The trend shown in the table highlights a reduction of this in 2019 compared to the previous year, which was also the case in 2020, although with a different incidence of women to men.

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

No fatal accidents occurred in the three-year period.

In addition to full respect for the provisions established by the National Collective Labour Agreement of reference relative to health and safety, the focus on safety in the workplace is also shared with the local Trade Unions with which the Company liaises. The periodical meeting on safety is held on an annual basis, and, in addition to the Company, is also attended by the Company physician, the Prevention and Protection Service Manager and the workers' safety representatives.

Hours of training on Health and Safety at Work, at 31 December	2020			2019			2018		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	0	0	0	0	0	0	0	0	0
Middle managers	4	4	8	10	86	96	23	82	105
White collars	60	70	130	318	1,068	1,386	955	1,660	2,615
Blue collars	46	850	896	38	809	847	89	1,543	1,632
Total	110	924	1,034	366	1,963	2,329	1,067	3,285	4,352

The hours of training on health and safety in the workplace in 2020 were less than those in 2019 (which were less than in 2018, given that in 2018, there had been significant updating of the periodical training as regards the general training of employees and fire prevention training) because of the fact that, as a result of the measures introduced to combat and contain the spread of the Covid-19 virus, training sessions attended by workers were suspended for a long time, these being those involving a practical part to be attended in person as well as a theoretical part carried out on-line.

Human resources

Risks and opportunities

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

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

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

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

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

Policies implemented by MARR

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

Recruitment and selection

In the "*Lavora con noi*" section of the www.marr.it website, MARR reaches out to skilled, dynamic, motivated individuals oriented towards teamwork, who want to contribute with commitment and passion to the future of the Company, and receives numerous candidatures daily in response.
Participation in events such as Career Day (an annual event held at the University of Bologna and created with the aim of enabling undergraduates and new graduates to meet with companies) enables MARR to come into contact with a high number of young candidates for employment opportunities and to carry out employer branding activities.
The Group also organises internships with the universities, involving undergraduates and new graduates, also thanks to an active collaboration with the University of Bologna in particular, which notifies possible candidates for any internships within the Company. These internships are an opportunity for professional training which provides the students and new graduates with an initial point of contact with working world and gives MARR the chance to increase its know-how with youngsters with a view to subsequently offering them employment opportunities.
MARR ensures that everyone has the same opportunities from the selection phase, which is based solely on the profiles of the candidates in terms of skills, experience, expectations, aspirations, potential, personal characteristics consistent with the principles of rectitude, loyalty and correctness, in relation to the company's requirements in terms of vacant positions and the profiles required to fill such positions, with the utmost transparency and in respect of the principle of equal opportunity, avoiding any form of favouritism and any form of discrimination.
From the recruitment and selection process onwards, and also throughout the working relations with its collaborators, MARR implements a management system based on equal opportunities and does not make choices based on gender, ethnicity, language, religion, political opinion or personal and social conditions, as it is convinced that differences represent a source of richness, as they facilitate the creation of new ideas an innovation.
MARR believes these presuppositions are vital also to guarantee gender equality, and the Board of Directors of MARR S.p.A. is composed of 7 members, 3 of them female and 4 of them male (in 2015, the Marisa Bellisario Foundation conferred upon MARR S.p.A. the "Mela Rosa" award for valorising female talent in the top management team).
The Code of Ethics, Procedure for the management of insider and confidential information and Regulation governing relations with means of information are distributed to all newly hired staff, who undertake to respect the principles and codes of conduct provided therein.

Training

Training, which for MARR means a continuous and constant pathway, is one of our fundamental values.

Always abiding by criteria if equality and impartiality, MARR guarantees adequate professional training for its collaborators which takes into account both their professional attitude and human characteristics, consistently with the strategy and on the basis of the company's objectives.
This is one of the reasons why MARR has formed its own Academy (the "MARR Academy") as a virtual and physical "environment" for learning, training and developing technical skills, and also transversal skills through distance training alternating with traditional "classroom" training, in which knowledge, skills, experiences and values are shared in order to favour the growth of individuals and of the Organization.
Furthermore, because MARR considers the protection of the mental and physical health of its employees as a primary objective, it is not only committed towards guaranteeing working environments in respect of the laws in force and healthy and safe, but also promoted a responsible approach to safety by its collaborators.
To make this possible, MARR makes continuous and significant investments in training, not only with regard to general training for all of its workers and managers (according to Legislative Decree 81/08) but also with regard to safety, such as, for example, safety courses for employees who use elevator lifts, courses for fire-prevention personnel and for first aid personnel, training for those who work on vertical aerial platforms, and courses for operators involved in the maintenance and management of the refrigeration and cooling plants. In 2020, these activities were necessarily limited because of the restrictions imposed on "attended" training (required for carrying out the practical parts that are compulsory for many of these training activities) by the measures adopted to combat and contain the spread of Covid-19.

Professional growth

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

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

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

This programme was also limited in 2020 by the restrictions on attending meetings in person imposed by the measures introduced because of the health emergency.

Performance evaluation

MARR evaluates the performance of its human resources by assigning them objectives and verifying the results achieved ("management by objectives"), involving in this process the resources with managerial responsibilities and those who, although not having managerial responsibilities, fill roles and positions deemed to be in direct and specific support for the achievement of the main company objectives.
This form of management starts with the assignment of objectives (mainly on an annual basis, clear, well defined, absolutely quantitative in nature and therefore easily measurable and verifiable, challenging but achievable, and shared during the initial part of the reference period) and ends with a summarising of the results achieved, with periodical verification and comparison.
In addition to a system of incentivisation, performance evaluation is also linked to an objective of professional growth through the improvement of personal performance levels through an initial moment of clarification of the expectations and the objectives and one or more subsequent moments of feedback on that achieved, in order to identify any corrective action that may be necessary and therefore the possibility of improving performance levels.
2020 was a year marked by strong market criticalities as a result of the health emergency which impacted the Company's business activities, making a review of the reference objectives necessary, given that the budget figures usually used were no longer consistent with market trends.

Remuneration system

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

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

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

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

Internal communication

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

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

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

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

Trade Union relations

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

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

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

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

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

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

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

It must be noted that in the period 2016-2020, the Group received requests for part-time work on the part of twenty-one female employees (three in 2016, six and 2017, four in 2018, eight in 2019 and two in 2020), in some cases for family reasons and in others linked to the "post maternity" period. With a view to favouring equal opportunities, the Company has managed to create the organizational conditions required to give a positive response to twenty of these requests.

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

Non-financial performance

The following tables[18] give some numerical information on the composition of the Group's human resources.

The figures highlighted show a decrease in units in 2020 compared to 2019 mainly as a result of the reorganization following the integration of the activities of AS.CA into MARR, the completion of the outsourcing of the operations of the MARR Sanremo distribution centre and the outsourcing of the activities previously carried out at the Carnemilia facility.

The maintenance of a workforce with more than 50% of employees under the age of 50 has been confirmed again.

Consistency of personnel at 31 December		2020			2019			2018	
Breakdown by gender and age	Women	Men	Total	Women	Men	Total	Women	Men	Total
<= 29 years of age	11	38	49	15	49	64	21	42	63
30 - 50 years of age	117	266	383	140	280	420	140	283	423
>= 51 years of age	98	240	338	92	247	339	91	251	342
Total	226	544	770	247	576	823	252	576	828

Consistenza del personale al 31.12		2020			2019			2018	
Breakdown by gender, age and category	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers									
<= 29 years of age	0	0	0	0	0	0	0	0	0
30 - 50 years of age	0	2	2	0	2	2	0	2	2
>= 51 years of age	1	5	6	1	5	6	1	5	6
Total managers	1	7	8	1	7	8	1	7	8
Middle managers									
<= 29 years of age	0	0	0	0	0	0	0	0	0
30 - 50 years of age	1	7	8	1	11	12	2	10	12
>= 51 years of age	4	22	26	4	21	25	3	19	22
Total middle managers	5	29	34	5	32	37	5	29	34
White collars									
<= 29 years of age	11	28	39	14	30	44	20	22	42
30 - 50 years of age	112	191	303	134	194	328	132	194	326
>= 51 years of age	86	109	195	80	112	192	78	107	185
Total white collars	209	328	537	228	336	564	230	323	553
Blue collars									
<= 29 years of age	0	10	10	1	19	20	1	20	21
30 - 50 years of age	4	66	70	5	73	78	6	77	83
>= 51 years of age	7	104	111	7	109	116	9	120	129
Total blue collars	11	180	191	13	201	214	16	217	233
Total	226	544	770	247	576	823	252	576	828

[18] The "Consistency of personnel", "Recruitments" and "Outgoing personnel" tables contain the numbers in absolute value divided by age range and gender without giving the relative percentage incidence as at 31 December 2020.

Recruitments	2020			2019			2018		
Breakdown by gender and age	Women	Men	Total	Women	Men	Total	Women	Men	Total
<= 29 years of age	3	14	17	16	53	69	19	34	53
30 - 50 years of age	10	35	45	52	73	125	37	58	95
>= 51 years of age	6	16	22	12	11	23	13	8	21
Total	19	65	84	80	137	217	69	100	169

Outgoing personnel	2020			2019			2018		
Breakdown by gender and age	Women	Men	Total	Women	Men	Total	Women	Men	Total
<= 29 years of age	5	18	23	15	37	52	10	21	31
30 - 50 years of age	15	42	57	58	70	128	26	57	83
>= 51 years of age	10	38	48	23	36	59	17	32	49
Total	30	98	128	96	143	239	53	110	163
Reason for leaving the Company:									
Voluntary resignation (excluding retirement)	8	41	49	15	37	52	12	38	50
Retirement	0	0	0	0	0	0	0	0	0
Dismissal	1	5	6	15	22	37	2	13	15
Other	21	52	73	66	84	150	39	59	98

The movements exposed in the previous table generated the following turnover:[19]

Turnover	2020			2019			2018		
%	Women	Men	Total	Women	Men	Total	Women	Men	Total
Turnover rate	11.9%	15.1%	14.2%	26.7%	16.3%	19.4%	16.3%	14.9%	15.3%

Compared to previous years, because of the need to manage the operating costs consistently with the market situation as a result of the health emergency, the turnover rate in 2020 is less influenced by recruitments and employment terminations during the year to deal with peaks in activity (during highly seasonal periods) and recruitment for limited periods aimed at replacing absent workers. As also mentioned above, in 2020 it was affected mainly by the reorganization following the integration of the activities of AS.CA into MARR, the completion of the outsourcing of the operations of the MARR Sanremo distribution centre and the outsourcing of the activities previously carried out at the Carnemilia facility.

Maternity/parental leave	2020			2019			2018		
Return to work rate	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of employees who have taken avail of the leave	2	0	2	3	0	3	2	0	2
Number of employees who have returned to work after taking avail of the leave	2	0	2	1	0	1	1	0	1
Number of employees in service in MARR 12 months after having taken avail of the leave	0	0	0	1	0	1	0	0	0
Return rate after maternity/parental leave	100%	n.a.	100%	33%	n.a.	33%	50%	n.a.	50%
Rate of maintenance of work position after maternity/parental leave	n.a.	n.a.	n.a.	100%	-	100%	0%	-	0%

The table shows the leave trend, including both the early and obligatory maternity leave and parental leave. The data relative to employees that return after the leave and the number of employees in service after 12 months are indicated in the year in which the period of leave began. It should therefore be noted that 3 female employees returned to work in 2020, one of whose period of leave started in 2019 (the figures for previous years were thus updated); similarly, the figures for previous years were updated to take into account the number of employees still in service twelve months after returning from a period of leave.

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

[19] It should be noted that to calculate the index, the terminations does not include employees with fixed-term contracts who were re-employed under continuing contracts or the AS.CA employees terminated and re-hired by MARR as a result of the lease of the going concern. These employees are included among the figures in the respective tables "Recruitments" and "Outgoing personnel.

Seniority of service	2020			2019			2018		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	34.91	17.40	19.59	33.91	16.40	18.59	32.91	15.64	17.80
Middle managers	18.67	15.61	16.06	17.67	14.48	14.91	16.67	14.90	15.16
White collars	13.11	11.66	12.23	12.11	11.20	11.57	11.80	11.45	11.60
Blue collars	7.75	14.19	13.82	7.49	13.30	12.95	7.83	13.03	12.67

Breakdown by term of contract	2020			2019			2018		
Breakdown by gender	Women	Men	Total	Women	Men	Total	Women	Men	Total
Permanent contract	218	515	733	226	536	762	210	505	715
Temporary contract	8	29	37	21	40	61	42	71	113

Breakdown by part-time/full-time work	2020			2019			2018		
Breakdown by gender	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of full time employees	184	534	718	200	567	767	199	570	769
Number of part-time employees	42	10	52	47	9	56	53	6	59

Breakdown by academic qualification	2020			2019			2018		
Breakdown by gender	Women	Men	Total	Women	Men	Total	Women	Men	Total
University degree	38	73	111	41	76	117	38	71	109
High school diploma	163	271	434	161	250	411	169	247	416
Junior high school diploma	19	190	209	22	203	225	23	213	236
Other	6	10	16	23	47	70	22	45	67

Breakdown of governance bodies	2020			2019			2018		
Breakdown by gender and age	Women	Men	Total	Women	Men	Total	Women	Men	Total
<= 29 years of age	0	0	0	0	0	0	0	0	0
30 - 50 years of age	0	0	0	0	1	1	0	1	1
>= 51 years of age	3	4	7	3	5	8	3	5	8
Total members of the governance bodies	3	4	7	3	6	9	3	6	9

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

Breakdown of personnel at 31 December	2020			2019			2018		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	1	7	8	1	7	8	1	7	8
Middle managers	5	29	34	5	32	37	5	29	34
White collars	209	328	537	228	336	564	230	323	553
Blue collars	11	180	191	13	201	214	16	217	233
Total	226	544	770	247	576	823	252	576	828

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

Ratio between women's / men's basic salaries	2020	2019	2018
Breakdown by category			
Managers	100.0%	100.0%	100.0%
Middle managers	100.0%	100.0%	100.0%
White collars	93.3%	92.9%	92.5%
Blue collars	95.8%	95.4%	95.0%

Ratio between women's / men's remuneration	2020	2019	2018
Breakdown by category			
Managers	63.5%	71.5%	81.0%
Middle managers	80.9%	83.0%	84.1%
White collars	84.3%	83.0%	82.3%
Blue collars	95.5%	94.6%	95.3%

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

MARR has also undertaken with the Trade Unions in the province of Rimini to give workers and their representatives at least 30 days' notice in the event of outsourcing departments or services.

Employees covered by local complementary agreements	2020	2019	2018
% of employees covered by complementary agreements	0.00%	2.07%	4.47%

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

Training (hours) at 31 December	2020			2019			2018		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	8	8	16	8	109	117	3	194	197
Middle managers	4	4	8	39	260	299	122	734	856
White collars	68	112	180	513	1,879	2,392	1,262	2,843	4,105
Blue collars	46	850	896	45	918	963	111	2,054	2,165
Total	126	974	1,100	605	3,166	3,771	1,498	5,825	7,323

Average hours of training at 31 December	2020			2019			2018		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	8.0	1.1	2.0	8.0	15.6	14.6	3.0	27.7	24.6
Middle managers	0.8	0.1	0.2	7.8	8.1	8.1	24.4	25.3	25.2
White collars	0.3	0.3	0.3	2.3	5.6	4.2	5.5	8.8	7.4
Blue collars	4.2	4.7	4.7	3.5	4.6	4.5	6.9	9.5	9.3
Total	0.5	1.8	1.4	2.4	5.5	4.6	5.9	10.1	8.8

In 2020, the hours of training "in attendance" (required for the practical parts of many training activities) reduced compared to last year because training activities were reduced as a result of the restrictions imposed on such training by the measures adopted to combat and contain the spread of Covid-19.

Professional training (hours) at 31 December	2020			2019			2018		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	8	8	16	8	109	117	3	194	197
Middle managers	0	0	0	29	174	203	99	652	751
White collars	8	42	50	195	811	1,006	307	1,183	1,490
Blue collars	0	0	0	7	109	116	22	511	533
Total	16	50	66	239	1,203	1,442	431	2,540	2,971

It should also be noted that the above figures concern training carried out in the "traditional" manner in hall. In consideration of the restrictions imposed on in hall training, further impulse has been given to e-learning, implementing forty-eight new training modules mainly on the topics of products, customer segments and consumption times (in addition to the topic of Legislative Decree 231/2001), which involved more than 500 people and 800 hours overall, aimed at further increasing the awareness and specialisation of the workforce.

The Group's absenteeism[20] data are given below:

Absenteeism indices	2020			2019			2018		
Breakdown by gender	Women	Men	Total	Women	Men	Total	Women	Men	Total
Absences	3.55	2.96	3.13	4.09	2.76	3.15	4.53	3.20	3.58
Illness	1.96	2.39	2.27	2.22	2.06	2.11	2.16	1.84	1.93

It should be noted that during 2020, the total number of absences days [21] amounted to 5,580 (1,324 for women and 4,256 for men), which in 2020 also includes absences for quarantine due to possible exposure to Covid-19; of these, 205 days were due to accidents at work.

In addition, it must be specified that in 2020, the employment law tools made available by the authorities were implemented in order to make operations as similar as possible to effective market trends, and in this regard, about 400,000 hours of social safety nets were used.

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

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

Supply chain

Risks and opportunities

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

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

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

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

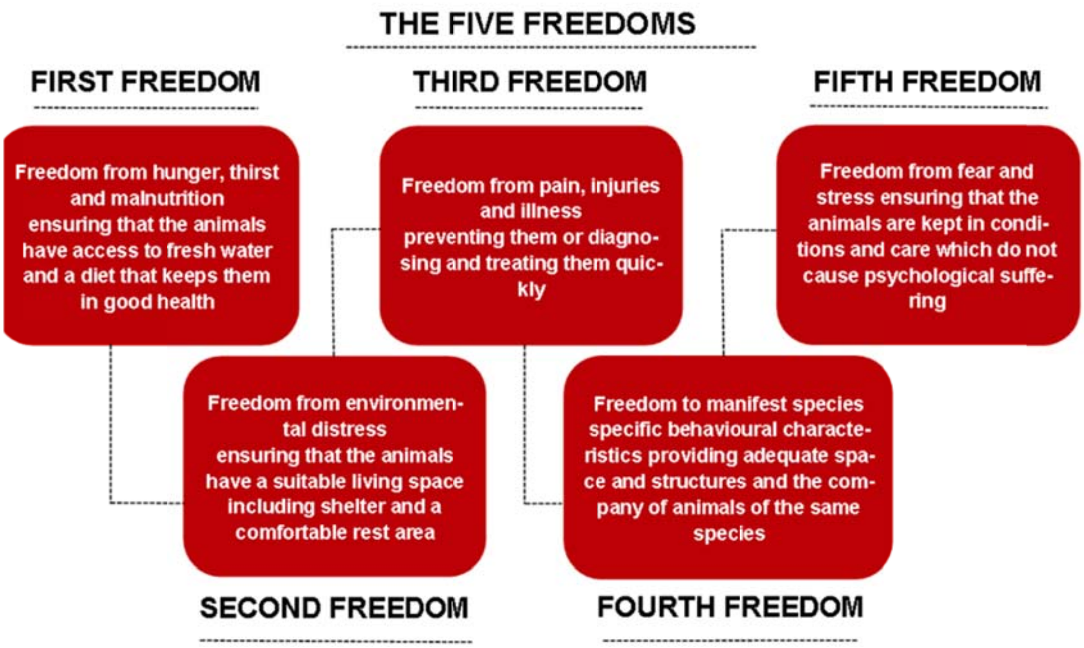
[20] These indices are calculated as follows:
total hours of absence / maximum hours that could have been worked
total hours of absence for illness / maximum hours that could have been worked
The total number of absences is calculated taking into account all the hours of absence excluding holidays and leave.

[21] The absence from work of a worker is intended as being due to incapacity of any nature and not only related to illness or injury in the workplace. Authorised permits and leave due to maternity/paternity and for family reasons are excluded.

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

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

Animal Welfare is also an area of interest to MARR, in line with the increasing awareness of its Customers/consumers on this topic. Focus in this regard is aimed at the objective of making products of animal origin available in the MARR range that are safe from a hygiene and health viewpoint, guaranteed from an organoleptic viewpoint and in terms of traceability, produced in production lines respecting the dignity and wellbeing of animals in respect of the "Five Liberties" listed in the 1965 Brambell Report and by the "Farm Animal Welfare Council" in 1979.



MARR does not directly manage any production line of animal origin, but has undertaken to ensure that its suppliers respect the laws in force in animal welfare and progressively implement specific animal welfare criteria in addition to the minimum standards required by the law. The Animal Welfare criteria are partly integrated by the supply requirements and are expressly included in the contracts stipulated with suppliers.

In this context, MARR has defined a disciplinary system for animal welfare to be applied in the supply chain, obtaining certification for the egg-producing hen supply line.

Policies implemented by MARR

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

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

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

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

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

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

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

Ethical and sustainable procurement, recognising the value of local products

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

To promote environmental and social sustainability, MARR, with adequate programming, can also supply, in addition to products originating from entirely domestic production lines (Made in Italy Line) products with special production features, such as, for example: short chain and KM 0 products. Through suitable planning, fruit and vegetables form social farming can also be supplied.

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

Green Product Categories	
GPP conforming products	Products which allow for implementing a Green Public Procurement policy, consistent with the National Action Plan on GPP (NAP GPP) and which satisfy one or more environmental sustainability requisites contemplated by Annex I of the Ministerial Decree of 25 July 2011.
DPO products	The Denomination of Protected Origin (DPO) mark indicates the legal protection attributed by the European Union to agricultural products and foodstuffs whose production process is carried out in a limited geographic area and which conforms to certain production rules. The entire production, the transformation and the processing of such products must take place within the limited area. The features of DPO products are essentially or exclusively due to the geographic environment, including natural and human factors.
PGI products	The Protected Geographic Indication (PGI) mark indicates the legal protection attributed by the European Union to agricultural products and foodstuffs that are native to a region or country whose qualities, reputation and features depend on the geographic origin, and of which at least one step of the production, transformation and processing takes place within the limited area.
Green Product Categories	
Organic products	Organic agriculture is a type of agriculture which considers the entire agricultural ecosystem, exploits the natural fertility of the soil favouring this with limited action, promotes the biodiversity of the environment in which it is practised and excludes the use of synthetic products (except those specifically allowed by Community regulations) and genetically modified organisms. The European organic agriculture mark gives consumers the assurance of the origin and quality of what they eat and drink. The presence of the mark on the products guarantees conformity to the EU regulation on ecological farming. The European ecological mark is placed on packaged and labelled food products of which at least 95% of the ingredients come from organic farming.
Fair Trade products	Fair Trade products are a concrete and sustainable alternative to international trade and represent a tangible economy carried out by people for people, in which work offers dignity and a future for millions of workers, especially in the southern countries of the world. Fair Trade is a primary objective for re-balancing relations with the economically less developed countries, improving their access to the market through fair earnings and dignified work conditions. In this way, the producers receive a fair and stable remuneration and an additional margin to invest in the growth of the community.

Ecological aqua-culture products	Ecological aqua-culture promotes fresh and salt water fish farming, including shrimps and other molluscs, clams, oysters and also algae, by means of certified ecological techniques. The fundamental aspects of ecological aqua-culture are: to guarantee that the organism completes its entire life cycle in the breeding plant, to maintain breeding stress equal to or near zero also thanks to the reduced impact of man on the animal's life, and to refrain from administering hormonal additives to the fish or fish feed based on fish oils or flours or GMOs.
Sustainable fishing products	Sustainable fishing products answer certain environment sustainability criteria; the fishing areas are, in fact, managed in a manner that guarantees respect for the existing fish resources, considering their reproductive capacity and the biodiversity. The products that are awarded this certification (such as, for example, the MSC – Marine Stewardship Council - certification) come from fishing areas governed by advanced management programmes. The MSC mark is the most common and internationally well-known system that guarantees sustainable fishing.
Non-food (detergents, ecological paper, table napkins, table cloths, etc.)	
EU Ecolabel www.ecolabel.eu Ecolabel product	The EU Ecolabel (EC Regulation no. 66/2010) is the European Union mark of ecological quality awarded to the best products from an environmental viewpoint, which can thus be distinguished from those of the competitors on the market, and which, in any case, maintain high performance standards. In fact, the label testifies to the fact that the product has reduced environmental impact throughout its entire life cycle.
Sustainable forest management FSC and PEFC Products	The purpose of the FSC (Forest Stewardship Council) and PEFC (Pan-European Forest Certification Project) certifications, two of the internationally most common certification schemes, is to identify the management of ecosystems based on sustainability principles. Wood-based products (paper, packaging, etc.) bearing these marks are certified independently and come from forests managed in a manner that respects the social, economic and environmental needs of today's generations and those of the future. In this way the management and traceability of products derived from wood processing are certified, with the aim of protecting the biodiversity of the forests and woods, respecting their normal rhythm of growth.

Non-financial performance

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

Selected suppliers that satisfy social/environmental criteria	2020	2019	2018
Total Suppliers	2,083	2,212	2,211
- of which, selected according to social/environmental criteria	681	536	357
% of the total	33%	24%	16%

Of the above-indicated suppliers, with characteristics that answer social/environmental criteria, with which MARR has worked in 2020, 2 new suppliers were included during the year (representing 1.87% of the total of 107 new suppliers in 2020) with characteristics responding to environmental criteria (17 in 2019).

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

In support of the national socio-economic framework and support of the local communities where the Group carried out its main activities (approximately 93% of the Group returns are realised within Italian territory), the 2020 highlight a value of purchases[22] made by the MARR Group from local suppliers (Italy) amounting to 62% of the total supplies, an increase compared to 60% in the previous two years.

Local suppliers (€ thousand)	2020	2019	2018
Total expenditure for procurement	830,227	1,341,699	1,325,825
- of which, from national suppliers	517,515	811,339	795,258
% of the total	62%	60%	60%

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

Table of relationship with Legislative Decree 254/16

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

Table of relationship with Legislative Decree 254/16

Legislative Decree 254/2016 Topic	Material topic	Risks identified	Policies adopted and methods of risks management	General Disclosure	Topic specific standard/disclosure		Reference chapter/paragraph	Scope of reporting	Notes
Social	Valorisation of local and typical products	Supply Chain	The Group refers to the “Quality, safety and environment policy” and the “Animal welfare policy”. In addition, the Policies implemented on this basis refer to that stated in the following documents: - Code of Ethics; - Supply agreements. Also see that stated on the Company website in the sections on “Quality” (http://www.marr.it/gruppo/qualità), “Sustainability – green products” ("http://www.marr.it/prodotti-verdi") and “Sustainability – sustainable fishing” ("http://www.marr.it/sostenibilita/pesca-sostenibile"). See the paragraph on “Supply Chain – Policies implemented by MARR” regarding the risk management methods.	102-15 Risks, impacts and opportunities 2016 103 Management approach 2016	204-1 2016	Percentage of expenditure concentrated on local suppliers	Supply Chain	The MARR Group, all consolidated companies as defined in the Methodological Note, except ASCA and New Catering.	
	Social commitment/cooperation	Supply Chain			414-2 2016	Negative impact on the supply chain and action taken	Supply Chain	The MARR Group, all consolidated companies as defined in the Methodological Note, except ASCA, New Catering and SìFrutta.	Despite the Group not reporting specific indicators concerning this topic, the topic has been considered material and the Group has the objective in coming years of implementing a monitoring system capable of formalising the current practice and making this information available.
	Product quality and safety	Food health and safety			416-1 2016	Assessment of categories of products and services impacting health and safety	Food health and safety	The MARR Group, all consolidated companies as defined in the Methodological Note	The Group considers this topic material; given that the information is sensitive, it has opted for qualitative rather than quantitative disclosure.
	Product labelling and consumer information				417-1 2016	Type of information necessary for labelling products and services		The MARR Group, all consolidated companies as defined in the Methodological Note	Given that the product labels are compiled by our supplier (producer), the Group does not report these numbers, as it only carries out compliance verifications and quality checks on the products, reporting any anomalies to the supplier. See the chapter entitled “Food health and safety”.
	Impacts/integration with regard to the local territory and community	Supply Chain			414-1 2016	New suppliers selected using social and environmental criteria	Human Resources	The MARR Group, all consolidated companies as defined in the Methodological Note, except ASCA and New Catering. However, the Group is committed to covering the entire perimeter in coming years.	New suppliers selected in 2020 using social criteria are zero.

Table of relationship with Legislative Decree 254/16

Legislative Decree 254/2016 Topic	Material topic	Risks identified	Policies adopted and methods of risks management	General Disclosure	Topic specific standard/disclosure		Reference chapter/paragraph	Scope of reporting	Notes
Personnel related	Human resource management	Human Resources	The Group refers to the “Human Resource Management Policy”. In addition, it also refers to that stated in the Human Resource Department procedures and in the Code of Ethics. See the paragraph on “Human Resources – Policies implemented by MARR” regarding the risk management methods.	102-15 Risks, impacts and opportunities 2016 103 Management approach 2016	401-1 2016	Total turnover numbers and rate by age group, gender and region	Human Resources	The MARR Group, all consolidated companies as defined in the Methodological Note	The “Recruitments” and “Outgoing personnel” tables contain the numbers in absolute value divided by age range and gender without giving the relative percentage incidence as at 31 December 2020.
					401-2 2016	Benefits for continuing workers not provided for fixed-term or part-time workers			
					401-3 2016	Parental Leave			
					102-8 2016	Personnel information			The “Consistency of personnel” table contains the numbers in absolute value divided by age range and gender without giving the relative percentage incidence as at 31 December 2020.
	Industrial relations				402-1 2016	Minimum notice period in the event of organizational changes	The CCNL provides that, by law within the first four months of the year, companies and Trade Unions must meet to share information on the relevant reorganization, outsourcing, restructuring procedures, etc. In the event of business transfers (pursuant to article 2112 of the Civil Code) involving more than fifteen workers, notification is given to the Trade Union representations in writing at least twenty-five days beforehand.		
					102-41 2016	Presence of collective contracts	Human Resources		
	Protecting diversity				405-1 2016	Diversity within the governance bodies and workforce			Considering the composition of the governance bodies, the Group has opted to report the number of members rather than their percentage incidence as required by the GRI.
					405-2 2016	Ratio between male and female basic salary and remuneration by category and operating qualification			
	Personnel training				404-1 2016	Average training hours per employee per year			
					412-2 2016	Personnel training on human rights policies and procedures			In 2020 no training was provided on procedures and policies relating to human rights.
	Employee health and safety	Food health and safety			403-9 2018	Injuries and injury prevention, professional illness, days lost, absenteeism and number of fatal work-related accidents	Health and Safety in the workplace		The indices are calculated using the number of hours worked as the denominator.
Respect of human rights	Respect of human rights	Human Resources	The Group refers to the “Quality, safety and environment policy”. In addition, the policies implemented on the basis of this refer to that stated in the Code of Ethics and in the Supply Agreements. See the paragraph on “Human Resources – Policies implemented by MARR” regarding the risk management methods.	102-15 Risks, impacts and opportunities 2016 103 Management approach 2016	406-1 2016	Discriminatory incidents and action taken	Human Resources	The MARR Group, all consolidated companies as defined in the Methodological Note	
					412-1 2016	Total number of activities subject to human rights review or impact assessment	The company has not subjected any activities to human rights review or impact assessment during the year.		The company did not subject any activity to review or impact assessment on human rights during the year.
Fight against corruption	Fight against corruption	Fight against corruption	The Group refers to the “Anti-Corruption Policy”. In addition, it also refers to that stated in the Organizational Model, in the Code of Self-Governance and in the Code of Ethics. See the paragraph on “Fight against corruption – Policies implemented by MARR” regarding the risk management methods.	102-15 Risks, impacts and opportunities 2016 103 Management approach 2016	205-1 2016	Activities exposed to corruption risks	Fight against corruption	The MARR Group, all consolidated companies as defined in the Methodological Note	On the basis of the risk assessment carried out, the Group identifies the activities most at risk, but is not able to provide specific figures. The Group objective is to implement a monitoring system in 2020 that is capable of formalising the current practice and making available information on the number of activities subject to corruption related risks.
					205-2 2016	Communication and training on anti-corruption policies and procedures			
					205-3 2016	Confirmed corruption incidents and measures taken			
	Regulatory compliance				419-1 2016	Non-compliances with the economic and social laws and regulations	No cases of non-compliance with the laws and regulations were recorded during the year		
	Anto-competitive practices				206-1 2016	Legal action taken for anti-competitive and anti-trust conduct and monopoly practices	Fight against corruption		
Transversal		Fiscal approach of the Group			207-1 2019	Approach to fiscal aspects	Fiscal approach of the Group	The MARR Group, all consolidated companies as defined in the Methodological Note	
					207-2 2019	Fiscal governance, control and risk management			
					207-3 2019	Involvement of the stakeholders and management of fiscal preoccupations			
					207-4 2019	Country by Country Reporting			

Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10 of Legislative Decree no. 254/2016 and article 5 of CONSOB Regulation no. 20267 of January 2018

To the Board of Directors of MARR SpA

Pursuant to article 3, paragraph 10 of Legislative Decree no. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation no. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of MARR SpA (hereinafter also the "Company") and its subsidiaries (the "MARR Group" or the "Group") for the year ended 31 December 2020, prepared in accordance with article 4 of the Decree and approved by the Board of Directors of the Company on 15 March 2021 (hereinafter, the "NFS").

Responsibilities of the Directors and the Board of statutory auditors for the NFS

The Directors of MARR SpA are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "GRI - Global Reporting Initiative Sustainability Reporting Standards", defined in 2016 and updated to 2019 (hereinafter, the "GRI Standards"), as indicated at paragraph "Methodological note" of the NFS, identified by them as the reporting standards with reference to the selection of GRI Standards included.

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

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

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

The Board of statutory auditors *("Collegio Sindacale")* of MARR SpA is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Auditor's independence and quality control

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

Auditor's responsibilities

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

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of Company's personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. understanding of the following matters:
    - business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
    - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
    - key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

    With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 4 a) below;
4. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

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

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

- at a group level,
    a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
    b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the company MARR SpA, which was selected on the basis of its activities and its contribution to the performance indicators at a consolidated level, we carried out meetings and interviews, during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of MARR Group for the year ended 31 December 2020 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards, with reference to a selection of GRI Standards, as described in the paragraph "Methodological note" of the NFS.

Bologna, 29 March 2021

PricewaterhouseCoopers SpA

signed by	*signed by*
Gianni Bendandi (Partner)	Paolo Bersani (Authorised signatory)

"This report has been translated into the English language from the original, which was issued in Italian language, solely for the convenience of international readers. Reference in this report to the non-financial statement refer to the non-financial statement in original Italian and not to any their translation. We have not performed any controls on the non-financial statement translation."

MARR GROUP

Consolidated Financial Statements

as at December 31, 2020

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(€thousand)	*Notes*	*31.12.20*		*31.12.19**	
ASSETS					
Non-current assets					
Tangible assets	1	75,517		70,960	
Right of use	2	51,849		45,437	
Goodwill	3	151,068		149,921	
Other intangible assets	4	2,420		2,386	
Investments at equity value	5	1,828		2,452	
Investments in other companies		300		304	
Non-current financial receivables	6	1,070		490	
Non-current derivative/financial instruments	7	1,818		3,419	
Deferred tax assets		0		0	
Other non-current assets	8	44,894		38,455	
Total non-current Assets		330,764		313,824	
Current assets					
Inventories	9	134,581		170,395	
Financial receivables	10	6,420		2,403	
relating to related parties		*5,794*	*90.2%*	*1,843*	*76.7%*
Current derivative/financial instruments	7	0		1,247	
Trade receivables	11	283,150		359,500	
relating to related parties		*6,042*	*2.1%*	*10,907*	*3.0%*
Tax assets	12	6,277		2,103	
relating to related parties		*12*	*0.2%*	*12*	*0.6%*
Cash and cash equivalents	13	251,491		192,493	
Other current assets	14	39,608		50,123	
relating to related parties		*484*	*1.2%*	*434*	*0.9%*
Total current Assets		721,527		778,264	
Non-current assets held for sale	1	2,400		0	
TOTAL ASSETS		*1,054,691*		*1,092,088*	
LIABILITIES					
Shareholders' Equity	15	338,112		339,798	
Share capital		*33,263*		*33,263*	
Reserves		*286,510*		*221,434*	
Profit for the period		*18,339*		*85,101*	
Total Shareholders' Equity		338,112		339,798	
Non-current liabilities					
Non-current financial payables	16	231,066		166,793	
Non-current lease liabilities (IFRS16)	17	44,934		38,514	
relating to related parties		*3,537*	*7.9%*	*499*	*1.3%*
Non current derivative/financial instruments	18	49		66	
Employee benefits	19	7,275		8,298	
Provisions for risks and charges	20	7,099		6,185	
Deferred tax liabilities	21	1		1,622	
Other non-current liabilities	22	1,868		1,194	
Total non-current Liabilities		292,292		222,672	
Current liabilities					
Current financial payables	23	167,462		178,802	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Current lease liabilities (IFRS16)	24	8,528		7,911	
relating to related parties		*556*	*6.5%*	*660*	*0.0%*
Current derivative/financial instruments	25	6		72	
Current tax liabilities	26	1,792		3,742	
relating to related parties		*770*	*43.0%*	*1,755*	*46.9%*
Current trade liabilities	27	234,579		324,535	
relating to related parties		*9,512*	*4.1%*	*9,867*	*3.0%*
Other current liabilities	28	11,920		14,556	
relating to related parties		*258*	*2.2%*	*598*	*4.1%*
Total current Liabilities		424,287		529,618	
TOTAL LIABILITIES		*1,054,691*		*1,092,088*	

* The figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€thousand)	*Notes*	*31.12.2020*		*31.12.2019*	
Revenues	29	1,048,396		1,651,387	
relating related parties		*36,005*	*3.4%*	*64,329*	*3.9%*
Other revenues	30	25,281		44,422	
relating to related parties		*1,135*	*4.5%*	*729*	*1.6%*
Changes in inventories	9	(36,035)		11,517	
Purchase of goods for resale and consumables	31	(825,511)		(1,345,052)	
relating to related parties		*(83,985)*	*10.2%*	*(94,974)*	*7.1%*
Personnel costs	32	(27,826)		(38,604)	
Amortizations, depreciations and provisions	33	(17,309)		(16,068)	
Losses due to impairment of financial assets	34	(19,270)		(13,294)	
Other operating costs	35	(144,886)		(195,748)	
of which profits and losses deriving from the accounting elimination of financial assets valued at amortized cost		*(136)*		*(306)*	
relating to related parties		*(2,921)*	*2.0%*	*(3,206)*	*1.6%*
Financial income and charges	36	(5,298)		(5,355)	
of which profits and losses deriving from the accounting elimination of financial assets valued at amortized cost		*(566)*		*(1,111)*	
relating to related parties		*(20)*	*0.4%*	*(13)*	*(0.2%)*
Income (charge) from associated companies	37	(222)	*100.0%*	(18)	*100.0%*
Profit/(Loss) before taxes		***(2,680)***		***93,187***	
Taxes	38	267		(26,578)	
Profit/(Loss) for the period		***(2,413)***		***66,609***	
Attributable to:					
Shareholders of the parent company		(2,413)		66,609	
Minority interests		0		0	
		(2,413)		***66,609***	
EPS base (euros)	39	(0.04)		1.00	
EPS diluted (euros)	39	(0.04)		1.00	

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(€thousand)	*Notes*	*31.12.2020*	*31.12.2019*
Profits/(Loss) for the period (A)		*(2,413)*	*66,609*
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		722	990
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect		11	(178)
Total Other Profits/(Losses) net of taxes (B)	40	*733*	*812*
Comprehensive Income/(Loss) (A + B)		*(1,680)*	*67,421*

Attributable to:		
Shareholders of the parent company	(1,680)	67,421
Minority interests	0	0
	(1,680)	*67,421*

CONSOLIDATED STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY
(Note no. 15)

Description	Share Capital	Other Reserves											Profits carried over from consolidated	Total Group net equity
		Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital account	Extraordinary reserve	Reserve for exercised stock options	Reserve for transition to the Ias/Ifrs	Cash -flow hedge reserve	Reserve ex art. 55 (DPR 597-917)	Reserve IAS 19	Total reserves		
Balance at 31 December 2018	33,263	63,348	6,652	13	36,496	93,352	1,475	7,290	(1,578)	1,463	(644)	207,868	83,141	324,272
Allocation of 2018 profit						12,759						12,759	(12,759)	
Distribution dividends MARR S.p.A.													(51,890)	(51,890)
Other minor variations										(5)		(5)		(5)
Consolidated comprehensive income 2019:														
- Profit for the period													66,609	66,609
- Other Profits/Losses, net of taxes									990		(178)	812		812
Balance at 31 December 2019	33,263	63,348	6,652	13	36,496	106,111	1,475	7,290	(588)	1,458	(822)	221,434	85,101	339,798
Allocation of 2019 profit						64,349						64,349	(64,349)	
Distribution dividends MARR S.p.A.														
Other minor variations										(5)		(6)		(6)
Consolidated comprehensive income 2020														
- Profit for the period													(2,413)	(2,413)
- Other Profits/Losses, net of taxes									722		11	733		733
Balance at 31 December 2020	33,263	63,348	6,652	13	36,496	170,460	1,475	7,290	134	1,453	(811)	286,510	18,339	338,112

CONSOLIDATED CASH FLOWS STATEMENT (INDIRECT METHOD)

Consolidated (€thousand)	Ref.	31.12.20		31.12.19*	
Profit for the Period		(2,413)		66,609	
Adjustment:					
Amortization / Depreciation	33	8,988		7,250	
IFRS 16 depreciation	33	7,140		8,338	
Change in deffered tax	38	(2,080)		(717)	
Allocation of provison for bad debts	33	19,270		13,294	
Provision for supplementary clientele severance indemnity	33	860		486	
Write-downs of investments non consolidated on a line – by – line basis	33	222		110	
Capital profit/losses on disposal of assets	30/35	(113)		(82)	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Financial (income) charges net of foreign exchange gains and losses	36	4,547		5,383	
relating to related parties		*20*	*0.4%*	*14*	*0.3%*
Foreign exchange evaluated (gains)/losses	36	(3)		75	
Dividends Received	36	0		(92)	
relating to related parties		*0*	*0.0%*	*(92)*	*100.0%*
Total		38,831		34,045	
Net change in Staff Severance Provision	19	(1,046)		(121)	
(Increase) decrease in trade receivables	11	58,471		(11,178)	
relating to related parties		*4,865*	*8.3%*	*5,113*	*(45.7%)*
(Increase) decrease in inventories	9	36,003		(11,517)	
Increase (decrease) in trade payables	27	(91,541)		9,118	
relating to related parties		*(355)*	*0.4%*	*1,038*	*11.4%*
(Increase) decrease in other assets	14	4,709		(7,352)	
relating to related parties		*(50)*	*(1.1%)*	*(153)*	*2.1%*
Increase (decrease) in other liabilities	28	(2,022)		900	
relating to related parties		*(340)*	*16.8%*	*190*	*21.1%*
Net change in tax assets / liabilities	12/21/26	(2,730)		28,503	
relating to related parties		*(985)*	*36.1%*	*22,454*	*78.8%*
Interest paid	36	(5,959)		(6,514)	
relating to related parties		*(46)*	*0.8%*	*(15)*	*0.2%*
Interest received	36	1,412		1,131	
relating to related parties		*26*	*1.8%*	*1*	*0.1%*
Foreign exchange evaluated gains	36	3		(75)	
Income tax paid	12/26	(2,935)		(25,254)	
relating to related parties		*0*	*0.0%*	*(20,602)*	*81.6%*
Cash-flow from operating activities		30,783		78,295	
(Investments) in other intangible assets	4	(461)		(691)	
(Investments) in tangible assets	1	(13,203)		(9,768)	
Net disposal of tangible assets	1	379		289	
Net (investments) in equity investments in other companies		4		0	
Outgoing for acquisition of subsidiaries or going concerns during the year (net of cash acquired)		(615)		(2,407)	
Dividends Received		0		92	
relating to related parties		*0*	*0.0%*	*92*	*100.0%*
Cash-flow from investment activities		(13,896)		(12,485)	
Distribution of dividends		0		(51,890)	
Other changes, including those of third parties	15	730		807	
Net change in liabilities (IFRS 16)	17/24	(8,363)		(7,350)	
relating to related parties		*2,934*	*(35.1%)*	*1,159*	*(15.8%)*
Net change in financial receivebles/payables for derivates	7/18/25	2,765		(2,024)	
Net change in financial payables (excluding the new non-current loans received)	16/23	22,399		(1,662)	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
New non-current loans received	16/23	122,500		89,500	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Repayment of other long - term debt	16/23	(93,323)		(79,816)	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Net change in current financial receivables	10	(4,017)		(771)	
relating to related parties		*(3,951)*	*98.4%*	*114*	*(14.8%)*
Net change in non-current financial receivables	6	(580)		1,479	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Cash-flow from financing activities		42,111		(51,727)	
Increase (decrease) in cash-flow		58,998		14,083	
Opening cash and equivalents		192,493		178,410	
Closing cash and equivalents		251,491		192,493	

* It must be pointed out that the figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Corporate information

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

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

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

The consolidated financial statements for the business year closing as at 31 December 2020 were authorised for publication by the Board of Directors on 15 March 2021.

Information by sector of activity

For the application of IFRS 8, it must be noted that the Group operates solely in the sector of "Distribution of food products for out-of-home catering"
As regards the trends in 2020, see that described in the Directors' Report.

Structure and contents of the consolidated financial statements

The consolidated financial statements as at 31 December 2020 have been prepared in accordance with the accounting policies and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002 as acknowledged by Legislative Decree 38 dated 28 February 2005 and subsequent CONSOB amendments, communications and decisions.

Reference to the international accounting standards, adopted in the preparation of the consolidated financial statements as at 31 December 2020, is indicated in the "Accounting policies" section.

The consolidated financial statements as at 31 December 2020 include, for comparative purposes, the figures for the year ended on 31 December 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)

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

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

(€thousand)	31.12.20 MARR Consolidated	31.12.20 MARR S.p.A.	Impact %
Revenues from sales and services	1,048,396	1,023,970	97.7%
Total Asset	1,054,691	1,047,604	99.3%
Net profit for the period	(2,413)	(4,100)	169.9%

The operating and accounting currency is the Euro.
The statements and tables contained in these consolidated financial statements are shown in thousands of Euros.

Business continuity

MARR has defined a clear approach – restated at the beginning of the pandemic and adjusted to suit the changes in context during the course of the last year – which is being concretely implemented to pursue its strategic orientations:
i. enhancing liquidity, at the end of 2020, MARR exceeded 250 million in liquidity, doubling the levels at the start of the pandemic, also thanks to the support of its shareholders, the trust of the financial institutes, the careful management of all the components of the working capital and a selective approach to investments, favouring those oriented towards growth;
ii. proper management of operating costs, achieved by intervening on the fixed costs and the optimisation of the management of the logistical and distribution network in a flexible manner during the various phases of the pandemic, always with the aim of maintaining client support and service;
iii. consolidating its leadership position and market relations, ensuring a high standard of service for its professional partners/clients, in full respect of the health laws and regulations throughout the production line, capable of satisfying and guaranteeing the final consumer. From the viewpoint of client service, the initiatives for the monetisation of the government contributions (for example management of the "holiday bonus" and "rent bonus") should also be mentioned, as should the offer of local and *Made in Italy* products which, in addition to valorising the quality of Italian food products, has been useful in obtaining the "Production Line Bonus" by clients. The client remains the focal point of MARR, through an integrated approach based on "*phygital marketing*" initiatives, in other words those with a balance between the "physical" approach and "digital" tools;
iv. identifying new business opportunities with specific regard to the forms of service (take away, food delivery) and product lines (for example packaging, sanitisers, disinfectants, food ready to eat) that have been strengthened during the pandemic;
v. further enhancement of MARR's competitive position as a result of the expected consolidation of the Market once the pandemic emergency has been overcome. In this consolidation process, which will benefit the more structured operators, MARR, consistently with its leadership role, will make the most of the opportunities to enhance its offer and presence to further raise its level of service. From this viewpoint, the recent acquisition of the activities of processing and marketing of seafood products (especially fresh) of the Verrini Group is further confirmation of MARR's role of market aggregator. This operation represents a major opportunity to continue to enhance the offer of fresh seafood products, a type of product generating client trust which is the basis of the specialisation strategy implemented over the years by MARR. Again with a view to territorial growth and enhancement, the beginning of the next quarter is expected to see the opening of a new distribution centre in Catania. This distribution centre will be destined to improve coverage in eastern Sicily, and consequently increase the level of service offered in a highly tourist-oriented area with significant prospects of growth;
vi. ESG, as market leader, MARR has always focused closely on sustainability and intends to implement an increasing number of initiatives in this regard. Examples of this are the MSC and ASC certifications for the chain of custody of sustainable fishing and fish farming respectively and the voluntary certification of the process of control over the sustainable seafood production line, which has recently been integrated in respect of the criteria for the conditions of increased animal wellbeing in fish farming systems (www.marr.it/sostenibilita/pesca-sostenibile).

These strategic orientations are the reference point for the management of the various phases of the pandemic and also for the expected recovery of out-of-home food consumption.
In a context of normality, which it is hoped will be more the case in the second half of 2021, Italians will return to enjoying out-of-home food consumption as a vital part of their social lives and Italy will return to being one of the most sought after tourist destinations for foreigners, with Italian food once again being one of the more attractive elements.
Confirmation of this was seen in the early part of last February which, as a result of the momentary easing of the restrictions, showed a significant recovery in activities for clients in the catering sector, confirming the reactivity of out-of-home consumption that had already been observed in the third quarter of 2020. Such trends are proof that once the health conditions allow, out-of-home food consumption will return to being an important item of expenditure for Italians.

Although considering the complexity and scope of a rapidly developing context, the Company considers the presupposition of business continuity to be appropriate and correct, taking into account its capacity to deal with its obligations in the foreseeable future, and especially in the next 12 months, on the basis of the following considerations:
- the significant sources of liquidity currently available (over 250 million Euros as at 31 December 2020);
- credit lines granted and not used as at 31 December 2020 totalling not less than 200 million Euros;
- the support of the main banks, on the basis of its leadership status in the sector in which it operates (during the lockdown period, banks paid out loans of over 120 million Euros to the company), and on 30 December 2020, a Pool loan was signed with BNL and Cassa Depositi e Prestiti, with payment date on 7 January 2021. This loan is covered by a

SACE guarantee as envisaged in the so-called "Liquidity Decree" of 08/04/2020, no. 23, amounts to a total of 80 million Euros and has a duration of 45 months (12 months of which are pre-payback);
- the support of the banks also led to the temporary suspension – "Covenant holiday" – of the verification of the financial indices for the contracts that envisaged them on 30 June 2020 and on 31 December 2020: this suspension was granted by all of the banks which paid out loans for which a covenant breach situation was encountered;
- the same Covenant holiday agreement was also enforced as at 30 June 2020 and as at 31 December 2020 with the investors who signed the bond loan ("USPP") in US dollars, part of which, amounting to 8.9 million Euros, was paid back on expiry, together with the interest due, in July.

In addition to the above factors, the Group has also acknowledged the commitment by the government institutions to support the operators and individuals worst affected by Covid-19 through safeguarding measures which will be implemented in coming months and which the Group intends to avail itself of, if possible.

These financial statements have been prepared using the principles and accounting policies illustrated below.

Consolidation method

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

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

Scope of consolidation

The consolidated financial statements as at 31 December 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 December 2020, with an indication of the method of consolidation, are attached in Appendix 1.
The consolidated financial statements have been prepared on the basis of the financial statements as at 31 December 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 December 2020, the scope of consolidation differs from that as at 31 December 2019, as a result of the purchase by the parent company on 11 March 2020 of the remaining 60% of the shares of SìFrutts S.r.l.; the purchase from the companies Sì Frutta S.r.l. and Vitali e Bagnoli Multiservice S.r.l. for a total of 0.8 million Euros has enabled MARR to acquire total control of the shareholding.

Accounting policies

The most significant accounting policies adopted for the preparation of the consolidated financial statements of the MARR Group as at 31 December 2020 are indicated below:

Tangible assets

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

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

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

accounting value) are included in the profit and loss account when it is removed.

Goodwill and other intangible assets

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

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

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

Right of use

The Right of Use on the commencement date, the date on which the asset is made available for use, is initially valued at cost and derives from the sum of the following components:
- the initial amount of the "Lease liability";
- the payments due for the leasing made on the commencement date or beforehand, net of any incentives received for the lease;
- the initial direct costs incurred by the lessee;
- the estimate of eventual costs that the lessee expects to incur for the disposal and removal of the underlying asset and the restoration of the site on which it is located or restoration of the underlying asset under the conditions provided in the terms and conditions of the leasing contract.
After initial recording on the transition date, the right of use is then reduced due to the accumulated depreciation rates, impairment and the effects caused by any redetermination of the "Lease liability".
The depreciation rates are constant and follow the duration of the contract, taking into account the renewal/term options that are very likely to be exercised.
Only if the lease provides for the exercise of a reasonably certain purchase option is the Right of use depreciated systematically throughout the lifetime of the underlying asset.

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

Investments in related companies and other companies

A related company is a company over which the Group exercises significant influence. Significant influence is intended as the power to participate in the determination of financial and management policies of the related party without having control or joint

control.
Investments in related companies are evaluated using the Net Equity method and the shareholdings in other companies are measured at fair value, as indicated in Appendix I and the following explanatory notes.
In the net equity method, the participation in a related company is initially recorded at cost. The accountable value of the holding is increased or decreased in order to record the quota of pertinence of the holder in the profits and losses of the related party achieved after the date of acquisition. The goodwill concerning the related party is included in the accountable value of the holding and is not subjected to amortization, or to an individual evaluation of loss of value (impairment).
The consolidated statement of profits or loss reflects the quota of pertinence of the Group of the business year result of the related company. All changes to the other components in the overall profits and loss account concerning these related parties are presented as part of the overall income statement of the Group. Also, in the case of a related company recording a change directly attributable to the net equity, the Group records the quota of pertinence, when applicable, in the statement of changes in the net equity. The unrealised profits and losses deriving from transactions between the Group and related companies or joint ventures are eliminated in proportion to the quota of the holding in the related companies or joint ventures.
The recoverable nature of their recorded value is verified adopting the criteria described in the point "Losses in value of non-financial assets" as regards the holdings in related parties and the point "Losses in value of financial assets" as regards the holdings in other companies.
Whenever significant influence over a related company or joint control over a joint venture ceases, the Group assesses and records the remaining holding at fair value. The difference between the recorded value of the holding on the date of the termination of significant influence or joint control and the fair value of the remaining holding and the incoming payments received is recorded in the income statement.

Inventories

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

Receivables and other financial assets

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

Derivatives

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

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

Losses in value of non-financial assets

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

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

When events occur that would lead to assume a reduction in the value of asset, its recoverability is assessed by comparing the recorded value with the relevant recoverable value, represented by the greater of the fair value, net of the discharge costs, and its value in use.
In the absence of a binding sales agreement, the fair value is estimated on the basis of the values expressed by an active market, by recent transactions or on the basis of the best information available to reflect the amount that the business would receive by selling the asset.
The value in use is determined by actualising the expected cash flows deriving from the use of the asset and, if significant and reasonably determinable, from its sale at the end of its useful lifetime. The cash flows are determined on the basis of reasonable and documented assumptions representative of the best estimate of the future economic conditions that may occur during the remaining lifetime of the asset, giving more importance to indications from outside. Actualisation is carried out at a rate which takes into account the market assessments of the current value of cash and specific risks of the asset, in addition to the inherent risk to the sector of business in question.
Assessment is conducted on each individual asset or the smallest identifiable group of assets which generates autonomous incoming cash flows deriving from continuous use (so-called *cash generating unit*). When the reasons for the depreciations made are no longer in place, the assets, except for goodwill, are revalued and the adjustment attributed to the profit and loss account as readjustment (restoration of value). Readjustment is carried out at the lesser of the recoverable value and recorded value gross of depreciations carried out previously and reduced by the amortization quotas that would have been allocated had impairment not been carried out.
Goodwill is tested for impairment at least once every year (on the date of the financial statements, 31 December) and more frequently should circumstances indicate that the carrying value may be impaired.

Impairment of goodwill is assessed by evaluating the recoverable amount of each cash generating unit (or the group of cash generating units) to which the goodwill relates.

Should the recoverable amount of the cash generating unit be less than the carrying amount of the cash generating unit for which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future business years.

Employee benefits

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

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

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

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

Provisions for risks and charges

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

Financial liabilities

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

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

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

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

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

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

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

The current value of these payments is calculated using a discount rate equal to the incremental loan rate of the lessee.
The incremental loan rate of the lessee is defined taking into account the periodicity and duration of the payments provided by the lease contract, the currency in which they are made and the characteristics of the economic environment of the lessee ("IBR"). Specifically, the IBR is determined on the basis of the Bloomberg Risk Free Rate on the basis of the Euro swap, reflecting considerations or adjustments to the specific domestic context in which the Group operates, if relevant. The rate defined is consistent with the average residual lifetime of the contracts.
After initial recording, the lease liability is valued at amortized cost (in other words increasing its book value to take into account the interest on the liability and reducing it to take into account the payments made) using the effective interest rate and is redetermined, as a counter item to the initial value of the related Right of Use, to take into account any modifications to the lease as a result of contractual renegotiations, changes in indices or rates, modifications to the exercise of the contractual options of renewal, advance withdrawal or purchase of the asset leased.

Derivatives

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

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

Income taxes

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

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

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

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

- the deferred tax related to the deductible temporary differences derives from the initial recording of an asset or liability in a transaction which does not represent a corporate aggregation and, at the time of the transaction itself, does not influence either the result in the financial statements or the fiscal result;
- in the case of deductible temporary differences associated to holdings in subsidiaries, related companies and joint ventures, the active deferred taxes are only recorded in the measure in which it is probable they will be brought forward in the foreseeable future and that there will be sufficient fiscal taxable to enable the recovery of these temporary differences.

Deferred tax assets are recorded when their recovery is probable. Deferred tax assets

and liabilities for deferred taxes are classified under non-current assets and liabilities and are offset if referring to taxes which may themselves be offset. The offsetting balance, if an asset, is entered under "deferred tax assets"; if a liability, it is entered under "Liabilities for deferred taxes". When the results of the operations are directly recognized in the shareholders' equity, current taxes, assets for prepaid taxes and liabilities for deferred taxes are also recorded in the shareholders' equity.
Deferred tax assets and deferred taxes are calculated on the basis of the tax rates expected to be applied in the year said assets will realize or said liabilities will extinguish.

Criteria for conversion of items in foreign currency

Transactions in foreign currency are initially recorded in the functional currency, applying the currency spot rate the transaction first qualifies for recognition.
The monetary assets and liabilities denominated in foreign currency are retranslated at the functional currency spot rate at the reporting date.
Any differences are recorded in the income statement.

Business combinations

The business combinations occurred prior to 1 January 2010 are accounted through the application of the so-called *purchase method* (purchase methods defined by IFRS 3 as "Business combinations"). The purchase method requires that, after having identified the buyer involved in the business combination and having determined the purchase cost all the assets and liabilities purchased (including the so-called contingent liabilities) must be valued at fair value. For this purpose, the company is required to value any intangible assets purchased in specifically. Any goodwill is to be calculated in a residual manner, as the difference between the cost of the business combination (including additional charges and any contingent considerations) and the share pertaining to the company of the difference between the assets and liabilities purchased, valued at their fair value.
The business combinations occurred subsequently to 1 January 2010 are accounted for using the acquisition method (IFRS 3R). The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value acquisition date and the amount of any non-controlling interest in the acquired. For each business combination, the acquirer measures the no controlling interest in the acquired either at fair value or at the proportionate share of the acquired identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.
If business combinations are achieved in stages, the fair value of the shareholding previously held is remeasured to fair value at the acquisition date, recording any resulting profits or losses in the profit and loss account.
Each contingent consideration to be transferred to the acquirer will be recognised by the acquired at the fair value at the acquisition date. Changes to the fair value of the contingent consideration classified as a financial asset or liability will be recorded in accordance with IAS 39 either in the profit and loss or as a change to comprehensive income. If it does not fall within the scope of IAS 39, it will be recognised in accordance with IAS 37 or the most appropriate IFRS.
If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within the equity.
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed by the Group. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recording, goodwill is measured at the cost less any accumulated impairment losses in value. For the purpose of the impairment testing, the goodwill acquired in a business combination must, from the acquisition date, be allocated to each Group's cash generating unit which is expected to benefit from the combination synergy, independently of the fact that other assets or liabilities of the entity acquired are assigned to such units.
If goodwill has been allocated to a cash generating unit and the entity disuses part of the assets of this unit, the goodwill associated to the disused asset must be included in the accounting value of the asset should any profits or losses derive from its disuse. The goodwill associated to the disused asset must be measured on the basis of the relative values of the disused asset and the portion of the cash-generating unit retained.

Revenue and cost recognition

Revenues from sales of goods and services are recognized upon transfer of control of goods and services to customers. The control of goods was usually identified upon

consignment or delivery of the goods, except in specific case providing for other terms of consignment or delivery.
The revenues from services are recognized in accordance with the contractual terms and when the obligation to do have been satisfied.

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

Accounting treatment of financial assets/instruments

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

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

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

Treasury shares

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

Main estimates adopted by management and discretional assessments

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

Estimates and hypotheses used

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

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

In order to measure any impairment of goodwill entered in the financial statements, the Group has adopted the method previously illustrated in the section on "Losses in value of non-financial assets".

- *The impairment test is conducted by comparing the accounting value with the recoverable value of each group of CGU.* The recoverable value of a group of CGU is determined with regard of the greater of the fair value net of sales costs and the use value. In determining the use value, the future cash flows are actualised using a discount rate which reflects the current market assessment of the temporal value of cash and the specific risks of the group of CGU. The estimates and assumptions reflect the extent to which the Company is aware of business developments and take into account prudent forecasts of future developments of the market in which the Company and Group operates. In the first half of the year, with the repercussions of the Covid-19 health emergency on Group operations, impairment indicatrors were identified for such assets and Management then conducted an impairment testing exercise on 30 June 2020; the test was repeated on 31 December 2020 and the results are described in the notes.
  Given the uncertainty of the forecast, the worsening of the economic context that has not yet been considered in the Company hypotheses could highlight performance level differing from expectations.

- *Expected credit losses*: the Company is focusing closely on the management of the treade receivables, implementing methods based on the situations and requirements of each territory and market segment. The objective remains safeguarding the company equity while maintaining closness to the client, enabling a timely management of the credit and enhancing customer relations. In the light of this, Management has made a prudential estimate of the Expected credit losses, which could be confirmed in coming months on the basis of the encashment activities undertaken so far, the result of which has been a prudential increase in the allocation to the provision for bad debts compared to last year.

- Economic and financial plans: the Company has reviewed the economic and financial forecasts and the performance formalised in the 2021 Budget, updating them as a result of Covid-19. Similarly, it has made forecasts reflected in the cash flows that are the basis of the impairment test for the next three years. These forecasts may be further influenced in coming months by the development of the pandemic and the future containment measures which may be adopted and also the trends in tourism and the future recovery of market consumption.

- Estimates adopted in the actuarial calculation in order to determine the benefit plans defined in the context of post-employment benefits:
  - The expected inflation rate is equal to 0.8%;
  - The discounting rate[V] used is equal to -0.02%;
  - The annual rate of increase of the severance plan is expected to be equal to 2.1%;
  - A 6.5% turnover of employees is expected

- Estimates adopted in the actuarial calculation in order to determine the provision for supplementary clientele severance indemnity:
  - The rate of voluntary turnover is expected to be 13% for MARR S.p.A. and 5% for New Catering S.r.l.;

[V] Average performance curve deriving from the IBOXX Eurozone Corporates AA (duration "5-7 years").

- The rate of corporate turnover is expected to be 2% for MARR. S.p.A. and 7% for New Catering S.r.l.;
- The discounting rate used is -0.08%.[VI]

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

- Other
  Other elements in the financial statements that were the object of estimate and assumptions by Management are inventory write-down and the determination of amortizations.
  These estimates, although supported by well-defined corporate procedures, require hypotheses to be made mainly concerning the future realisable nature of the value of inventories, as well as the remaining useful lifetime of assets that may be influenced by both market performance and the information available to Management.

Accounting policies, amendments and interpretations applicable as of 1 January 2020

The criteria for assessment used for the purpose of preparing the consolidated accounts for the financial statements as at 31 December 2020 do not differ from those used for the drafting of the consolidated financial statements as at 31 December 2019, except for new Accounting Standards, interpretations and changes to the Accounting Standards effective from 1st January 2020, described below.

- Changes to IAS 1 and IAS 18. 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"*. The amendment introduces the concept of "*obscured information*" as well as the concepts of omitted or incorrect information already contained in the two standards modified. The amendment clarifies that information is "obscured" if it is described in such a way as to produce for the primary readers of the financial statements a similar effect to that which would have occurred if such information had been omitted or incorrect. The adoption of this amendment has not had any effect on the equity, economic and financial situation of the Group.
- Changes to the Conceptual Framework for Financial Reporting, published by the IASB on 29 March 2018. The document describes the fundamental concepts for financial reporting and guides the Board in developing the IFRS standards. The main changes compared to the 2010 version concern: i) a new chapter on assessment; ii) better definitions and guidance, especially as regards the definition of liabilities; iii) clarifications of important concepts, such as stewardship, prudence and uncertainties in assessments. The adoption of this amendment has not had any effect on the equity, economic and financial situation of the Group.
- Changes to IFRS 3 "*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. In particular, the amendment clarifies that while a business usually produces an output, the presence of an output is not strictly necessary to identify a business in the presence of an integrated group of activities/processes and assets. However, in order to satisfy the definition of a business, an integrated group of activities/processes and assets must include at least an input and a substantial process which together contribute significantly to the capacity to create an output. The IASB has replaced the term "capacity to create an output" with "capacity to contribute towards the creation of an output" to clarify that a business can also exist without the presence of all of the outputs and processes required to create an output. The amendment also introduces an optional "concentration test", which enables the exclusion of the presence of a business if the price paid is substantially referable to a single asset or group of assets. The adoption of this amendment has not had any effect on the equity, economic and financial situation of the Group.
- "*Covid-19 Related Rent Concessions* (*Amendment to* IFRS 16)", published on 28 May 2020. The document gives lessors the right to include in the accounts the rent concessions related to Covid-19 without having to assess, by analysing the contracts, whether the definition of *lease modification* in IFRS 16 has been respected. Therefore, lessors who use this right may include in the accounts the effects of the rent concessions directly in the income statement as soon as the concession becomes effective. The application of this amendment has had not insignificant effects on the economic result of the Group; the effects are described later on in these notes.

[VI] Average performance curve deriving from the IBOXX Eurozone Corporates AA (*duration* "10 +").

Accounting standards, amendments and interpretations applicable in future years

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

- 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.

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

- "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The document is aimed at clarifying how to classify the payables and other short or long-term liabilities. The changes will be applicable from 1 January 2023.

On 14 May 2020, the IASB published the following amendments, all applicable from 1 January 2022:

- *Amendments to IFRS 3 "Business Combinations"*, published on 14 May 2020: the changes are aimed at updating the reference in the IFRS 3 to the Conceptual Framework in the reviewed version, without making any changes to the dispositions of standard IFRS 3.
- *Amendments to IAS 16 "Property, Plant and Equipment"*: the changes are aimed at not allowing the deduction from the cost of tangible assets of the amount received from the sale of assets produced during the test phase of the activity in question. Such sales revenues and the relative costs will thus be recorded in the income statement.
- *Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"*: the amendment clarifies that in estimating the eventual charges applicable to a contract, all of the costs directly attributable to the contract must be considered. Consequently, the assessment of the eventual charges applicable to a contract includes not only the incremental costs (such as, for example, the cost of the material used directly in processing), but also all of the costs that the business cannot avoid, given that it has stipulated the contract (such as, for example, the portion of the personnel costs and the amortisation of the machinery used in fulfilling the contract).
- *Annual Improvements 2018-2020*: changes have been made to IFRS1 "*First-time Adoption of International Financial Reporting Standards"*, IFRS 9 "*Financial Instruments*, IAS 41 "*Agriculture"* and the *"Illustrative Examples of IFRS 16 Leases"*.

Capital management policy

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

Taking into account the fact that the financial requirements, because of the characteristics of the Company's core business, are calculated in terms of trade net working capital, the main indicator for cash flow management is summarily represented by the performance of the ratio between trade net working capital and revenues ("Trade NWC on total Revenues").
Still in relation to the seasonal nature characterising its business, the Company also monitors the performance of the single components of trade net working capital (trade receivables and payables and inventories) in terms of both absolute value and days of outstanding.
The management of capital is also measured in terms of the principal indicators of best financial practice such as: ROS, ROCE, ROE, Net debt / Equity and Net debt / EBITDA.

Financial Risks Management

The financial risks to which the Group is exposed in the performance of its business activities are as follows:

- market risk (including currency risk, interest rate risk and price risk);
- credit risk;

- liquidity risk.

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

Market risk

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

As at 31 December 2020, a 5% appreciation in the exchange rate in relation to the US dollar and to other currencies, all else being equal, would have given rise to a decrease in pre-tax profit of 495 thousand Euros (-110 thousand Euros in 2019), due to exchange rate gains (losses) on trade payables and receivables and cash and equivalents denominated in foreign currency, mainly dollars (because of the change in the fair value of current assets and liabilities).
The other equity items would have shown an increase of about 948 thousand Euros (+1,273 thousand Euros as at 31 December 2019) ascribable to variations in the amount of the cash flow hedge fund (due to the variation in the fair value of the ongoing hedging contracts).
On the other hand, at the same date, a 5% drop in the exchange rate in relation to the US dollar and to the other currencies, all else being equal, would have been reflected by a pre-tax profit increase of 547 thousand Euros (+122 thousand Euros in 2019).
The other equity items would have shown a downward variation of 1,048 thousand Euros (-1,171 thousand Euros as at 31 December 2019) ascribable to variation in the amount of the cash flow hedge fund (due to the variation in the fair value of the ongoing hedging contracts).

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

In 2020, a hypothetical upward or downward fluctuation of 10% in the interest rate, all else being equal, would have produced a pre-tax cost increase or decrease (with corresponding net equity variation) of approximately 156 thousand Euros on a yearly basis (132 thousand Euros as at 31 December 2019).

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

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

Credit Risk

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

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

The customer monitoring process consists essentially of a preliminary phase in which data and information is collected on new customers, and a post-activation phase featuring the granting of a credit line and supervision of the customer's credit position.
The preliminary phase consists of acquiring the essential administrative/fiscal data necessary to be able to carry out a complete and accurate assessment of the risks entailed by the new customer. Activation of the customer is dependent on

the completeness of the aforementioned data and approval, possibly following more detailed investigations, by the Customers Office.
Every new customer is given a credit line: its granting depends on some additional items of information (years in business, terms of payment, reputation) that are indispensable so as to be able to assess the customer's solvency level. Once the overall picture has been put together, the documentation on the potential customer is submitted for approval to the various organizational levels.

In 2020, the health emergency which has been affecting Italy since March and is still ongoing and the consequent restrictive measures currently in force involved the stoppage of the activities of most of our customers, with a consequent drastic reduction in volumes and a restriction of the cash flows in the catering market. It is plainly obvious that in this context, a specific and adequate credit management policy is a fundamental priority which must be aimed at the reduction of the credit risk in order to be able to create the conditions to serve and expand our customers, addressing commercial activities as best as possible. In this context, the skills and market and territorial knowledge of our Commercial staff and Sales Management is a vital value in credit management and assessment.
To this end, all of the MARR operating units have been given Guidelines for Credit Management, with the specific objective of:

- reviewing the current payment conditions;
- giving priority to the commercial development of customers currently served whose credit standing and trade potential is known to be reliable;
- focusing closely on the activation of new customers, granting "short" payment conditions, and in any event containing the provisions of art. 62;
- managing requests for delaying overdue payments with monthly plans (rescheduling that overdue on the reference date on the basis of the delay) and reducing the payment conditions for current supplies;
- giving priority and incentives to electronic payments.

As a result of the above, the attribution has been implemented of an "internal rating", on the basis of specific criteria taking into account the Credit Reliability and the Trade Potential of the Customer.

The Credit Procedure and Credit Management Guidelines enable the definition of the operating rules and mechanisms that are guaranteed to generate a cash flow by assuring the Company of the customer's solvency and the profitability of the commercial relationship.
At the reference date of the financial statements, the maximum exposure to credit risk for each of the following categories of receivables[VII] was as shown below:

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Current trade receivables	283,150	359,500
Other non-current receivables	44,894	38,455
Other current receivables	39,608	50,123
Total	367,652	448,078

For the comments on the various categories, please refer to note 8 on "Other non-current receivables", note 11 on "Trade receivables" and note 14 on "Other current receivables".

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

As at 31 December 2020, overdue trade receivables, net of the provision for bad debts, amounted to 103,134 thousand Euros (141,260 thousand Euros in 2019). The breakdown of these receivables by due date is as follows:

[VII] It must be noted that the figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Overdue:		
Less than 30 days	22,708	41,250
betweeen 31 and 60 days	21,809	23,415
betweeen 61 and 90 days	15,245	21,089
Over 90 days	85,965	94,250
	145,727	180,004
- Provision for write-down of receivables from customers	(42,593)	(38,744)
Total overdue trade receivables	103,134	141,260

At 31 December 2020, the nominal amount of the disputed trade receivables (all classified in the category of expired "over 90 days"), which had been impaired and undergone a write-down, amounted to 32,835 thousand Euros (34,883 thousand Euros in 2019). Those receivables were mainly related to clients in economic difficulties. The quota of these receivables that is not recoverable is specifically covered by the provision for bad debts, which amounts to a total of 42,593 thousand Euros (38,744 thousand Euros in 2019).

Liquidity risk

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

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

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

(€thousand)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 december 2020				
Borrowings	169,779	96,520	137,310	844
Financial payables for leases (IFRS 16)	9,948	9,444	18,234	23,653
Derivative financial instruments	6	0	49	0
Trade and other payables	234,579	0	0	0
	414,312	105,964	155,593	24,497
At 31 december 2019				
Borrowings	175,878	76,082	95,674	0
Payables for the purchase of quotas or shares	9,127	8,515	16,834	17,746
Derivative financial instruments	72	0	66	0
Trade and other payables	324,535	0	0	0
	509,612	84,597	112,574	17,746

As regards the changes to the long-term quota, see that already described in the Director's Report and in the following paragraphs 16 "Non-current financial liabilities" and 17 "Lease liabilities (IFRS16)".

Classes of financial instruments

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

(€thousands)	31 December 2020			
Assets as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current derivative/financial instruments	0	1,818	0	1,818
Non-current financial receivables	1,070	0	0	1,070
Other non-current assets	44,894	0	0	44,894
Current financial receivables	6,420	0	0	6,420
Current derivative/financial instruments	0	0	0	0
Current trade receivables	283,150	0	0	283,150
Cash and cash equivalents	251,491	0	0	251,491
Other current receivables	39,608	0	0	39,608
Total	626,633	1,818	0	628,451
Liabilities as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current financial payables	231,066	0	0	231,066
Non-current lease liabilities (IFRS16)	44,934	0	0	44,934
Non-current derivative/financial instruments	0	49	0	49
Current financial payables	167,462	0	0	167,462
Current lease liabilities (IFRS16)	8,528	0	0	8,528
Current derivative financial instruments	0	6	0	6
Total	451,990	55	0	452,045

(€thousands)	31 December 2019*			
Assets as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current derivative/financial instruments	0	3,419	0	3,419
Non-current financial receivables	490	0	0	490
Other non-current assets	38,455	0	0	38,455
Current financial receivables	2,403	0	0	2,403
Current derivative/financial instruments	0	1,247	0	1,247
Current trade receivables	359,500	0	0	359,500
Cash and cash equivalents	192,493	0	0	192,493
Other current receivables	50,123	0	0	50,123
Total	643,464	4,666	0	648,130
Liabilities as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current financial payables	166,793	0	0	166,793
Non-current lease liabilities (IFRS16)	38,514	0	0	38,514
Non-current derivative/financial instruments	0	66	0	66
Current financial payables	178,802	0	0	178,802
Current lease liabilities (IFRS16)	7,911	0	0	7,911
Current derivative financial instruments	0	72	0	72
Total	392,020	138	0	392,158

* The figures as at 31 December 2019 have been restated in order to maintain comparability with the figures as at 31 December 2020.

In compliance with that required by IFRS 13, we would point out that the derived financial instruments, constituted by contracts for the coverage of exchanges and interest rates, are classifiable as "Level 2" financial assets, in as much as the inputs which have a significant effect on the fair value registered are market figures observable directly (exchange and interest rate market).[VIII] Similarly, as regards the non-current financial debts, the recording at fair value of which is indicated in paragraph 16 of these explanatory notes, are also classifiable as "Level 2" financial assets, in as much as the inputs influencing their fair value are market data which is directly observable.
As regards the other non-current and current assets, see that described in paragraphs 8 and 14 of these explanatory notes.

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

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

ASSETS

Non-current assets

1. Tangible assets and assets held for sale

The movements in the item in the year 2020 and in the period before are the following:

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

(€thousand)	Balance at 31.12.20	Purchases / other movements	Net decreases for divestments	Depreciation/ Write down	Consolidation change	Balance at 31.12.19
Land and buildings	46,612	(2,210)	(75)	(2,661)	0	51,558
Improvements on leased facilities	2,494	642	0	(309)	0	2,161
Plant and machinery	6,450	1,787	(10)	(2,144)	47	6,770
Industrial and business equipment	1,551	277	(23)	(359)	0	1,656
Other assets	2,748	1,036	(158)	(1,245)	170	2,945
Fixed assets under development and advances	15,662	9,792	0	0	0	5,870
Total tangible assets	75,517	11,324	(266)	(6,718)	217	70,960
Land and buildings	2,400	2,400	0	0	0	0
Total assets held for sale	2,400	2,400	0	0	0	0
Total	77,917	13,724	(266)	(6,718)	217	70,960

The movement exposed in the column "Consolidation change" shows the net accountable value of the tangible assets acquired with the takeover and subsequent consolidation of the subsidiary SìFrutta S.r.l..

The column "Purchases/other movements" highlights, in the "fixed assets under development and advances", investments for 9,600 thousand Euros for the construction of the new management head office in Santarcangelo di Romagna. In this regard, it should be noted that the new head office was opened, with the progressive transfer of the various departments, in February 2021.
Also, as a result of the agreements for the sale of the building in Santarcangelo di Romagna, Via dell'Acero 1/A and the relative underlying area, the total value of this property is classified under the "Assets held for sale", for a total amount of 2,400 thousand Euros, which is the agreed sale price. As at 31 December 2019, such assets were classified in the item "Land and buildings" in the tangible assets for a total of 2,527 thousand Euros.
As regards the investments highlighted in the other items, it should be noted that these are part of the plan for the expansion and modernisation of the distribution centre. The main investments made concern the Ischia warehouse of the MARR Napoli distribution centre (508 thousand Euros) and the MARR Scapa distribution centre (mainly under the item "plant and machinery") at the facilities in Marzano and Pomezia (692 thousand Euros).
As regards the increases in the item "Other assets", these refer mainly to the purchase of electronic office machines (for 682 thousand Euros) and industrial vehicles, cars and internal means of transport (for a total of 219 thousand Euros).

The decreases refer mainly to the sale of electronic machines and vehicles.
As stated later on, in the commentary on the financial payables, in early 2020, as a result of the extinguishing of the mortgage granted by Banca Intesa San Paolo to the Parent Company, the mortgage collateral of 10,000 thousand Euros on

the property owned by the Parent Company in Bottegone (PT), Via Francesco Toni, 285/297, was cancelled. As at 31 December 2020, there were therefore no mortgage collaterals on properties owned by the Group.

For details of the changes in tangible assets and assets held for sale, please refer to the information provided in Appendix 5.

See Appendix 11 as regards the details of the Land and Buildings owned by the Group as at 31 December 2020.

2. Right of use

This item represents the actualised value of the future leasing fees concerning the operating lease contracts with a multiannual duration that were ongoing as at 31 December 2020, as provided by the new IFRS 16 in force since 1 January 2019.

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

(€thousand)	Balance at 31.12.20	Purchases	Net decreases for divestments	Depreciation	Consolidation change	Balance at 31.12.19
Land and buildings - Rights of use	50,611	15,395	(2,196)	(8,469)	522	45,359
Other assets - Rights of use	1,238	1,684	(5)	(519)	0	78
Total Rights of use	51,849	17,079	(2,201)	(8,988)	522	45,437

This item represents the actualised value of the future leasing fees concerning the operating lease contracts with a multiannual duration that were ongoing as at 31 December 2020.
The value indicated in the column "consolidation change" represents the value of the lease contracts of the new subsidiary SiFrutta.
With regard to the movement shown, there was an increase in the right of use of buildings related to both the extension of expiring lease contracts and the subscription of new agreements with lessors for the review of the payments due as a result of the Covid pandemic (specifically, these regard the leases for the MARR Torino, MARR Adriatico and MARR Romagna distribution centre and the Seafood Centre).

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

(€thousand)	NBV 31.12.20	Depreciation	Net decreases for divestments	Purchases	Consolidation change	NBV 31.12.19
Land and buildings - MARR	49,401	(8,044)	(780)	15,395	0	42,830
Land and buildings - New Catering	1,146	(306)	(1,077)	0	0	2,529
Land and buildings - SiFrutta	64	(119)	(339)	0	522	0
Other assets - MARR	1,192	(509)	(4)	1,655	0	50
Other assets - New Catering	46	(10)	(1)	29	0	28
Total Rights of use	51,849	(8,988)	(2,201)	17,079	522	45,437

The value given above is represented by 43 lease contracts, 32 concerning the industrial buildings in which some distribution centres of the Parent Company and of the subsidiaries New Catering and SiFrutta are located and 11 contracts for other assets, mainly vehicles.

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

For a better understanding of the impacts, the following are the movements in the relative financial liability generated in overall terms by the application of IFRS 16 (see paragraphs 17 and 24 for more details in this regard).

Lease liabilities for right of use *(€thousand)*	Balance at 31.12.20	Payments	Other movements	Consolidation change	Balance at 31.12.19
Land and buildings	52,111	(7,957)	13,200	522	46,346
Other assets	1,351	(407)	1,679	0	79
Total	53,462	(8,364)	14,879	522	46,425

3. Goodwill

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

(€thousand)	Balance at 31.12.20	Purchases	Reclassification / other movements	Balance at 31.12.19
MARR S.p.A.	136,205	0	0	136,205
AS.CA S.p.a.	8,634	0	0	8,634
New Catering S.r.l.	5,082	0	0	5,082
SìFrutta S.r.l.	1,147	1,147	0	0
Total Goodwill	151,068	1,147	0	149,921

The increase in the item concerns the subsidiary SìFrutta; see the following paragraph "Business combinations closed during the year" for more details.

Impairment test

At the end of each business year, the Group verifies the recoverability of the intangible assets with undefined lifetimes. It must be noted that during the course of 2020, as a result of the Covid-19 emergency which led to a significant reduction in the sales and margins of the Group, the Company Management identified during the first half year an indicator of potential reduction in the value of the goodwill and therefore recalculated the recoverable value of the CGU to which goodwill had been allocated as at 30 June 2020, performing the test again as at 31 December 2020, as usual.

The recoverable value of the CGU to which the individual assets have been attributed is verified by determining their value in use.

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

In line with last year, as at 31 December 2020, Management assessed the return of the investment and thus the recoverability of the goodwill in terms of the combination of MARR S.p.A. and the subsidiary AS.CA S.p.A., on the basis of the fact that, as at 1 February 2020, the subsidiary AS.CA S.p.A. leased its business to the Parent Company MARR and the assets were therefore added to those of the MARR Bologna and MARR Romagna branches.

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

For the 2021 business year, the approved 2021 budget and the economic and equity budgets of each single company were used as the basis for calculation.

For 2022 and 2023, an increase in returns has been forecast for all of the operating companies equal to the increase in consolidated returns, identified as follows:
- 2022 revenues from sales increasing compared to 2021 by about 19% and EBITDA improving by about 44%;
- for 2023, given that the Management forecasts believe a return to the pre-Covid situation to be reasonable, revenue values in line with those for 2019 were assumed; EBITDA margin recovering (prudentially, about -0.3 percentage points compared to 2019).

• The forecasts in the 2021 Budget approved by the Board of Directors on 19 February 2021, including the forecast cash flows of the groups of CGU, were determined considering the returns and EBITDA achieved in 2020, also in consideration of the impact of the Covid-19 pandemic and the restrictive measures implemented by the government. The forecast concerning sales and margins reflects the hypotheses and elements used by Management as the basis for calculation, which are deemed reasonable and consider the utmost prudence in the light of the current health emergency and consequent restrictions on mobility imposed by the local authorities.
• The forecasts made for 2022 and 2023 reflect the expected progressive recovery in consumption, with a return to pre-Covid levels of revenues in 2023.
• The expected future cash flows, represented by the expected result of everyday activities, plus the amortizations and less the expected investments, include a terminal value used to estimate the future results beyond the timeframe explicitly considered relevant to the period 2021-2023. The terminal value is determined using a long-term growth rate ("g rate") of 1%. For the estimate of the sustainable medium to long-term EBITDA, an EBITDA margin value has been applied to the returns (identified through the g rate applied to the returns in the last year of the plan) equal to the margin estimated for 2023. The annual investments are estimated by identifying the amount that is deemed representative of both the normalised investments needed to maintain the current assets and the investments aimed at supporting the organic growth of the CGU.

• The expected future cash flows are actualised at a weighted average cost of capital ("WACC") of 6.52% (4.12% last year) which reflects the current market assessment of the temporal value of cash for the period in consideration and the specific risks of the country comprising the single CGU, a method consistent with that done last year. The following are the main assumptions on which the calculation of the WACC is based:
- the risk-free rate used refers to the average performance in the last quarter of 10-year state securities concerning the country in which each CGU operates;
- the beta coefficient is estimated on the basis of a panel of comparable listed companies operating in the same sector as the Company;
- the tax rate used is that in force in the country comprising the single CGU;
- lastly, a risk premium has been considered.

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

Although the hypotheses on the macro-economic context, developments in the sector in which the Group operates and the estimated future cash flows are deemed adequate and prudent, changes in the hypotheses or circumstances, especially given this particular period and the economic impact that the Covid-19 pandemic is having and will have on hotel and restaurant activities, may require changes to the analysis described above. Therefore, a sensitivity analysis has been carried out on the results, assessing the changes to the basic assumptions for each CGU, in order to determine the recoverable value, as shown in detail in the following table
A change in cash flows has also been hypothesised that takes into consideration a return to the pre-Covid situation in the longer term, and thus after 2023.

Considering the above and on the basis of the impairment test carried out according to the principles and hypotheses described in this paragraph and in the section "Main estimates made by management and discretional assessments", the values of goodwill stated, amounting to 151,068 thousand Euros, are fully recoverable.

Cash Generating Unit	Carrying amount 31.12.20	Change: Net Present Value Free Cash Flow[1] - Carrying Value (absolute value and % incidence on Carrying Value)					
		WACC 6.52%		Sensitivity with WACC 7.74%		Sensitivity with WACC 6.52% + flat revenues in 2022 and + 1% in 2023 and as a terminal value	
MARR S.p.A. + AS.CA S.p.A.	522,609	435,989	83.4%	243,564	46.6%	5,228	1.0%
New Catering S.r.l.	5,781	31,708	548.5%	24,891	430.6%	16,303	282.0%
SiFrutta S.r.l.	2,038	104	5.1%	(240)	(11.8%)	(629)	(30.9%)
Total	**530,428**	**467,801**	**88.2%**	**268,215**	**50.6%**	**20,902**	**3.9%**

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

Business combinations closed during the year

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

The operation had 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 combination was determined considering the purchase price defined in the sales contracts finalised for 40% of the shares in 2018 and for the remaining 60% in the first quarter of 2020. It also includes a portion of indemnities paid by MARR to the vendors and the depreciation of the shareholdings recorded in the accounts as at 31 December 2019.

The details of the net assets acquired and goodwill are illustrated below:

(€thousand)	*Fair value of the acquired assets and liabilities*
Tangible and intangible assets	740
Inventories	189
Trade receivables	1,391
Other current assets	633
Net financial debt	(1,172)
Staff Severance Provision	(23)
Current trade liabilities	(1,585)
Other liabilities	(114)
Fair value of net identifiable assets acquired	59

The goodwill provisionally attributed to the acquisition is justified by the strategic value of the company taken over, which supplies fresh fruit and vegetables to customers in hotels, restaurants and organised catering and industrial transformation activities.

It should be noted that in 2020, the subsidiary SìFrutta S.r.l. generated revenues from sales of 7,213 thousand Euros.

The price paid by the parent company during the year for this acquisition amounted to 615 thousand Euros, net of the cash and equivalents acquired.

Business combinations closed after the end of the year

No business combinations were closed after the end of the business year.

4. Other intangible assets

Below are the movements of the item in 2020 and in the previous year:

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

(€thousand)	Balance at 31.12.20	Purchases / other movements	Net decreases	Depreciation	Consolidation change	Balance at 31.12.19
Patents	1,162	383	0	(426)	1	1,204
Concessions, licenses, trademarks and similar rights	12	0	0	(2)	0	14
Intangible assets under development and advances	1,246	78	0	0	0	1,168
Other intangible assets	0	0	0	0	0	0
Total Other Intangible Assets	2,420	461	0	(428)	1	2,386

The increases are linked mainly to new licences, software and applications, some of which became operational during the year and some of which were still being implemented as at 31 December 2020 and are thus included in the item "Assets under development and advances".
For details of the changes in intangible assets please refer to the information provided in Appendix 4.

5. Equity investments evaluated using the Net Equity Method

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Sì Frutta S.r.l.	0	406
Jolanda De Colò S.p.A.	1,828	2,046
Total investments at equity value	1,828	2,452

As stated in the preceding paragraph "Business combinations closed during the year", in March 2020, the Parent Company purchased the remaining 60% of the shares of SìFrutta S.r.l., which has thus become a subsidiary company and is considered as fully consolidated.

With regard to the movements during the year, it should be noted that the 34% holding in the associate Jolanda de Colò S.p.A. was depreciated.

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Jolanda De Colò S.p.A.		
Total Assets	8,497	9,070
Total Liabilities	8,497	9,070
Total Revenues	16,035	23,180
Result of the period	(321)	491

6. Non-current financial receivables

As at 31 December 2020, this item amounted to 1,070 thousand Euros (490 thousand Euros as at 31 December 2019) and includes, in addition to the quota beyond the year of interest-bearing financial receivables of the Parent Company from trade partners (175 thousand Euros) and from transporters for the sale of the transport vehicles used to move MARR goods (175 thousand Euros), the quota beyond the year of the loans granted in 2020 to the commercial experts as a result of the impact of the Covid-19 pandemic on the hotel and restaurants sector, and thus in support of the MARR sales network (681 thousand Euros).

7. Financial instruments / derivatives

The amount as at 31 December 2020, amounting to 1,818 thousand Euros (3,419 thousand Euros as at 31 December 2019), represents the positive fair value of the Cross Currency Swap contracts stipulated by the Parent Company to hedge the risk of changes to the Dollar-Euro exchange rate, with reference to the bond private placement in US dollars finalized in July 2013.

It must be noted that in July 2020, the Cross Currency Swap contract classified as short-term (1,247 thousand Euros as at 31 December 2019) was extinguished, with the repayment of the relative bond debt.

The two remaining contracts expire in 2023.

It should be noted that, consistently with the possibility offered by the new IFRS9 (paragraph 7.2.21 on "Transitory dispositions concerning the accounting of hedging operations"), the Group has opted to continue to apply the dispositions concerning the accounting of hedging operations of which in IAS 39 to this type of operations.
The change compared to the end of the previous business year is linked to the performance during the period of the US dollar-Euro exchange rate. There are not any contracts whit expiry date over 5 years.

8. Other non-current assets

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Non-current trade receivables	15,700	9,142
Accrued income and prepaid expenses	3,952	4,015
Other non-current receivables	25,242	25,298
Total Other non-current assets	44,894	38,455

The "Non-current trade receivables", amounting to 15,700 thousand Euros (of which 1,194 thousand Euros was with an expiry date of over 5 years) mainly concern agreements and delays in payment defined with the customers. The increase is linked to the finalisation with customers of new re-entry plans as a result of the difficulties encountered by operators in the sector because of the Covid-19 pandemic and the restrictive measures adopted by the institutions.
The prepaid expenses are mainly linked to promotional contributions with clients of a multi-annual nature (the amount with expiry date over 5 years is assessed for some 1.916 thousand Euros). The item "Other non-current receivables" includes, in addition to receivables from State coffers for VAT on loss of clients of 6,066 thousand Euros, receivables from suppliers for 18,711 thousand Euros (18,217 thousand Euros as at 31 December 2019), of which 390 thousand Euros with expiry date over 5 years.

Current assets

9. Inventories

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Finished goods and goods for resale		
Foodstuff	31,979	38,998
Meat	10,689	15,389
Seafood	82,869	104,516
Fruit and vegetables	156	32
Hotel equipment	2,409	2,379
	128,102	161,314
provision for write-down of inventories	(1,368)	(651)
Goods in transit	5,239	7,306
Packaging	2,608	2,426
Total Inventories	134,581	170,395

The inventories are not conditioned by obligations or other property rights restrictions.
As explained in the Directors' Report, the inventories show a decrease of 35.8 million Euros compared to 31 December 2019, mainly as a result of a careful review of the supply policies implemented since the lockdown in March 2020 and the recovery of activities in the catering sector since last 18 May, with trends in the summer season that was basically free of binding regulatory restrictions. The result achieved in the first half of the year was consolidated in the second half.

The following are the movements during the year, which highlight a net allocation for the period to the provision for the write-down of inventories amounting to 717 thousand Euros, in order to align the inventories to their presumable realisation value.

(€thousand)	Balance at 31.12.20	Change of the year	Consolidation change	Balance at 31.12.19
Finished goods and goods for resale	128,102	(33,023)	(189)	161,314
Goods in transit	5,239	(2,067)	0	7,306
Packaging	2,608	182	0	2,426
	135,949	(34,908)	(189)	171,046
Provision for write-down of inventories	(1,368)	(717)	0	(651)
Total Inventories	134,581	(35,625)	(189)	170,395

10. Current financial receivables

The item "Current financial receivables" is composed of:

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Financial receivables from Parent companies	5,794	1,843
Receivables from loans granted to third parties	626	560
Total Current financial receivables	6,420	2,403

The Receivables for loans granted to third parties, all of which are interest-bearing, refer, in addition to the receivables from transporters (324 thousand Euros) consequent to the sale of the trucks used to transport MARR products and from service-supplying partners (75 thousand Euros), the loans granted in 2020 by the Parent Company to the commercial experts in support of their activities as a result of the impact of the Covid-19 pandemic on the hotel and restaurants sector, and thus in support of the MARR sales network (227 thousand Euros) .

It must be noted that the receivables from Parent Companies are interest-bearing (at rates in line with market rates).

11. Current trade receivables

This item is composed of:

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Trade receivables from customers	323,061	397,506
Trade receivables from Parent companies	2,682	738
Total current receivables	325,743	398,244
Provision for write-down of receivables from customers	(42,593)	(38,744)
Total current net receivables	283,150	359,500

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Trade receivables from customers	319,701	387,337
Receivables from Associated Companies	0	12
Receivables from Associated Companies Consolidated by the Cremonini Group	3,360	10,154
Receivables from Associated Companies not Consolidated by the Cremonini Group	0	3
Total current trade receivables from customers	323,061	397,506

The receivables from customers due within the year, deriving in part from normal sales operations and in part from the supply of services, have been valued on the basis of that indicated above. Receivables are shown net of bad debt provision of 42,593 thousand Euros, as highlighted in the table below.

The receivables "from associated companies consolidated by the Cremonini Group" (3,360 thousand Euros), are analytically outlined, together with the corresponding payable items, in Appendix 9 of the these Explanatory Notes. These receivables are all of a commercial nature.

The item Receivables from customers is net of a plan for the sale of receivables on a continuing and without recourse basis as a result of the Contract initially signed in May 2014 and subsequently renewed in December 2018 for an additional period of 5 years.
As at 31 December 2020, the outstanding sold amounted to 32,711 thousand Euros (65,553 thousand Euros as at 31 December 2019), a decrease compared to last year primarily as a result of the decrease in returns because of the pandemic.

Lastly, it must be noted that as at 31 December 2020, the payables to customers for end of year bonuses was classified in reduction of the trade assets rather than in the other payables; the values as at 31 December 2019 are restated for comparative purposes.

Receivables in foreign currencies have been adjusted to the exchange rate valid on 31 December 2020.

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

In 2020, the provision for the write-down of receivables recorded the following movements and the determination of the period allocation reflects the exposure of the receivables – net of the write-down provision – at their presumable realisation value.

(€thousand)	Balance at 31.12.20	Increases	Other movements	Drecreases	Consolidation change	Balance at 31.12.19
- Tax-deductible provision	1,769	1,767	49	(2,198)	10	2,141
- Taxed provision	40,820	16,903	(49)	(12,560)	10	36,516
- Provision for interest for late payments	4	0	0	(83)	0	87
Total Provision for write-down of Receivables from customers	42,593	18,670	0	(14,841)	20	38,744

12. Tax Receivables

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Ires/Irap tax advances /withholdings on interest	27	76
VAT carried forward	677	1,698
Irpeg litigation	25	25
Ires transferred to the Parent Company	117	12
Tax credit	4,972	0
Other	459	292
Total Tax assets	6,277	2,103

As regards the movements during the year, it must be noted that tax credit arose during the year totalling 4,972 thousand Euros and primarily identified as follows:
- 4,690 thousand Euros representing residual tax credit (mainly from the "holidays bonus") transferred during the course of the year primarily to the Parent Company from customers for the payment of their own trade receivables, in the context of a MARR strategy aimed at closeness to the customer in support of the operators in the Italian tourism sector;
- 282 thousand Euros represented for 256 thousand Euros (attributed to the income statement on the basis of the useful lifetime fo the assets) by the tax credit of the Group on investments in instrumental assets ex Law 160/2019 and Law 178/2020 and for 22 thousand Euros by advertising investments.
In addition to the above, it must also be noted that during the year, the Group accrued tax credit for sanitization and the purchase of individual protection devices totalling 18 thousand Euros, which was almost totally used to compensate the payment of taxes as at 31 December 2020.

The decrease in credit for VAT carried forward must also be noted. This item is partly related to the deferred VAT receivables of the Parent Company from Spain, amounting to 282 thousand Euros as at 31 December 2020 (1,578 thousand Euros as at 31 December 2019), and for 68 thousand Euros to the deferred VAT receivables related to the deductibility of VAT from customs bills accounted before the closure of the business year (38 thousand Euros as at 31 December 2019). In addition, this item compared to last year includes the 2020 VAT receivables amounting to 294 thousand Euros of the new subsidiary SìFrutta, which does not subscribe to Group VAT payment.

It should also be noted that the item "Other" is represented for 273 thousand Euros by VAT receivables of the Parent Company from overseas (Spain), requested as reimbursement from the competent authorities, and 167 thousand Euros of residual VAT receivables for 2019 of the subsidiary SìFrutta, to bring in compensation with other tax payables.

13. Cash and cash equivalents

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Cash and Cheques	3,633	10,873
Bank and postal accounts	247,858	181,620
Total Cash and cash equivalents	251,491	192,493

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

With regard to the changes in the net financial position, refer to the cash flows statement of 2020, and for its composition, refer to the comments in the paragraph "Analysis of the Net Financial Position" in the Directors' Report.

14. Other current assets

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Accrued income and prepaid expenses	590	359
Other receivables	39,018	49,764
Total Other current assets	39,608	50,123

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Prepaid expenses		
Leases on buildings and other assets	3	0
Maintenance fees	266	251
Insurance costs/Administration services	75	78
Commercial and advertising costs	1	1
Other prepaid expenses	245	29
Totale Current accrued income and prepaid expenses	590	359

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Guarantee deposits	131	130
Other sundry receivables	1,601	1,273
Provision for write-down of receivables from others	(5,484)	(4,884)
Receivables from social security institutions	932	249
Receivables from agents	1,935	1,723
Receivables from employees	55	45
Receivables from insurance companies	803	943
Advances and deposits	590	355
Advances to suppliers and supplier credit balances	37,974	49,496
Advances to suppliers and supplier credit balances from Associates	481	434
Total Other current receivables	39,018	49,764

The item *Advances to suppliers and other receivables from suppliers*, in addition to payments made to foreign suppliers (non-EU) for the purchase of goods with "f.o.b. clause" or advance payment on next fishing campaigns (for 18,397 thousand Euros, 18,824 thousand Euros in 2019), also includes receivables for contributions to be received from suppliers totalling 14,522 thousand Euros (see the comments made in paragraphs 30 "Other revenues").

Receivables from foreign suppliers in foreign currencies have been adjusted, if necessary, to the exchange rate valid on 31 December 2020.

It must be noted that as at 31 December 2020, some of the receivables from suppliers, concerning end of year bonuses to be received, was classified in reduction of the trade liabilities; the values as at 31 December 2019 have been restated for comparative purposes.

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

(€thousand)	Balance at 31.12.20	Increases/other movements	Decreases	Balance at 31.12.19
- Provision for Receivables from Others	5,484	600	0	4,884
Total Provision for write-down of Receivables from Others	5,484	600	0	4,884

Breakdown of receivables by geographical area

The breakdown of receivables by geographical area is as follows:[IX]

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial receivables	1,067	3	0	1,070
Non-current derivative/financial instruments	1,818	0	0	1,818
Deferred tax assets	0	0	0	0
Other non-current assets	26,183	0	18,711	44,894
Financial receivables	6,419	1	0	6,420
Current derivative/financial instruments	0	0	0	0
Trade receivables	257,722	19,650	5,778	283,150
Tax assets	5,721	556	0	6,277
Other current assets	23,133	5,093	11,382	39,608
Total receivables by geographical area	322,063	25,303	35,871	383,237

[IX] Receivables from Great Britain are considered as EU receivables.

LIABILITIES

15. Shareholders' Equity

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

Share Capital
The Share Capital as at 31 December 2020, amounting to 33,263 thousand Euros, is unchanged compared to the previous business year and is represented by 66,525,120 MARR S.p.A. ordinary shares, entirely subscribed and paid up, with regular benefit, of a nominal value of 0.50 Euros each.

Share premium reserve
As at 31 December 2020, this reserve amounts to 63,348 thousand Euros and does not appear to have changed since 31 December 2019.

Legal reserve
This Reserve amounts to 6,652 thousand Euros and does not appear to have changed since 31 December 2019.

Shareholders' contributions on account of capital
This Reserve did not change in 2020 and amounts to 36,496 thousand Euros.

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

Extraordinary Reserve
As at 31 December 2020, the increase of 64,349 thousand Euros, is attributable to the allocation of the profits for the year closed on 31 December 2019, as per shareholder meeting's decision made on 28 April 2020.

Cash flow hedge reserve
As at 31 December 2020, this item amounted to a positive value of 134 thousand Euros and is linked to the stipulation of both hedging contracts for exchange rates undertaken by the Parent Company for the specific hedging of a loan in foreign currency and trade payables due to the purchase of goods in foreign currency and interest rate hedging contracts for the specific coverage of variable rate loan contracts.
As regards the movements in this reserve and the other profits/losses in the Statement of Comprehensive Income, see that described in the Consolidated Statement of Changes in the Shareholders' Equity and in paragraph 40 "Other profits/losses", and paragraphs 7, 18 and 25 in these explanatory notes.

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

IAS19 Reserve
As at 31 December 2020, this reserve amounts to a negative value of 811 thousand Euros and is composed of the value, net of the theoretical tax effect, of actuarial losses and gains regarding the evaluation of Staff Severance Provision as required by the amendments to IAS principle 19 "Employee Benefits", effective for the business years beginning from 1 January 2013. Consistently with that established by the IFRS, these profits/losses have been entered in the net equity and their variation is highlighted (according to IAS 1 revised, in force from 1 January 2009) in the consolidated comprehensive income statement.

With regard to the reserves in taxation suspension (ex. Art. 55 DPR 917/86 and 597/73 reserve), amounting to 1,453 thousand Euros as at 31 December 2020, the relevant deferred tax liabilities have been accounted for.

On 28 April 2020, the Shareholders' meeting approved the MARR S.p.A. financial statements as at 31 December 2019 and consequently decided to suspend the distribution of the 2019 dividends and allocate the business year profit to the extraordinary reserve.

Non-current liabilities

16. Non-current financial payables

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Payables to banks - non-current portion	204,254	137,491
Payables to other financial institutions - non-current portion	26,812	29,302
Total non-current financial payables	231,066	166,793

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Payables to banks (1-5 years)	203,412	137,491
Payables to banks (over 5 years)	842	0
Total payables to banks - Non-current portion	204,254	137,491

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Payables to other financial institutions (1-5 years)	26,812	29,302
Payables to other financisl institutions (over 5 years)	0	0
Total payables to other financial institutions - Non-current portion	26,812	29,302

The variation in long-term payables to banks is due to the combined effect of the ordinary progress of the amortization plans and the new transactions completed.
In particular, the Parent Company stipulated the following new contracts in 2020:
- loan signed on 24 February 2020 with Banca Intesa San Paolo for 50 million Euros, split into two portions, one of 20 million Euros (paid out on 26 February) and the other "bullet" of 30 million Euros (paid out on 25 March 2020), both expiring in February 2023;
- loan signed on 4 March 2020 with Credito Emiliano for 7.5 million Euros, with a pay-back plan terminating in March 2023;
- loan signed on 9 April 2020 with Credit Agricole Italia for 10 million Euros, with pay-back plan terminating in April 2026;
- loan signed on 13 May 2020 with Unicredit for 30 million Euros, with pay-back plan terminating in May 2022;
- loan signed on 20 May 2020 with UBI Banca for 25 million Euros, with pay-back plan terminating in May 2023.

The following must also be noted:
- In January, the last instalment of the mortgage loan ongoing with Banca Intesa San Paolo was paid and the relative mortgage was cancelled which had been for a value of 10,000 thousand Euros on the building owned by the Parent Company in Bottegone (PT) – Via Francesco Toni 285/297.
- the two ongoing loans with Banca Intesa San Paolo were both terminated in advance, for a total of 19.8 million Euros which, as at 31 December 2019, had been classified for 9.5 million Euros in the current financial payables and for 10.3 million in the non-current financial payables.

As regards the value of the payables to other financial institutions, this is represented entirely by the private bond placement in US dollars stipulated by the Parent Company in July 2013 and expiring in 2023 (29,246 thousand Euros as at 31 December 2019).

The bond placement was originally opened by the parent company for 43 million dollars and an average coupon of about 5.1% and that there are specific Cross Currency Swap contracts in force to hedge the risk of oscillation in the US dollar to Euro exchange rate, the effects of which are described in paragraph 7 "Financial instruments / derivatives".

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

Credit institutes	Interest rate	Expiry	Portion from 2 to 5 years	Portion beyond 5 years	Balance at 31.12.20
Pool BNP Paribas	Euribor 6m +0,85%	30/06/2022	9,278	0	9,278
BNL	Fisso 0,75%	30/09/2023	29,983	0	29,983
Unicredit	Euribor 6m +0,55%	11/04/2022	4,166	0	4,166
Cassa Centrale Banca	Euribor 3m +0,75%	04/08/2023	11,706	0	11,706
Rivierabanca	Euribor 6m +0,59%	04/07/2022	3,004	0	3,004
Credito Valtellinese	Euribor 6m +0,75%	05/01/2024	6,273	0	6,273
Cassa di Risparmio di Ravenna	Euribor 3m +0,98%	16/05/2023	2,517	0	2,517
Mediobanca	Euribor 6m +1,04%	30/04/2024	19,432	0	19,432
CaixaBank	Euribor 6m +1,00%	31/10/2024	18,726	0	18,726
Banca Intesa SanPaolo Tranche A	Euribor 6m +0,58%	24/02/2023	11,988	0	11,988
Banca Intesa SanPaolo Tranche B	Euribor 6m +0,58%	24/02/2023	29,965	0	29,965
Credem	Euribor 3m +0,55%	04/03/2023	4,688	0	4,688
Credit Agricole	Euribor 6m +0,90%	09/04/2026	6,657	842	7,499
Unicredit	Euribor 6m +0,60%	13/05/2022	29,995	0	29,995
UBI Banca	Euribor 3m +0,90%	20/05/2023	15,034	0	15,034
			203,412	842	204,254

It must be noted that as at 31 December 2020, there are no mortgages on the properties of the Group.

It must also be noted that, to hedge the variable rate loan granted in April 2018 by Unicredit, the Parent Company has an Interest Rate Swap contract with the same bank ongoing. This contract has a notional residual value of 12,500 thousand Euros as at 31 December 2020 and expires in April 2022.

The following table shows the details of the financial covenants ongoing on closure of the year and the relative loans.
As also highlighted in the Directors' Report, the current economic context and the impacts of the pandemic and relative restrictions, with negative impacts on the Group results, have led to the identification of covenant breaches concerning some of the financial contracts because of one of the indices envisage contractually being exceeded, which is that of the ratio between net financial indebtedness and EBITDA.
For these loans, management started and finalised "covenant holidays" agreements with the respective banks for the temporary suspension of the verification of the financial parameters already in June.

Credit institutes	Due date	Residual value	Covenants			Reference Date	
			NFP/ Net Equity	NFP/ EBITDA	EBITDA/ Net financial charges	30 June	31 December
Pool BNP Paribas	30/06/2022	27,810	< 2,0	< 3,5	> 4,0	✔	✔
BNL	30/09/2023	29,973	=< 2,0	=< 3,0	>= 4,0	✔	✔
Crédit Agricole Cariparma	19/05/2021	1,262	< 2,0	< 4,0			✔
Credito Valtellinese	05/01/2024	7,519	=< 2,0	=< 3,5			✔
Iccrea in Pool	21/09/2021	16,931	=< 2,0	=< 3,0			✔
Banca Popolare dell'Emilia Romagna	21/12/2021	3,332	=< 2,0	=< 3,0			✔
Credem	18/07/2021	1,881		=< 3,15	>= 14,5		✔
Ubi Banca	19/07/2021	3,333	=< 1,5	=< 3,0			✔
Mediobanca	30/04/2024	27,198	< 1,5	< 3,0	> 4,0	✔	✔
CaixaBank	31/10/2024	24,959	=< 2,0	=< 3,5			✔
Intesa - Tranche A	24/02/2023	19,966	=< 2,0	=< 3,5	>= 4,0		✔
Intesa - Tranche B	24/02/2023	29,934	=< 2,0	=< 3,5	>= 4,0		✔
Unicredit	11/04/2022	12,489	=< 2,0	=< 3,0	>= 4,0	✔	✔
Unicredit	13/05/2022	29,979	=< 2,0	=< 3,0	>= 4,0	✔	✔
Crédit Agricole	09/04/2026	9,139	=< 2,0	=< 4,0			✔
Ubi Banca	20/05/2023	24,965	=< 2,0	=< 3,0			✔
		270,670					
Private Placement Bond - 10 years	11/07/2023	26,763	< 2,0	< 3,5	> 4,0	✔	✔
		26,763					

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

	Book Value		Fair Value	
(€thousand)	2020	2019	2020	2019
Payables to banks - non-current portion	204,254	137,491	203,635	137,044
Payables to other financial institutions - non-current portion	26,812	29,302	26,188	28,688
	231,066	166,793	229,823	165,732

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

17. Non-current lease liabilities (IFRS16)

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Financial payables for leases - Right of use (2-5 years)	24,030	22,399
Financial payables for leases - Right of use (over 5 years)	20,904	16,115
Total payables for leases - Right of use - Non-current portion	44,934	38,514

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

18. Financial Instrument / Derivatives

The amount as at 31 December 2020, amounting to a financial liability of 49 thousand Euros, represents the fair value of the Interest Rate Swap contract stipulated by the Parent Company in May 2019 with Unicredit, The contract, with a notional residual value as at 31 December 2020 of 12,500 thousand Euros, expires in April 2022 and was signed to hedge the ongoing variable-rate loan for the same amount with the same bank.

19. Employee benefits

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

(€thousand)	
Opening balance at 31.12.19	*8,298*
effect of acquisition of branches of business	0
changes in consolidation area	23
payments of the period	(1,105)
provision for the period	112
other changes	(53)
Closing balance at 31.12.20	7,275

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

It must be highlighted that the allocation for the period includes net actuarial losses totalling 4 thousand Euros (almost all from experience). These amounts are recorded in the accounts, net of the theoretical fiscal effect, in the relevant net equity reserve as provided by IAS 19 (see that described as regards the movement of the Net Equity and in paragraph 15 of these Explanatory Notes).

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

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

(€thousand)	Turnover +1 %	Turnover -1 %	Inflation rate + 0.25%	Inflation Rate - 0.25%	Discounting rate + 0.25%	Discounting rate - 0.25%
Effect at the end on liability	(42)	46	72	(71)	(111)	114

It should also be noted that the contribution expected for the following business year is about 67 thousand Euros; future payments expected in the next five years can be estimated as totalling 3.4 million Euros.

20. Provisions for non-current risks and charges

(€thousand)	Balance at 31.12.20	Provisions	Decreases	Consolidation change	Balance at 31.12.19
Provision for supplementary clients severance indemnity	5,804	860	(202)	0	5,146
Provision for specific risks	1,295	321	(65)	0	1,039
Total Provisions for non-current risks and charges	7,099	1,181	(267)	0	6,185

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

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

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

Lastly, it must be pointed out that on 29 June 2017, the Taxation Unit of the Guardia di Finanza (Finance Police) in Rimini started a tax inspection of a general nature (IRES, IRAP, VAT and other taxes) with MARR concerning the 2015 and subsequent fiscal years. The inspection ended and a Final Report was drawn up in which it was claimed that there had only been one presumed irregularity committed by MARR during the years involved. On 31 December 2020, the terms for the issuing of any deeds of imposition deriving from the Final Report expired, and on the same date, there were no deed issued against the company in the informative system of the tax authorities.

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

Potential liabilities
It must be pointed out that on 08.03.2021, the Milan INPS office notified to MARR, on the basis of the solidarity clause ex art. 29 of Legislative Decree 276/2003, a tax inspection report concerning the claimed failure to pay contributions and/or undue remuneration against a cooperative services company, as the associate of a service provider company, which ceased all relations with MARR in 2019.

Form a cursory analysis of the documentation notified, MARR, assisted by its legal consultants, believes that the claims made against it have no foundation.

21. Deferred tax assets and deferred tax liabilities

As at 31 December 2020 this item amounted to a net liability of 1 thousand Euros. The table below shows the details of the items:

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
On taxed provisions	12,271	10,770
On costs deductible in cash	101	142
On costs deductible in subsequent years	1,174	946
On other changes	618	18
Deferred tax assets	14,164	11,876
On goodwill amortisation reversal	(9,107)	(8,660)
On funds subject to suspended taxation	(405)	(406)
On leasing recalculation as per IAS 17	(449)	(449)
On actuarial calc. of severance provision fund	218	228
On fair value revaluation of land and buildings	(3,454)	(3,463)
On allocation of acquired companies' goodwill	(667)	(675)
On cash flow hedge	(42)	186
Others	(259)	(259)
Deferred tax liabilities	(14,165)	(13,498)
Deferred tax assets/(liabilities)	(1)	(1,622)

It must be pointed out that the item "On other changes" in the deferred tax assets includes 500 thousand Euros for the deferred tax assets on the ACE basis not used by the Parent Company, which will be transferred to Cremonini as part of the National Consolidated Fiscal regime, in addition to the tax assets on fiscal losses concerning 2019 and 2020 of the new subsidiary SìFrutta for 118 thousand Euros.

On the basis of the multiannual plans, management believes these assets to be recoverable through future tax bases.

22. Other non-current payables

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Other non current liabilities	1,560	1,180
Other non-current accrued expenses and deferred income	308	14
Total other non-current payables	1,868	1,194

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

Current liabilities

23. Current financial payables

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Payables to banks	166,810	168,872
Payables to other financial institutions	652	9,930
Total Current financial payables	167,462	178,802

Current payables to banks:

(€thousand)		Balance at 31.12.20		Balance at 31.12.19
Current accounts		225		167
Loans/Advances		66,405		38,629
Loans:				
- Cassa di Risp.di Pescia e Pistoia	0		261	
- Cassa di Risparmio di Ravenna	829		1,654	
- Banca Intesa San Paolo	0		1,494	
- Crédit Agricole Cariparma	1,262		2,512	
- Ubi Banca	0		2,999	
- Bnl	0		29,993	
- Banca Intesa San Paolo	0		0	
- Unicredit	8,324		8,315	
- Banca Intesa	0		7,997	
- Cassa Centrale Banca	3,341		6,673	
- Cassa Centrale Banca	3,318		6,627	
- Credito Valtellinese	1,246		2,487	
- Bper	3,332		3,331	
- Ubi Banca	3,333		4,444	
- Iccrea	16,931		22,558	
- BNP Paribas	18,532		18,495	
- Credem	1,881		2,503	
- Mediobanca	7,766		7,733	
- Riviera Banca	1,494		0	
- CaixaBank	6,232		0	
- Banca Intesa San Paolo Tranche A	7,977		0	
- Banca Intesa San Paolo Tranche B	2,810		0	
- Crédit Agricole	1,641		0	
- Ubi Banca	9,931		0	
		100,180		130,076
		166,810		168,872

For more details regarding the variation in mortgages and loans, see that outlined in the paragraph 16 "Non-current financial payables".

It should also be noted that the item "Loans/Advances" includes 12,193 thousand Euros for sbf advances, 22,337 thousand Euros for importing loans and 19,005 thousand Euros for advances on invoices, in addition to the 12,934 thousand Euros payables to Banca IMI due to the securitization operation started in 2014 by the Parent Company.

The balance of the payables to other financiers includes the portion of interest accrued on the private placement bond in US dollars, for a total of 594 thousand Euros, and the short-term portion of the financial payables for server leasing, amounting to 56 thousand Euros.

With regard to the private placement bond, it must be highlighted that on 10 July 2020, the Parent Company paid back to the investors the capital portion expiring (classified among the current liabilities for 8,844 thousand Euros as at 31 December 2019) and the half-yearly portion of interest, for a total outgoing amounting to 8,514 thousand Euros.

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

24. Current lease liabilities (IFRS16)

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Financial payables for leases - Right of use	8,528	7,911
Total Payables for leases - Current portion	8,528	7,911

This item includes the current financial payables relating mainly to the multi-annual lease contracts for the facilities in which some of the distribution centres of the Parent Company and the subsidiary New Catering are located.
As also mentioned in paragraph 17 with regard to the non-current portion of the lease liabilities, it must be noted that the liability has been recorded in compliance with that provided by the new IFRS16, effective as of 1 January 2019, and is calculated as the current value of the future lease payments, actualised at a marginal interest rate which, on the basis of the multi-annual contractual duration for each individual contract, has been included in the range of between 1% and 3%.

25. Financial instruments / derivatives

The amount as at 31 December 2020, equal to 6 thousand Euros, concerns forward transactions in foreign currency undertaken by the Parent Company to hedge the underlying transactions for the purchase of goods. These transactions are accounted as hedging financial flows.

26. Current tax liabilities

The breakdown of this item is as follows:

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Irap	3	18
Ires trasferred to Parent Company	770	1,755
Other taxes payables	266	263
Irpef for employees	646	1,394
Irpef for external assistants	107	312
Total current tributary payables	1,792	3,742

This item relates to taxes payable of a determined and certain amount.
The change compared to last year is primarily linked to the decrease in IRES payables for the year as a result of the reduced taxable base caused by the impacts of the Covid-19 pandemic on the sales and on the Group results, in addition to the reduced IRPEF payables as a result of the use during the course of the year of the social safety nets made available by the Institutions.
It must be noted that the IRAP payables benefit from the non-payment of the first advance by the subsidiaries AS.CA and New Catering, which both benefitted from the facilitation granted for 2020 (as a measure restricting the impact of Covid-19) by art. 24 of Decree Law 34/2020.
Lastly, it should be noted that, as regards MARR S.p.A., the 2016 and following business years can still be verifiable by the fiscal authorities, by reason of the ordinary verification deadlines and excluding currently pending fiscal litigations.

27. Current trade liabilities

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Payables to suppliers	225,067	314,668
Trade payables to Parent Company	166	87
Payables to Associated Companies consolidated by the Cremonini Group	9,346	9,565
Payables to Associated Companies	0	215
Total current trade liabilities	234,579	324,535

The trade liabilities mainly refer to payables for the purchase of goods for marketing and payables to Sales Agents. They also include "Payables to Associated Companies consolidated by the Cremonini Group" for 9,346 thousand Euros and "Trade Payables to Parent Companies" for 166 thousand Euros, the details and analysis of which are reported in the Appendix 9 of these Explanatory Notes.

It should be noted that as at 31 December 2020, part of the receivables form suppliers concerning end-of-year bonuses to be received was classified in reduction of the trade liabilities. The values as at 31 December 2019 have been restated for comparative purposes.

28. Other current liabilities

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Current accrued income and prepaid expenses	188	98
Other payables	11,732	14,458
Total other current liabilities	11,920	14,556

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Other accrued expenses	25	45
Other deferred income	51	3
Deferred income for interest from clients	112	50
Total current accrued expenses and deferred income	188	98

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Inps/Inail and other social security institutes	1,457	1,832
Enasarco/ FIRR	832	947
Payables to personnel for emoluments	4,316	5,130
Amounts due for remuneration of employees/directors	939	1,047
Advances from customers, customers credit balances	2,664	3,592
Advances from customers, customers credit balances - Associeted Company	6	0
Payables to Directors	252	598
Other sundry payables	1,266	1,312
Total other payables	11,732	14,458

The item "*Payables to personnel for emoluments*" and "*Accrual for remuneration of employees/directors*" includes current salaries not yet paid as at 31 December 2020 and allocations for leave accrued but not taken, with relevant charges.

It should be noted that as at 31 December 2020, the receivables form suppliers concerning end-of-year bonuses was classified in reduction of the trade liabilities rather than in the other payables. The values as at 31 December 2019 have been restated for comparative purposes

Breakdown of payables by geographical area

The breakdown of payables by geographical area is as follows:[x]

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial payables	178,280	25,893	26,893	231,066
Non-current lease liabilities (IFRS16)	44,934	0	0	44,934
Non current derivative financial instruments	49	0	0	49
Employee benefits	7,275	0	0	7,275
Provisions for risks and charges	7,099	0	0	7,099
Deferred tax liabilities	1	0	0	1
Other non-current liabilities	1,868	0	0	1,868
Current financial payables	153,426	13,393	643	167,462
Current lease liabilities (IFRS16)	8,528	0	0	8,528
Current derivative financial instruments	6	0	0	6
Current tax liabilities	1,769	0	23	1,792
Current trade liabilities	201,956	27,602	5,021	234,579
Other current liabilities	11,858	56	6	11,920
Total payables by geographical area	617,049	66,944	32,586	716,579

Guarantees, securities and commitments

Guarantees (totalling 18,780 thousand Euros)
These refer to:

- guarantees issued on behalf of MARR S.p.A. in favour of third parties (amounting to 11,230 thousand Euros) and are guarantees granted on our request by credit institutions to guarantee the correct and punctual execution of tender and other contracts of a duration of either within the year or over the year;
- guarantees issued by MARR in favour of financial institutes in the interest of subsidiary companies. This item amounted to a total of 7,550 thousand Euros as at 31 December 2020 and refers to credit lines granted to the associates AS.CA and SìFrutta S.r.l..

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Guarantees		
AS.CA S.p.A.	5,600	5,600
SìFrutta S.r.l.	1,950	0
Total Guarantees	7,550	5,600

Collaterals
As described in the notes to the item "Non-current financial payables" and "Tangible assets", there are no collaterals on properties owned by the Company ongoing as at 31 December 2020.

Other risks and commitments
This item includes 5,874 thousand Euros referring to credit letters issued by certain credit institutes to guarantee obligations undertaken with our foreign suppliers.

[x] The payables to Great Britain are included in the EU column.

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

29. Revenues

Revenues are composed of:

(€thousand)	31.12.2020	31.12.2019
Revenues from sales - Goods	1,046,854	1,648,491
Revenues from Services	158	308
Advisory services to third parties	108	219
Manufacturing on behalf of third parties	60	32
Rent income (typical management)	21	27
Other services	1,195	2,310
Total revenues	1,048,396	1,651,387

The revenues from sales and services were affected by the major restrictions imposed on tourism and catering activities by the measures for the containment of the pandemic implemented in Italy at the end of February and still in force.
See that described in the Directors' Report for a more detailed analysis of the performance of revenues.

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

(€thousand)	31.12.2020	31.12.2019
Italy	972,747	1,544,780
European Union	38,960	58,243
Extra-EU countries	36,689	48,364
Total	1,048,396	1,651,387

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

30. Other revenues

The Other revenues are broken down as follows:

(€thousand)	31.12.2020	31.12.2019
Contributions from suppliers and others	19,390	39,649
Other Sundry earnings and proceeds	4,406	2,376
Revenues for accrued tax credits	51	0
Reimbursement for damages suffered	714	1,643
Reimbursement of expenses incurred	546	586
Recovery of legal taxes	25	29
Capital gains on disposal of assets	149	139
Total other revenues	25,281	44,422

The "Contributions from suppliers and others", which also decreased because of the market trends due to the pandemic, consist mainly of contributions obtained from suppliers for the commercial promotion of their products with our customers; see that described in the Directors' Report for a more detailed analysis of the performance. Lastly, it should be

[XI] Revenues from Great Britain are included in the item "European Union".

recalled that a part of the contribution from suppliers, related to contracts for the recognition of the end-of-year bonuses, has been included to reduce the cost of purchasing materials.

The item "Other sundry" increased mainly due to non-recurrent income related to the receipt of receivables overturned in previous years as a result of administrative procedures (2,320 thousand Euros).
As regards the revenues from tax assets accrued, see that described in paragraph 12 "Tax assets".

31. Purchase of goods for resale and consumables

This item is composed of:

(€thousand)	31.12.2020	31.12.2019
Purchase of goods	820,957	1,337,785
Purchase of packages and packing material	3,128	5,216
Purchase of stationery and printed paper	595	990
Purchase of promotional and sales materials and catalogues	134	190
Purchase of various materials	450	566
Fuel for industrial motor vehicles and cars	247	305
Total purchase of goods for resale and consumables	825,511	1,345,052

As regards the performance of the purchase cost of goods destined for commercialisation, see the Directors' Report and the relevant comments on the gross margin.
As highlighted in the previous paragraph, the item "Purchases of goods" benefits for some 4,552 thousand Euros (8,464 thousand Euros in the year 2019), of the part of contribution from suppliers identifiable as end-of-year bonuses.

32. Personnel costs

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

(€thousand)	31.12.2020	31.12.2019
Salaries and wages	19,905	27,840
Social security contributions	5,882	8,354
Staff Severance Provision	1,796	2,027
Other Costs	243	383
Total personnel costs	27,826	38,604

The decrease is due to two factors: on one hand, the adjustment of the workforce to the market situation through the use of the social safety nets made available by the Government, an intensification of the use of paid leave and less overtime work (for total savings of 8.0 million Euros) and, on the other, the benefits of the integration of the business of AS.CA into MARR (approximately 1.3 million Euros).

It should be noted that it was necessary in 2020 to implement the employment law instruments made available by the authorities to make operations as similar as possible to the effective market trends, and in this regard, over 400,000 working hours were used through the social safety nets.

Below is the breakdown of the Group workforce, which showed a reduction in numbers compared to 2019, mainly as a result of the reorganization following the integration of the activities of AS.CA into MARR, the completion of the outsourcing of operating activities in the MARR Sanremo distribution centre and the outsourcing of the activities previously carried out at the Carnemilia facility.
The breakdown of employees by category is as follows:

	Workers	Employees	Managers	Total
Employees at 31.12.19	214	601	8	823
Net increases and decreases	*(23)*	*(30)*	*0*	*(53)*
Employees at 31.12.20	191	571	8	770
Average employees at 31.12.20	205.2	587.9	8.0	801.1

33. Amortizations, depreciation and provisions

(€thousand)	31.12.2020	31.12.2019
Depreciation of tangible assets	6,712	6,845
Depreciation of right of use	8,988	8,338
Amortization of intangible assets	428	399
Adjustment to provision for supplementary clientele severance indemnity	860	486
Allocation of provision for risks and losses	321	0
Total amortization, depreciation and provisions	17,309	16,068

As regards the amortisations, see the movements shown in paragraphs 1, 2 and 4 concerning the fixed assets.
The allocation of the provision for future risks and losses is correlated to ongoing lawsuits with suppliers of the subsidiaries, in addition to the support activities undertaken by the Parent Company for the technical sales experts as a result of the impacts caused by the pandemic on their activities; see paragraph 20 "Provision for risks and contingencies" for the movements.

34. Losses due to impairment of financial assets

(€thousand)	31.12.2020	31.12.2019
Allocation of taxable provisions for bad debts	17,503	11,154
Allocation of non-taxable provisions for bad debts	1,767	2,140
Total Losses due to impairment of financial assets	19,270	13,294

The increase in this item is mainly linked to an increased prudential allocation made to hedge the situation of uncertainty on the market because of the ongoing Covid-19 pandemic and the relative containment measures.
As regards the allocations to the provisions, see the movements described in paragraph 11 "Current trade receivables" and that stated as regards the receivables in the paragraph "Credit risk".

35. Other operating costs

(€thousand)	31.12.2020	31.12.2019
Operating costs for services	143,414	193,642
Operating costs for leases and rentals	(94)	573
Operating costs for other operating charges	1,566	1,533
Total other operating costs	144,886	195,748

(€thousand)	31.12.2020	31.12.2019
Sale expenses, distribution and logistic costs for our products	114,593	157,051
Energy consumption and utilities	8,951	10,831
Third-party production	3,051	4,828
Maintenance costs	4,806	5,235
Porterage and movement of goods	3,512	5,925
Advertising, promotion, exhibitions, sales (sundry items)	555	1,078
Directors' and statutory auditors' fees	727	903
Insurance costs	984	965
Reimbursement of expenses, travel costs and sundry personnel costs	264	545
General and other services	5,971	6,281
Total operating costs for services	143,414	193,642

As regards the service costs, it should be noted that the decrease in distribution and logistic costs for products, energy consumption and utilities, porterage and movement of goods and the third party production costs is directly correlated to the reduction in sales because of the Covid-19 pandemic and the relative containment measures.
It must be pointed out that the Group intends to remain close to its customers, offering a continuous service capable of responding to the changing Market requirements, has in some cases led to a reduction in costs not entirely proportional to the reduction in sales, also as a result of the payment integrations agreed to with the service providers.

For more details, see that described in the Directors' Report.

(€thousand)	31.12.2020	31.12.2019
Lease of industrial buildings	49	275
Discount Covid-19 for leases	(351)	0
Lease of processors and other personal property	68	117
Lease of industrial vehicles	5	7
Lease of cars	1	2
Lease of plants, machinery and equipment	25	80
Rent fees and other charges paid on other personal property	109	92
Total operating costs for leases and rentals	(94)	573

As regards the costs for the lease of third party assets, it must be highlighted that the revenues of 351 thousand Euros shown in the table refer to the reduction in the lease fees agreed with the lessors as a result of the Covid-19 pandemic, and mainly concerns the lease contracts for the buildings where the MARR branches are based. In compliance with that envisaged by the IFRS standard, the benefit deriving from these agreements is accounted to reduce operating costs.

Net of this effect, the cost of the lease fees shown in the table, correlated to the contracts expiring within twelve months and not therefore within the scope of application of IFRS 16, is substantially in line with last year.

(€thousand)	31.12.2020	31.12.2019
Other indirect taxes, duties and similar charges	675	685
Expenses for recovery of debts	245	328
Other sundry charges	230	150
Capital losses on disposal of assets	36	22
IMU	319	288
Contributions and membership fees	61	60
Total operating costs for other operating charges	1,566	1,533

The item "other indirect taxes, duties and similar charges" mainly includes: tax and register duties, local duties and taxes and car and vehicle ownership tax.

36. Financial income and charges

(€thousand)	31.12.2020	31.12.2019
Financial charges	5,959	6,514
Financial income	(1,412)	(1,039)
Foreign exchange (gains)/losses	751	(120)
Total financial (income) and charges	5,298	5,355

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

The detail of financial charges and income is as follows:

(€thousand)	31.12.2020	31.12.2019
Interest paid on other loans, bills discount, hot money, imports	3,165	3,220
Interest payable on loans	5	2
Interest payable on discounted bills, advances, exports	249	302
Interest payable on right of use	1,360	1,585
Other financial interest and charges	1,172	1,405
Interest and Other financial charges for Consolidated Parent Companies	8	0
Total financial charges	5,959	6,514

The decrease in financial charges is correlated to the favourable trends during the year in interests rates, with a progressive reduction in the reference Euribor rate and also to other contingent events such as the reduction in the use during the year by the Parent Company of the ongoing securitization plan and the extinction in July of the 10 million dollar expiring instalment of the private placement bond currently in force (which involved a consistent reduction in the interest accrued in the second half-year).
The interest payable as a result of the application of IFRS 16 also decreased, amounting to a total of 1,360 thousand Euros (of which 37 thousand Euros concerning the lease contracts with the associate Le Cupole of Castelvetro (MO) for the lease of the facilities in Via Spagna 20 – Rimini).

(€thousand)	31.12.2020	31.12.2019
Other sundry financial income (interest from customers, etc.)	1,285	718
Interest from the State coffers	0	28
Interests and financial income from Parent Companies	25	1
Income interests from bank accounts	102	292
Total Financial Income	1,412	1,039

The other sundry financial income concerns the interests due from customers for payment delays, which increased compared to last year as a result of the new plans stipulated during the year.

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

This item is broken down as follows:

(€thousand)	31.12.2020	31.12.2019
Dividends by Subsidiaries	0	92
Write off investments in subsidiaries	(222)	(110)
Total Income (charge) from associated companies	(222)	(18)

The values given in the table are attributable to the associate Jolanda de Colò S.p.A., valued using the net equity method.

38. Taxes

(€thousand)	31.12.2020	31.12.2019
Ires-Ires charge transferred to Parent Company	770	22,700
Irap	871	4,680
Net provision for deferred tax liabilities	(1,831)	(723)
Previous years tax	(77)	(79)
Total taxes	(267)	26,578

The table shows the current taxes accrued by the Group during the year; in this regard, it must be noted that the Parent Company only accrued IRAP in 2020.
It must also be noted that the total IRAP benefits from the non-payment of the first advance (totalling 36 thousand Euros) by the subsidiaries AS.CA and New Catering, which both benefitted from the facilitation granted for 2020 (as a measure restricting the impact of Covid-19) by art. 24 of Decree Law 34/2020.
Lastly, the deferred taxes include an estimate of the deferred tax assets on the ACE basis not used by the Parent Company and transferred to the parent company Cremonini as a result of subscribing to the consolidated tax regime for about 500 thousand Euros, in addition to advance taxes on the tax losses of the subsidiary SìFrutta for 2019 and 2020, for approximately 118 thousand Euros.

Below is the reconciliation between theoretical and effective fiscal charges.

(€thousand)			31.12.2020
Result before taxation			(2,680)
Theoretical tax rate			24.0%
Theoretical tax burden			(643)
Items in reconciliation	Taxable amounts		
IRAP			871
Car expenses deductible	294	24.0%	71
Write off investments	222	24.0%	53
Various expenses and fines	520	24.0%	125
Non deductible taxes	228	24.0%	55
Fiscal benefits on super-depreciation	(722)	24.0%	(173)
10% deduction IRAP on IRES	(186)	24.0%	(45)
ACE	(2,135)	24.0%	(512)
Other	35	24.0%	8
Total current and deferred taxes			(190)
Effective tax rate			7.09%

39. Earnings per share

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

(€)	2020	2019
EPS base	(0.04)	1.00
EPS diluted	(0.04)	1.00

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

Business year result:

(€thousand)	31.12.2020	31.12.2019
Profit for the period	(2,413)	66,609
Minority interests	0	0
Profit used to determine basic and diluted earnings per share	**(2,413)**	**66,609**

Number of shares:

(number of shares)	31.12.2020	31.12.2019
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**

40. Other profits/losses

The other profits/losses accounted for in the consolidated statement of other comprehensive income consist of the effects produced and reflected in the period with reference to the following items:
- effective part of the operations for: hedging exchange risk rate related to the private bond placement in US dollars stipulated by the Parent Company in July 2013; effective part of the exchange purchase transactions to hedge the underlying purchases of goods; hedging interest rate risk for certain variable-rate investments. The value indicated amounted to a total profit of 722 thousand Euros (+990 thousand Euros in the year 2019) and is shown net of the taxation effect (that amounts to approximately -228 thousand Euros as at 31 December 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 11 thousand Euros (loss of 178 thousand Euros in 2019), is the net effect of actuarial losses in 2020 of 4 thousand Euros and the partial reversal to the income statement of the reserve of the subsidiary AS.CA as a result of the business lease by the Parent Company. The amount 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 1 January 2009) in the consolidated statement of other comprehensive income.

Net financial position[XII]

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

	MARR Consolidated (€thousand)	Note	31.12.20	31.12.19*
A.	Cash		3,633	10,873
	Bank accounts		247,842	181,530
	Postal accounts		16	90
B.	Cash equivalent		247,858	181,620
C.	Liquidity (A) + (B)	13	251,491	192,493
	Current financial receivable due to Parent Company		5,794	1,843
	Current financial receivable due to Related Companies		0	0
	Others financial receivable		626	560
D.	Current financial receivable	10	6,420	2,403
E.	Current derivative/financial instruments	7	0	1,247
F.	Current Bank debt		(66,684)	(38,796)
G.	Current portion of non current debt		(100,125)	(130,076)
	Financial debt due to Parent Company		0	0
	Financial debt due to Related Companies		0	0
	Other financial debt		(659)	(10,002)
H.	Other current financial debt		(659)	(10,002)
I.	Current lease liabilities (IFRS16)	24	(8,528)	(7,911)
J.	Current financial debt (F) + (G) + (H) + (I)	23/24/25	(175,996)	(186,785)
K.	Net current financial indebtedness (C) + (D) + (E) + (J)		81,915	9,358
L.	Non current bank loans	16/18	(204,254)	(137,491)
M.	Non-current derivative/financial instruments	7	1,818	0
N.	Other non current loans	16/18	(26,861)	(29,368)
O.	Non-current lease liabilities (IFRS16)	17	(44,934)	(38,514)
P.	Non current financial indebtedness (L) + (M) + (N) + (O)		(274,231)	(205,373)
Q.	Net financial indebtedness (K) + (P)		(192,316)	(196,015)

* It must be noted that the figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

As pointed out in the Directors' Report, as at 31 December 2020, the financial receivables deriving from the assessment of the Cross Currency Swap derivative contracts expiring in 2023 (amounting to 1.8 million Euros) have been included in the net financial position, in the non-current financial debts together with the private bond placement to which it is correlated.

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

Were these receivables to have been considered as at 31 December 2019 as well (they amounted then to 3,419 thousand Euros), the financial debt of the Company would have amounted to 192.6 million Euros.

Events after the closing of the year

On 5 March 2011, MARR signed a binding Framework Agreement for the acquisition of all of the shares of a newly incorporated company, into which will be conferred all of the activities of Antonio Verrini & Figli S.p.A. ("Verrini"), including those of processing and marketing seafood products, and of Chef S.r.l. (Chef), which leases the company Chef Seafood.
Verrini, based in Genoa and operating through 5 distribution centres along the coast of Liguria and in Viareggio, is a reference business in the marketing of seafood products in Liguria and Versilia. In 2020, it recorded sales of over 48 million Euros in sales in 2020 (before the pandemic, sales had been 58 million in 2019), with a significant specialisation in fresh products (over 2/3 of the sales) and processing of fresh and defrosted products. As regards Chef, in 2020 the Company sold more than 7 million Euros worth of seafood products, mainly to restaurants on the Riviera of Romagna, served by the distribution centre in San Clemente (Rimini).

In addition to its procurement skills, Verrini is capable of also valorising purchases through its presence in the retail and wholesale channels, which are vital in terms of product segmentation. Also, its specialisation in the catering channel, which represents more than half of Verrini's sales, could create significant synergies within the MARR Group, aimed in particular at Street Market clients in Piedmont, Liguria and Tuscany.

The operation, for which the stipulation of the closing is subject to the approval of the Antitrust Authority, envisages a valorisation (including assumption of debts) of 8 million Euros and partly delayed payment, in addition to an earn out of up to a maximum of 2 million Euros and subject to the achievement of targets in terms of returns and profits in 2022. The operation also envisages the stipulation of lease contracts for 6 plus 6 years for the distribution centres through which the Verrini Group operates.

Outlook

The sales trends in the first two months of 2021 are much the same as those in the fourth quarter of 2020, benefitting from the momentary easing of the restrictions in the first half of February, during which there was a significant recovery in activities in the catering sector.

The continuing uncertainty as regards the time required to resolve the pandemic situation does not allow us at this time to make any short-term forecasts on the development of the effects of the pandemic on general consumption and, as regards MARR's activities, on the foodservice market in Italy.

Although out-of-home food consumption in Italy has shown the resilience of the market when the conditions have allowed, the measures implemented by the Government and Local Administrations for containing the spread of the virus are affecting consumption in the out-of-home food consumption sector, especially commercial catering, but also involving collective catering. The length of these measures could have repercussions, which we believe could be temporary; however, our country will revert to being one of the preferred destinations for world tourism as soon as conditions will allow it.

In this context, it must be recalled that MARR possesses an organizational and distribution structure that is present nationwide and is thus capable of ensuring an adequate level of service to all clients and to all of the business areas which involve out-of-home food consumption, including those functional to public and health services such as hospitals and facilities for elderly.

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

The Company is also placing great emphasis and attention on managing the trade receivables and operating costs, which for MARR have always been characterised by the high level of the variable ones, with the aim of ensuring continuity in terms of quality, of products and services offered to the Market, so as to help overcome the contingent difficulties where possible and be completely ready to resume proper business activities when the current uncertainties will be resolved.

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Rimini, 15 March 2021

For the Board of Directors

The Chairman

Ugo Ravanelli

Appendices

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

- Appendix 1 – List of equity investments, including those falling within the scope of consolidation as at 31 December 2020.
- Appendix 2 – Statement of financial position, statement of profit or loss, statement of other comprehensive income, statement of changes in the shareholders, cash flows statement of the Parent Company MARR S.p.A. as at 31 December 2020.
- Appendix 3 – Reconciliation as at 31 December 2020 with the values in the financial statements of the Parent Company.
- Appendix 4 – Table showing variations in Intangible Assets for the year ending 31 December 2020.
- Appendix 5 – Table showing variations in Tangible Assets for the year ending 31 December 2020.
- Appendix 6 – Table showing changes in the Right of use for the year ending 31 December 2020.
- Appendix 7 – Table showing the essential data from Cremonini S.p.A. and consolidated financial statements as at 31 December 2019.
- Appendix 8 – Information as per art. 149-duodecies of the Consob Issuers Regulation.
- Appendix 9 – Table summarising the relations with parent companies, subsidiaries, associates and other related parties.
- Appendix 10 – Reconciliation of liabilities deriving from financing activities as at 31 December 2020 and as at 31 December 2019.
- Appendix 11 – Detail of lands and buildings owned by the Group.

MARR GROUP
LIST OF EQUITY INVESTMENTS INCLUDING THOSE FALLING WITHIN
THE SCOPE OF CONSOLIDATION AT 31 DECEMBER 2020

Company	Headquarters	Share capital (€thousand)	Direct control Marr SpA	Indirect control	
				Company	Share held
COMPANY CONSOLIDATED ON A LINE-BY-LINE BASIS					
- Parent Company:					
MARR S.p.A.	Rimini	33,263			
- Subsidiaries:					
AS.CA. S.p.A.	Santarcangelo di R. (RN)	518	100.0%		
Marr Foodservice Iberica S.A.u	Madrid (Spagna)	600	100.0%		
New Catering S.r.l.	Santarcangelo di R. (RN)	34	100.0%		
SìFrutta S.r.l.	Santarcangelo di R. (RN)	210	100.0%		
INVESTMENTS EVALUATED USING THE NET EQUITY METHOD					
Jolanda De Colò S.p.A.	Palmanova (UD)	846	34.0%		
INVESTMENTS VALUED AT FAIR VALUE:					
- Other Company:					
Centro Agro-Alimentare Riminese S.p.A.	Rimini	9,697	1.66%		

MARR S.p.A. STATEMENT OF FINANCIAL POSITION

(€)	31.12.20		31.12.19*	
ASSETS				
Non-current assets				
Tangible assets	70,590,079		65,901,315	
Right of use	50,592,157		42,880,298	
Goodwill	137,085,675		137,085,675	
Other intangible assets	2,415,811		2,378,470	
Investments in subsidiaries and associated companies	24,115,304		23,982,571	
Investments in other companies	295,642		299,822	
Non-current financial receivables	1,069,738		490,579	
Non-current derivative/financial instruments	1,818,050		3,418,515	
Deferred tax assets	328,382		0	
Other non-current assets	44,755,084		38,230,038	
Total non-current Assets	333,065,922		314,667,283	
Current assets				
Inventories	132,863,963		161,215,338	
Financial receivables	7,784,833		7,337,757	
relating to related parties	*7,158,609*	*92.0%*	*6,786,793*	*92.5%*
Current derivative/financial instruments	0		1,246,536	
Trade receivables	280,125,164		348,692,694	
relating to related parties	*6,278,421*	*2.2%*	*12,737,430*	*3.7%*
Tax assets	5,689,298		2,018,480	
relating to related parties	*11,175*	*0.2%*	*11,175*	*0.6%*
Cash and cash equivalents	247,026,799		179,202,608	
Other current assets	38,647,832		49,147,667	
relating to related parties	*484,004*	*1.3%*	*434,378*	*0.9%*
Total current Assets	712,137,889		748,861,080	
Non-current assets held for sale	2,400,000		0	
TOTAL ASSETS	*1,047,603,811*		*1,063,528,363*	
LIABILITIES				
Shareholders' Equity	327,948,100		331,338,379	
Share capital	*33,262,560*		*33,262,560*	
Reserves	*296,328,688*		*231,269,804*	
Retained Earnings	*0*		*0*	
Profit for the period	*(1,643,148)*		*66,806,015*	
Total Shareholders' Equity	327,948,100		331,338,379	
Non-current liabilities				
Non-current financial payables	231,065,672		166,793,303	
Non-current lease liabilities (IFRS16)	43,879,287		36,235,178	
relating to related parties	*3,536,728*	*8.1%*	*499,354*	*1.4%*
Non current derivative/financial instruments	49,529		65,500	
Employee benefits	6,780,461		7,016,399	
Provisions for risks and charges	5,812,491		5,169,681	
Deferred tax liabilities	0		1,083,863	
Other non-current liabilities	1,852,944		1,194,299	
Total non-current Liabilities	289,440,384		217,558,223	
Current liabilities				
Current financial payables	180,491,063		176,558,771	
relating to related parties	*13,208,640*	*7.3%*	*2,715,918*	*1.5%*
Current lease liabilities (IFRS16)	8,276,631		7,599,028	
relating to related parties	*556,066*	*6.7%*	*660,005*	*8.7%*
Current derivative/financial instruments	6,357		72,139	
Current tax liabilities	1,011,925		4,069,210	
relating to related parties	*0*	*0.0%*	*2,213,182*	*54.4%*
Current trade liabilities	229,585,742		313,704,603	
relating to related parties	*10,316,049*	*4.5%*	*10,379,205*	*3.3%*
Other current liabilities	10,843,609		12,628,010	
relating to related parties	*258,490*	*2.4%*	*597,785*	*4.7%*
Total current Liabilities	430,215,327		514,631,761	
TOTAL LIABILITIES	*1,047,603,811*		*1,063,528,363*	

* It must be noted that the figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

MARR S.p.A. STATEMENT OF PROFIT OR LOSS

(€)	*31.12.2020*		*31.12.2019*	
Revenues	1,023,970,279		1,578,083,062	
relating related parties	*37,812,683*	*3.7%*	*68,830,743*	*4.4%*
Other revenues	24,600,343		43,024,199	
relating to related parties	*1,139,254*	*4.6%*	*737,488*	*1.7%*
Changes in inventories	(28,351,374)		11,383,700	
Purchase of goods for resale and consumables	(817,670,484)		(1,289,856,280)	
relating to related parties	*(94,426,365)*	*11.5%*	*(93,928,288)*	*7.3%*
Personnel costs	(26,695,828)		(35,559,028)	
relating to related parties	*0*	*0.0%*	*0*	*0.0%*
Amortizations, depreciations and provisions	(15,970,192)		(15,137,202)	
Losses due to impairment of financial assets	(18,800,000)		(12,890,000)	
Other operating costs	(140,158,851)		(183,754,971)	
of which profits and losses deriving from the accounting elimination of financial assets valued at amortized cost	*(135,987)*		*(306,481)*	
relating to related parties	*(5,821,142)*	*4.2%*	*(3,206,337)*	*1.7%*
Financial income and charges	(5,265,864)		(5,247,536)	
of which profits and losses deriving from the accounting elimination of financial assets valued at amortized cost	*(565,974)*		*(1,110,842)*	
relating to related parties	*(62,859)*	*1.2%*	*23,571*	*(0.4%)*
Income (charge) from associated companies	(676,112)	*100.0%*	(23,597)	*100.0%*
Result before taxes	***(5,018,083)***		***90,022,347***	
Taxes	918,167		(25,673,100)	
Result for the period	***(4,099,916)***		***64,349,247***	

EPS base (euros)	(0.06)	0.97
EPS diluted (euros)	(0.06)	0.97

MARR S.p.A. STATEMENT OF OTHER COMPREHENSIVE INCOME

(€)	*31.12.2020*	*31.12.2019*
Profits/(Losses) for the period (A)	*(4,099,916)*	*64,349,247*
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	722,020	990,239
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect	(6,565)	(202,860)
Total Other Profits/(Losses), net of taxes (B)	*715,455*	*787,379*
Comprehensive Income/(Losses) (A + B)	*(3,384,461)*	*65,136,626*

MARR S.p.A. CASH FLOWS STATEMENT (INDIRECT METHOD)

MARR S.p.A. (€thousand)	31.12.20		31.12.19*	
Profit for the Period	(4,100)		64,349	
Adjustment:				
IFRS 16 depreciation	8,553		8,005	
Amortization / Depreciation	6,723		6,833	
Change in deffered tax	(1,638)		(749)	
Allocation of provison for bad debts	18,800		12,890	
Allocation of provision for investments in subsidiaries	676		116	
Allocation of provision for risks and losses	75		0	
Provision for supplementary clientele severance indemnity	625		305	
Capital profit/losses on disposal of assets	(20)		(107)	
relating to related parties	*0*	*0.0%*	*0*	*0.0%*
Financial (income) charges net of foreign exchange gains and losses	4,514		5,364	
relating to related parties	*63*	*1.4%*	*(24)*	*(0.4%)*
Foreign exchange evaluated (gains)/losses	3		(75)	
Dividends Received	0		(92)	
Total	38,311		32,490	
Net change in Staff Severance Provision	(236)		(141)	
(Increase) decrease in trade receivables	49,768		(12,338)	
relating to related parties	*6,459*	*13.0%*	*4,685*	*(38.0%)*
(Increase) decrease in inventories	28,351		(11,383)	
Increase (decrease) in trade payables	(84,119)		10,684	
relating to related parties	*(63)*	*0.1%*	*1,692*	*15.8%*
(Increase) decrease in other assets	3,974		(7,329)	
relating to related parties	*(50)*	*(1.3%)*	*23*	*(0.3%)*
Increase (decrease) in other liabilities	(1,183)		713	
relating to related parties	*(339)*	*28.7%*	*251*	*35.2%*
Net change in tax assets / liabilities	(3,567)		27,627	
relating to related parties	*(116)*	*3.3%*	*21,759*	*78.8%*
Interest paid	(5,933)		(6,469)	
relating to related parties	*(96)*	*1.6%*	*(53)*	*0.8%*
Interest received	1,419		1,105	
relating to related parties	*33*	*2.3%*	*77*	*7.0%*
Foreign exchange evaluated gains	0		75	
Foreign exchange evaluated losses	(3)		0	
Income tax paid	(2,935)		(23,912)	
relating to related parties	*(2,097)*	*71.4%*	*(19,519)*	*81.6%*
Cash-flow from operating activities	19,747		75,471	
(Investments) in other intangible assets	(461)		(690)	
(Investments) in tangible assets	(13,493)		(9,233)	
Net disposal of tangible assets	124		224	
Net (investments) in equity investments (subsidiaries and associated)	(4)		(10)	
Outgoing for acquisition of subsidiaries or going concerns during the year (net of cash acquired)	(800)		(2,407)	
Dividends Received	0		92	
relating to related parties	*0*	*0.0%*	*92*	*100.0%*
Cash-flow from investment activities	(14,634)		(12,024)	
Distribution of dividends	0		(51,890)	
Other changes, including those of third parties	711		780	
Net change in liabilities (IFRS 16)	(7,894)		(7,051)	
relating to related parties	*2,933*	*(37.2%)*	*1,159*	*(16.4%)*
Net change in financial receivebles/payables for derivates	2,765		(2,025)	
Net change in financial payables (excluding the new non-current loans received)	38,978		(4,489)	
relating to related parties	*10,493*	*26.9%*	*310*	*(6.9%)*
New non-current loans received	122,500		89,500	
relating to related parties	*0*	*0.0%*	*0*	*0.0%*
Repayment of other long - term debt	(93,323)		(79,816)	
relating to related parties	*0*	*0.0%*	*0*	*0.0%*
Net change in current financial receivables	(447)		788	
relating to related parties	*(372)*	*83.2%*	*421*	*53.4%*
Net change in non-current financial receivables	(579)		233	
Cash-flow from financing activities	62,711		(53,970)	
Increase (decrease) in cash-flow	67,824		9,477	
Opening cash and equivalents	179,203		169,726	
Closing cash and equivalents	247,027		179,203	

* It must be noted that the figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

For the reconciliation between opening and closing figures and relevant movements in the financial liabilities deriving from loans (as required by paragraph 44A of IAS 7), see Appendix 9 in the Explanatory Notes to the annual financial statements as at 31 December 2020.

MARR S.p.A. STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

(€thousand)

Description	Share Capital	Other Reserves												Profits	Total
		Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital account	Extraordinary reserve	Reserve for exercised stock options	Reserve for transition to the Ias/Ifrs	Cash -flow hedge reserve	Reserve ex art. 55 (DPR 597-917)	Surplus for mergers	Reserve IAS 19	Total reserves	carried over	net equity
Balance at 31 December 2018	33,263	63,348	6,652	13	36,496	93,352	1,475	7,516	(1,578)	1,461	9,555	(561)	217,729	67,105	318,097
Allocation of 2018 profit						12,759							12,759	(12,759)	
Distribution dividends MARR S.p.A.														(51,890)	(51,890)
Other minor variations										(5)			(5)	1	(5)
Consolidated comprehensive income 2019:															
- Profit for the period														64,349	64,349
- Other Profits/Losses, net of taxes									990			(203)	787		787
Balance at 31 December 2019	33,263	63,348	6,652	13	36,496	106,111	1,475	7,516	(588)	1,456	9,555	(764)	231,270	66,806	331,338
Allocation of 2019 profit						64,349							64,349	(64,349)	
Other minor variations										(5)			(5)		(5)
Consolidated comprehensive income 2020:															
- Profit for the period														(4,100)	(4,100)
- Other Profits/Losses, net of taxes									722			(7)	715		715
Balance at 31 December 2020	33,263	63,348	6,652	13	36,496	170,460	1,475	7,516	134	1,451	9,555	(771)	296,329	(1,643)	327,948

Appendix 3

Reconciliation as at 31 December 2020 with the values in the financial statements of the Parent Company

	Increase/(Decrease) Shareholders' Equity	Increase/(Decrease) of which Net Profit for the period
Parent Company's shareholders' equity and profit/(loss) for the year	327,948	(4,100)
Effect of the consolidation on a line-by-line basis:		
-- Difference between the book value of the consolidated subsidiaries and the relevant portion of shareholders' equity	(4,777)	0
-- Allocation of the surplus of the purchase price paid for the acquisition of equity investments consolidated on a line-by-line basis, to lands, buildings and consolidation difference	13,948	(21)
-- Pro rata subsidiary profits (losses)	1,317	1,317
Allocation of the consolidation differences caused by the company amalgamations	2,718	0
Write-off of the goodwill caused by company merged	(2,053)	0
Effect of the elimination of profits not yet realised from transactions between Group companies, net of the applicable tax effect	(1,574)	400
Adjustments to adapt the financial statements of some consolidated companies to Group Accounting Standards	585	(9)
Group's share of net equity and profit/(loss)	338,112	(2,413)

Appendix 4

Intangible fixed assets (in thousand of Euros)	Opening Balance			Changes during the year				Closing Balance		
	Original Cost	Provision for amortization	Balance 01/01/2020	Purchases/ reclassification	Consolidation Change	Net decreases	Amortization	Original Cost	Provision for amortization	Balance 31/12/2020
Start-Up and expansion costs										
Cost of research, development and advertising										
Cost of industrial patents and rights for the use of intellectual property	7,597	(6,392)	1,205	382	1		(425)	7,980	(6,818)	1,162
Concessions, licences, brand names, and similar rights	175	(162)	13				(2)	176	(164)	12
Goodwill	149,921		149,921		1,147			151,068		151,068
Intangible fixed assets under development and advances	1,168		1,168	78				1,246		1,246
Other intangible fixed assets	436	(436)						436	(436)	
Total	**159,297**	**(6,990)**	**152,307**	**460**	**1,148**		**(427)**	**160,906**	**(7,417)**	**153,488**

Tangible fixed assets (in thousand of Euros)	Opening balance			Changes during the year								Closing balance		
					Consolidation change	Consolidation change	Decreases		Reclassification					
	Original Cost	Provision for amortization	Balance 01/01/2020	Purchases/ other movements	Original cost	Prov. for am.	Original cost	Prov. for am.	Original cost	Prov. for am.	Amortization/ w rite dow n	Original Cost	Provision for amortization	Balance 31/12/2020
Land and buildings	82,734	(31,177)	51,557	(2,210)			(75)				(2,661)	80,450	(33,838)	46,612
Improvements on leased facities	2,239	(77)	2,162	642							(309)	2,880	(386)	2,494
Plant and machinery	39,821	(33,051)	6,770	1,787	54	(7)	(64)	54			(2,144)	41,598	(35,148)	6,450
Industrial and commercial equipment	7,748	(6,092)	1,656	274			(100)	77	3		(359)	7,925	(6,374)	1,551
Other tangible assets	17,217	(14,272)	2,945	1,037	247	(77)	(832)	674	(1)		(1,245)	17,668	(14,920)	2,748
Tangible fixed assets under development and advances	5,870		5,870	9,796					(4)			15,662		15,662
Total tangible assets	**155,629**	**(84,669)**	**70,960**	**11,326**	**301**	**(84)**	**(1,071)**	**805**	**(2)**		**(6,718)**	**166,183**	**(90,666)**	**75,517**
Land and buildings				2,400								2,400		2,400
Total assets held for sale				**2,400**								**2,400**		**2,400**
Total	**155,629**	**(84,669)**	**70,960**	**13,726**	**301**	**(84)**	**(1,071)**	**805**	**(2)**		**(6,718)**	**168,583**	**(90,666)**	**77,917**

Tangible fixed assets (in thousand of Euros)	Opening balance			Movements during the year							Closing balance		
	Original Cost	Provision for amortization	Balance 01/01/2020	Consolidation change	Purchases/ other movements	Decreases		Reclassification		Amortization/ write down	Original Cost	Provision for amortization	Balance 31/12/2020
						Original cost	Prov. for am.	Original cost	Prov. for am.				
Right of use - Land and buildings	53,648	(8,289)	45,359	522	15,395	(3,351)	1,155			(8,469)	66,214	(15,603)	50,611
Right of use - Other assets	127	(49)	78		1,684	(62)	57			(519)	1,749	(511)	1,238
Total	**53,775**	**(8,338)**	**45,437**	**522**	**17,079**	**(3,413)**	**1,212**			**(8,988)**	**67,963**	**(16,114)**	**51,849**

Appendix 7

Cremonini S.p.A.		Main figures' Statement of the last Cremonini S.p.A. financial statements and consolidated financial statements - MARR S.p.A. parent company - Financial Statements as of December 31, 2019 (in thousands of Euros)		Consolidated
		BALANCE SHEET		
		ASSETS		
84,518		Tangible assets		1,151,512
0		Right of use assets		307,222
56		Goodwill and other intangible assets		229,975
258,139		Investments		39,659
39		Non-current assets		67,949
342,752		*Total non-current assets*		*1,796,317*
0		Inventories		497,231
17,346		Receivables and other current assets		715,020
80		Cash and cash equivalents		367,642
17,426		*Total current assets*		*1,579,893*
360,178		**Total assets**		**3,376,210**
		LIABILITIES		
296,367		Shareholders' equity:		*969,410*
	67,074	Share capital	67,074	
	205,817	Reserves	493,678	
	23,476	Net profit (loss)	44,567	
	0	Minority interest	364,091	
27,532		Non-current financial payables		965,265
366		Employee benefits		23,681
152		Provisions for risks and charges		16,555
3,790		Other non-current liabilities		57,857
31,840		*Total non-current liabilities*		*1,063,358*
24,576		Current financial payables		465,312
7,395		Current liabilities		878,130
31,971		*Total current liabilities*		*1,343,442*
360,178		**Total Liabilities**		**3,376,210**
		INCOME STATEMENT		
7,090		Revenues		4,364,586
1,022		Other revenues		72,367
0		Changes in inventories		(7,307)
0		Internal works performed		6,252
(79)		Purchase of goods		(3,010,716)
(5,741)		Other operating costs		(608,382)
(2,570)		Personnel costs		(442,413)
(2,845)		Amortization		(150,238)
(103)		Depreciation and Allocations		(33,004)
26,656		Income from investments		594
(400)		Financial income and charges		(48,140)
0		Profit from business aggregations		0
23,030		*Profit before taxes*		*143,599*
446		Taxes		(51,799)
23,476		Net profit (loss) before consolidation		91,800
0		Minority interest's profit (loss)		(47,233)
23,476		**Consolidated Net profit (loss)**		**44,567**

The essential data for the parent company Cremonini S.p.A. contained in the summary report required by Civil Code article 2497-bis have been extracted from the relevant financial statements for the business year closed on 31 December 2019. For an adequate and full understanding of the Cremonini S.p.A. financial situation as at 31 December 2019, and the economic result achieved by the company during the business year closed on that date, refer to the financial statements which, supplemented by the audit company's report, is available in the forms and methods provided by the law.

Appendix 8

The following table, drawn up in accordance with art. 149-duodecies of the Consob Issuers Regulation, shows the fees pertinent to business year 2020 for services rendered to the Group companies by Auditing Firms or entities belonging to the auditing firms' network:

(€thousand)	Service Company	Client	Fees pertinent to business year 2020
Auditing	PricewaterhouseCoopers S.p.A.	MARR S.p.A.	150
	PricewaterhouseCoopers S.p.A.	As.Ca S.p.a.	20
Certification service			0
Other services			0
Total			170

Appendix 9

COMPANY	FINANCIAL RELATIONS						ECONOMIC RELATIONS								
	RECEIVEBLES			PAYABLES			REVENUES				COSTS				
	Trade	Other	Financial	Trade	Other	Financial	Sale of goods	Performance of services	Other revenues	Financial Income	Purchase of goods	Services	Leases and rental	Other operating charges	Financial charges
From Parent Companies:															
Cremonini S.p.A. (*)	2,682	12	5,794	166	770		7			25		1,227			8
Total	2,682	12	5,794	166	770	0	7	0	0	25	0	1,227	0	0	8
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Jolanda De Colò											1				
Total	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
From Affiliated Companies (**)															
Cremonini Group															
Caio S.r.l.	1						36								
Casa Maioli S.r.l.	8						99								
Castelfrigo S.r.l.															
Chef Express S.p.A.	438	9		3			3,364				13	21			
Fiorani & C. S.p.a.		294		980			172		311		12,753				
Global Service S.r.l.		3		594								1,002			
Guardamiglio S.r.l.	7						28								
Inalca Food and Beverage S.r.l.	397	1		27	2		5,776	133	1		106				
Inalca S.p.a.		120		7,439			2,311		715		68,321	8			
Interjet S.r.l.															
Italia Alimentari S.p.a.	2	37		302			3		88		2,791				
Roadhouse Grill Roma S.r.l.	344						2,441								
Roadhouse S.p.A.	2,153			1	4		21,585	25				2			
Tecno-Star Due S.r.l.															
W Italia S.r.l.	10						17								
From Affiliated Companies															
Farmservice S.r.l.							7								
Le Cupole S.r.l.						4,093									37
Time Vending S.r.l.		20							20						
Total	3,360	484	0	9,346	6	4,093	35,839	158	1,135	0	83,984	1,033	0	0	37

(*) The items in the Other Receivables columns relate to the residual IRES receivables for requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011, transferred to the Parent Company within the scope of of the National Consolidated tax base; the amount in the the other payables is related to the IRES balance of the year 2020. Trade receivables and payables include the net amount of VAT transferred to Cremonini within the scope of the Group VAT liquidation.

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

From Oter Related Parties															
Members of top management team					252		1					661			
Total	0	0	0	0	252	0	1	0	0	0	0	661	0	0	0

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

	31 December 2020	Cash flows	Non-financial changes: Other changes/ reclassifications	Non-financial changes: Acquisition	Non-financial changes: Exchange rates variations	Non-financial changes: Fair value variation	31 December 2019
Current payables to bank	66,684	27,053	0	835	0	0	38,796
Current portion of non current debt	100,125	(62,916)	32,965	0	0	0	130,076
Current financial payables for bond private placement in US dollars	597	(8,483)	654	0	(1,233)	0	9,659
Current financial payables for IFRS 16 lease contracts	8,528	(8,364)	8,459	522	0	0	7,911
Current financial payables for leasing contracts	56	(271)	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	175,990	(53,781)	42,134	2,157	(1,233)	0	186,713
Current payables/(receivables) for hedging financial instruments	6	(72)	0	0	0	6	72
Total current financial instruments	6	(72)	0	0	0	6	72
Non-current payables to bank	204,254	99,261	(32,498)	0	0	0	137,491
Non-current financial payables for bond private placement in US dollars	26,812	0	48	0	(2,482)	0	29,246
Non-current financial payables fot IFRS 16 lease contracts	44,934	0	6,420	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	276,000	99,261	(26,086)	0	(2,482)	0	205,307
Non-current payables/(receivables) for hedging financial instruments	49	(66)	0	0	0	49	66
Total non-current financial instruments	49	(66)	0	0	0	49	66
Total liabilities arising from financial activities	**452,045**	**45,342**	**16,048**	**2,157**	**(3,715)**	**55**	**392,158**

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries)	46,142
Other changes/ reclassifications, included the acquisition	16,048
Exchange rates variations	(3,715)
Fair value variation	55
Total detailed variations in the table	**58,530**
Other changes in financial liabilities	22,399
Net change in financial payables (IFRS16)	7,037
New non-current loans received	122,500
Net change in derivative/financial instruments	(83)
Non current loans repayment	(93,323)
Total changes shown between financing activities in the Cash Flows Statement	**58,530**

	31 December 2019	Cash flows	Non-financial changes: Other changes/ reclassifications	Acquisition	Exchange rates variations	Fair value variation	31 December 2018
Current payables to bank	38,796	(2,247)	0	0	0	0	41,043
Current portion of non current debt	130,076	(61,267)	114,147	0	0	0	77,196
Current financial payables for bond private placement in US dollars	9,659	(814)	9,553	0	168	0	752
Current financial payables fot IFRS 16 lease contracts	7,911	(7,350)	7,911	7,350	0	0	0
Current financial payables for leasing contracts	271	(235)	280	0	0	0	226
Current financial payables for purchase of quotas or shares	0	(2,407)	0	2,046	0	0	361
Total current financial payables	186,713	(74,320)	131,891	9,396	168	0	119,578
Current payables/(receivables) for hedging financial instruments	72	(10)	0	0	0	72	10
Total current financial instruments	72	(10)	0	0	0	72	10
Non-current payables to bank	137,491	70,951	(114,167)	0	0	0	180,707
Non-current financial payables for bond private placement in US dollars	29,246	0	(8,675)	0	554	0	37,367
Non-current financial payables for IFRS 16 lease contracts	38,514	0	(13,835)	52,349	0	0	0
Non-current financial payables for leasing contracts	56	0	(227)	0	0	0	283
Non-current financial payables for purchase of quotas or shares	0	0	0	0	0	0	0
Total non-current financial payables	205,307	70,951	(136,904)	52,349	554	0	218,357
Non-current payables/(receivables) for hedging financial instruments	66	0	0	0	0	66	0
Total non-current financial instruments	66	0	0	0	0	66	0
Total liabilities arising from financial activities	392,158	(3,379)	(5,013)	61,745	722	138	337,945

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries)	(971)
Other changes/ reclassifications, included the acquisition	(5,013)
Exchange rates variations	722
Fair value variation	138
Total detailed variations in the table	(5,124)
Other changes in financial liabilities	(14,808)
New non-current loans received	89,500
Non current loans repayment	(79,816)
Total changes shown between financing activities in the Cash Flows Statement	(5,124)

Appendix 11

Detail of Lands and building own by the Group at 31 December 2020*
(Values in thousand Euros)

	Original Cost	Prov. For Am.	Net Book Value
Building in Spezzano Albanese (CS) - St.Prov.le 19	1,888	860	1,028
Land in Spezzano Albanese close to the building	125	0	125
Building in Pistoia (PT) - St F.Toni loc.Bottegone	5,318	2,205	3,113
Land of Building in Pistoia	1,000	0	1,000
Building in Santarcangelo of Romagna (RN) - St. dell'Acero 1/a	3,620	2,154	1,466
Land of Building St. dell'Acero 1/a	934	0	934
Building in Santarcangelo of Romagna (RN)- St. dell'Acero 2-4	5,265	2,668	2,597
Land of Building St. dell'Acero 2-4	2,464	0	2,464
Building in Opera (MI) - St. Cesare Pavese, 10	4,459	2,448	2,011
Land of Building Opera	2,800	0	2,800
Building in San Michele al Tagl.to (VE) - St. Plerote, 6	4,188	2,137	2,051
Land of Building San Michele	1,100	0	1,100
Building in Uta (CA) - Zona ind.le Macchiareddu	4,078	1,942	2,136
Land of Building Uta	1,531	0	1,531
Building in Portoferraio (LI) - Località Antiche Saline	1,502	828	674
Land of Building Portoferraio	990	0	990
Surface ownership Building in Bologna - St. Fantoni, 31	11,857	2,907	8,950
Land in Rimini loc. San Vito - St. Emilia Vecchia, 75	7,078	0	7,078
Building in Villanova di Castenaso (BO) - St. Trattati di Roma, 64	3,400	1,754	1,646
Land of Building in Villanova of Castenaso	2,292	0	2,292
TOTAL	65,889	19,903	45,986

* The value given in the table represents only the land and buildings owned and does not consider the values of the enhancements to the buildings leased and minor construction, both classified under "Land and buildings".

Certification of the consolidated financial statements
Pursuant to art. 154-bis of Legislative Decree 58/98

1. The undersigned Francesco Ospitali in the quality of Chief Executive Officer, and Pierpaolo Rossi, in the quality of Manager responsible for the drafting of the corporate accounting documents of MARR S.p.A., hereby certify, also taking into account that provided by art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 dated 24 February 1998:

   - the adequacy in relation to the characteristics of the company and
   - the effective application,

   of the management and accounting procedures for the drafting of the consolidated financial statements during the year 2020.

2. The assessment of the adequacy of the management and accounting procedures for the drafting of the consolidated financial statement as at 31 December 2020 was based on a process defined by MARR S.p.A. in coherence with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is an internationally accepted general reference framework.

3. It is also certified that:

   3.1 The consolidated financial statements:

   a) are drawn up in compliance with the internationally applicable accounting standards recognised in the European Community pursuant to regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;

   b) correspond to the findings in the accounts books and documents;

   c) are suited to providing a truthful and correct representation of the equity, economic and financial situation of the author and the group of companies included in the scope of consolidation.

   3.2 The Directors' report on management includes a reliable analysis of performance levels and the management result, and also on the situation of the issuer and the group of companies included in the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

Rimini, 15 March 2021

Francesco Ospitali	Pierpaolo Rossi
Chief Executive Officer	Manager responsible for the drafting of corporate accounts documents

Independent auditor's report

in accordance with article 14 of Legislative Decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537/2014

To the Shareholders of MARR SpA

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of MARR SpA (hereinafter also the "Company") and its subsidiaries (hereinafter, the "MARR Group" or the "Group"), which comprise the statement of consolidated financial position as of 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in the shareholders'equity, the consolidated cash flows statement for the year then ended and explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the MARR Group as of 31 December 2020 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters	*Auditing procedures in response to key audit matters*
Goodwill recoverability	***Auditing procedures performed***
The accounting policies relating to goodwill are illustrated in the section "Accounting policies", paragraphs "Goodwill and other intangible assets" and " Losses in value of non-financial assets" and in the section "Main estimates adopted by management and discretional assessments" within the paragraph "Estimates and hypotheses used" of the explanatory notes to the consolidated financial statements. The goodwill balance recognized in the consolidated financial statements as of 31 December 2020 amounts to some Euro 151 million. We have identified an area of focus, considering the significance of the above reported balance and the fact that the valuation process involves a high degree of professional judgement of management in developing estimates of cash flows related to the recoverability of goodwill and in making the assumptions used in the calculation models. With reference to the year ended 31 December 2020, management carried out an impairment test on goodwill, based on the following approach: • determined the recoverable value of goodwill by calculating the value in use by Cash Generating Unit ("CGU"), using the discounted cash flow method; • the model envisaged the use of explicit flows for three years of projection, with the application of a terminal value applied to the last explicit year; • the cash flows of each CGU were discounted using the weighted average cost of capital ("WACC"); • the recoverability of the carrying amounts	We have performed an understanding of the procedure for assessing any potential impairment loss approved by the Board of Directors of the Company. We have assessed the adequacy of the CGUs used for the allocation of goodwill and their consistency with the Company's organizational structure, with internal decision-making mechanisms and with management reporting. We have examined the methodologies applied in developing cash flows projections used to determine the value in use, the approach adopted in applying the discounted cash flow mathematical model and the reasonableness of the WACC calculation, with the support of our valuation specialists. We have also verified the mathematical accuracy of the calculations and consistency of the information used with relevant data source. We have investigated and discussed with management the need for adjusting cash flows with the aim of isolating those elements not attributable to the assets in their present conditions. We have analyzed projections used for impairment testing. We have also carried out a retrospective analysis by comparing the estimates made in previous years with the actual results for the fiscal year 2020 (conditioned by the negative effects of the Covid-19 pandemic), in order to validate the level of ability of management in developing reliable estimates. Finally, we have verified accuracy and completeness of disclosures included in note 3 -

was verified by comparing the carrying amounts of the individual CGUs to which the goodwill was allocated with their value in use; • in addition, management carried out a sensitivity analysis to assess the impact of changes to significant assumptions on the asset recoverable amount.	'Goodwill' as part of the notes to the consolidated financial statements as of 31 December 2020.
Trade receivables recoverability	***Auditing procedures performed***
The accounting policies relating to trade receivables are illustrated in section "Accounting policies", paragraph "Receivables and other financial assets" and in the section "Main estimates adopted by management and discretional assessments", paragraph "Estimates and hypotheses used" of the explanatory notes to the consolidated financial statements. Trade receivables as of 31 December 2020 amount to some Euro 283 million. We have identified an area of focus, considering the significance of the above balance and the fact that the valuation process involves a high degree of professional judgement of management in developing estimates on recovery of trade receivables, and in particular in making the assumptions used in the calculation models to determine expected cash flows from their collection.	We have performed, through specific investigations, an understanding and evaluating of the relevant controls implemented by the Group over the trade receivables area, in order to assess the adequacy of their design. We have obtained the ageing list, validating the source data, in order to identify any significant past due balance, which was analysed and discussed with management with the aim of obtaining proof of evidence supporting estimates covering the risk of credit losses. We have sent confirmation letters to legal advisors handling doubtful accounts in litigation, assessing consistency of the assessments made by external legal advisors with those reflected in the financial statements. We have carried out a retrospective analysis by comparing the estimates made in previous years with the actual collections (conditioned by the negative effects of the Covid-19 pandemic), in order to validate the level of ability of management in determining the cash flows expected from the collection of trade receivables. Finally, we have verified accuracy and completeness of disclosures included in note 13 - 'Current trade receivables' and in note 35 - 'Losses due to impairment of financial assets' as part of the notes to the consolidated financial statements as of 31 December 2020.

Responsibilities of the Directors and the Board of statutory auditors for the consolidated financial statements

The Directors of MARR SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the Directors use the going concern basis of accounting, unless they either intend to liquidate the parent company MARR SpA or to cease operations, or have no realistic alternative but to do so.

The Board of statutory auditors *("Collegio Sindacale")* of MARR SpA is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italy), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

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

- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the reporting period under examination and are therefore the key audit matters. We described these matters in our auditor's report.

Additional disclosures required by article 10 of Regulation (EU) no. 537/2014

We were appointed by the shareholders of MARR SpA at the general meeting held on 28 April 2016 to perform the audit of the Company's consolidated and separate financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) no. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of statutory auditors *("Collegio Sindacale"),* in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on compliance with other laws and regulations

Opinion in accordance with article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010 and article 123-bis, paragraph 4, of Legislative Decree no. 58/1998

The Directors of MARR SpA are responsible for preparing a report on operations (prepared jointly for the financial statements and the consolidated financial statements) and a report on the corporate governance and ownership structure of MARR SpA as of 31 December 2020, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italy) no. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree no. 58/1998, with the consolidated financial statements of the MARR Group as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the MARR Group as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of CONSOB's Regulation implementing Legislative Decree no. 254 of 30 December 2016

The Directors of MARR SpA are responsible for the preparation of the non-financial disclosure pursuant to Legislative Decree no. 254/2016.

We have verified that the Directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree no. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Bologna, 29 March 2021

PricewaterhouseCoopers SpA

signed by

Gianni Bendandi
(Partner)

"This report has been translated into the English language from the original, which was issued in Italian language, solely for the convenience of international readers. Reference in this report to the financial statements refer to the financial statements in original Italian and not to any their translation."

MARR S.p.A.

Financial Statements as at December 31, 2020

STATEMENT OF FINANCIAL POSITION

(€)	Notes	31.12.20		31.12.19*	
ASSETS					
Non-current assets					
Tangible assets	1	70,590,079		65,901,315	
Right of use	2	50,592,157		42,880,298	
Goodwill	3	137,085,675		137,085,675	
Other intangible assets	4	2,415,811		2,378,470	
Investments in subsidiaries and associated companies	5	24,115,304		23,982,571	
Investments in other companies	6	295,642		299,822	
Non-current financial receivables	7	1,069,738		490,579	
Non-current derivative/financial instruments	8	1,818,050		3,418,515	
Deferred tax assets		328,382		0	
Other non-current assets	9	44,755,084		38,230,038	
Total non-current Assets		333,065,922		314,667,283	
Current assets					
Inventories	10	132,863,963		161,215,338	
Financial receivables	11	7,784,833		7,337,757	
relating to related parties		*7,158,609*	*92.0%*	*6,786,793*	*92.5%*
Current derivative/financial instruments	12	0		1,246,536	
Trade receivables	13	280,125,164		348,692,694	
relating to related parties		*6,278,421*	*2.2%*	*12,737,430*	*3.7%*
Tax assets	14	5,689,298		2,018,480	
relating to related parties		*11,175*	*0.2%*	*11,175*	*0.6%*
Cash and cash equivalents	15	247,026,799		179,202,608	
Other current assets	16	38,647,832		49,147,667	
relating to related parties		*484,004*	*1.3%*	*434,378*	*0.9%*
Total current Assets		712,137,889		748,861,080	
Non-current assets held for sale	1	2,400,000		0	
TOTAL ASSETS		*1,047,603,811*		*1,063,528,363*	
LIABILITIES					
Shareholders' Equity	17	327,948,100		331,338,379	
Share capital		*33,262,560*		*33,262,560*	
Reserves		*296,328,688*		*231,269,804*	
Retained Earnings		*0*		*0*	
Profit for the period		*(1,643,148)*		*66,806,015*	
Total Shareholders' Equity		327,948,100		331,338,379	
Non-current liabilities					
Non-current financial payables	18	231,065,672		166,793,303	
Non-current lease liabilities (IFRS16)	19	43,879,287		36,235,178	
relating to related parties		*3,536,728*	*8.1%*	*499,354*	*1.4%*
Non current derivative/financial instruments	20	49,529		65,500	
Employee benefits	21	6,780,461		7,016,399	
Provisions for risks and charges	22	5,812,491		5,169,681	
Deferred tax liabilities	23	0		1,083,863	
Other non-current liabilities	24	1,852,944		1,194,299	
Total non-current Liabilities		289,440,384		217,558,223	
Current liabilities					
Current financial payables	25	180,491,063		176,558,771	
relating to related parties		*13,208,640*	*7.3%*	*2,715,918*	*1.5%*
Current lease liabilities (IFRS16)	26	8,276,631		7,599,028	
relating to related parties		*556,066*	*6.7%*	*660,005*	*8.7%*
Current derivative/financial instruments	27	6,357		72,139	
Current tax liabilities	28	1,011,925		4,069,210	
relating to related parties		*0*	*0.0%*	*2,213,182*	*54.4%*
Current trade liabilities	29	229,585,742		313,704,603	
relating to related parties		*10,316,049*	*4.5%*	*10,379,205*	*3.3%*
Other current liabilities	30	10,843,609		12,628,010	
relating to related parties		*258,490*	*2.4%*	*597,785*	*4.7%*
Total current Liabilities		430,215,327		514,631,761	
TOTAL LIABILITIES		*1,047,603,811*		*1,063,528,363*	

* The figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

STATEMENT OF PROFIT OR LOSS

(€)	Notes	31.12.2020		31.12.2019	
Revenues	30	1,023,970,279		1,578,083,062	
relating related parties		*37,812,683*	*3.7%*	*68,830,743*	*4.4%*
Other revenues	31	24,600,343		43,024,199	
relating to related parties		*1,139,254*	*4.6%*	*737,488*	*1.7%*
Changes in inventories	11	(28,351,374)		11,383,700	
Purchase of goods for resale and consumables	32	(817,670,484)		(1,289,856,280)	
relating to related parties		*(94,426,365)*	*11.5%*	*(93,928,288)*	*7.3%*
Personnel costs	33	(26,695,828)		(35,559,028)	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Amortizations, depreciations and provisions	34	(15,970,192)		(15,137,202)	
Losses due to impairment of financial assets	35	(18,800,000)		(12,890,000)	
Other operating costs	36	(140,158,851)		(183,754,971)	
of which profits and losses deriving from the accounting elimination of financial assets valued at amortized cost		*(135,987)*		*(306,481)*	
relating to related parties		*(5,821,142)*	*4.2%*	*(3,206,337)*	*1.7%*
Financial income and charges	37	(5,265,864)		(5,247,536)	
of which profits and losses deriving from the accounting elimination of financial assets valued at amortized cost		*(565,974)*		*(1,110,842)*	
relating to related parties		*(62,859)*	*1.2%*	*23,571*	*(0.4%)*
Income (charge) from associated companies	38	(676,112)	*100.0%*	(23,597)	*100.0%*
Result before taxes		*(5,018,083)*		*90,022,347*	
Taxes	39	918,167		(25,673,100)	
Result for the period		*(4,099,916)*		*64,349,247*	
EPS base (euros)	40	(0.06)		0.97	
EPS diluted (euros)	40	(0.06)		0.97	

STATEMENT OF OTHER COMPREHENSIVE INCOME

(€)	*Notes*	*31.12.2020*	*31.12.2019*
Profits/(Losses) for the period (A)		*(4,099,916)*	*64,349,247*
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		722,020	990,239
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect		(6,565)	(202,860)
Total Other Profits/(Losses), net of taxes (B)	41	*715,455*	*787,379*
Comprehensive Income/(Losses) (A + B)		*(3,384,461)*	*65,136,626*

STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY
(Note no. 17)

(€thousand)

Description	Share Capital	Other Reserves												Profits	Total
		Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital account	Extraordinary reserve	Reserve for exercised stock options	Reserve for transition to the Ias/Ifrs	Cash -flow hedge reserve	Reserve ex art. 55 (DPR 597-917)	Surplus for mergers	Reserve IAS 19	Total reserves	carried over	net equity
Balance at 31 December 2018	33,263	63,348	6,652	13	36,496	93,352	1,475	7,516	(1,578)	1,461	9,555	(561)	217,729	67,105	318,097
Allocation of 2018 profit						12,759							12,759	(12,759)	
Distribution dividends MARR S.p.A.														(51,890)	(51,890)
Other minor variations										(5)			(5)	1	(5)
Consolidated comprehensive income 2019:															
- Profit for the period														64,349	64,349
- Other Profits/Losses, net of taxes									990			(203)	787		787
Balance at 31 December 2019	33,263	63,348	6,652	13	36,496	106,111	1,475	7,516	(588)	1,456	9,555	(764)	231,270	66,806	331,338
Allocation of 2019 profit						64,349							64,349	(64,349)	
Other minor variations										(5)			(5)		(5)
Consolidated comprehensive income 2020:															
- Profit for the period														(4,100)	(4,100)
- Other Profits/Losses, net of taxes									722			(7)	715		715
Balance at 31 December 2020	33,263	63,348	6,652	13	36,496	170,460	1,475	7,516	134	1,451	9,555	(771)	296,329	(1,643)	327,948

CASH FLOWS STATEMENT (INDIRECT METHOD)

MARR S.p.A. *(€thousand)*	*Ref.*	*31.12.20*		*31.12.19**	
Profit for the Period		(4,100)		64,349	
Adjustment:					
IFRS 16 depreciation	34	8,553		8,005	
Amortization / Depreciation	34	6,723		6,833	
Change in deffered tax	39	(1,638)		(749)	
Allocation of provison for bad debts	35	18,800		12,890	
Allocation of provision for investments in subsidiaries	38	676		116	
Allocation of provision for risks and losses		75		0	
Provision for supplementary clientele severance indemnity	34	625		305	
Capital profit/losses on disposal of assets	31/36	(20)		(107)	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Financial (income) charges net of foreign exchange gains and losses	37	4,514		5,364	
relating to related parties		*63*	*1.4%*	*(24)*	*(0.4%)*
Foreign exchange evaluated (gains)/losses	37	3		(75)	
Dividends Received	38	0		(92)	
Total		38,311		32,490	
Net change in Staff Severance Provision	21	(236)		(141)	
(Increase) decrease in trade receivables	13	49,768		(12,338)	
relating to related parties		*6,459*	*13.0%*	*4,685*	*(38.0%)*
(Increase) decrease in inventories	11	28,351		(11,383)	
Increase (decrease) in trade payables	28	(84,119)		10,684	
relating to related parties		*(63)*	*0.1%*	*1,692*	*15.8%*
(Increase) decrease in other assets	10/16	3,974		(7,329)	
relating to related parties		*(50)*	*(1.3%)*	*23*	*(0.3%)*
Increase (decrease) in other liabilities	23/29	(1,183)		713	
relating to related parties		*(339)*	*28.7%*	*251*	*35.2%*
Net change in tax assets / liabilities	9/14/27	(3,567)		27,627	
relating to related parties		*(116)*	*3.3%*	*21,759*	*78.8%*
Interest paid	37	(5,933)		(6,469)	
relating to related parties		*(96)*	*1.6%*	*(53)*	*0.8%*
Interest received	37	1,419		1,105	
relating to related parties		*33*	*2.3%*	*77*	*7.0%*
Foreign exchange evaluated gains	37	0		75	
Foreign exchange evaluated losses		(3)		0	
Income tax paid	14/27	(2,935)		(23,912)	
relating to related parties		*(2,097)*	*71.4%*	*(19,519)*	*81.6%*
Cash-flow from operating activities		19,747		75,471	
(Investments) in other intangible assets	4	(461)		(690)	
(Investments) in tangible assets	1	(13,493)		(9,233)	
Net disposal of tangible assets	1	124		224	
Net (investments) in equity investments (subsidiaries and associated)	5	(4)		(10)	
Outgoing for acquisition of subsidiaries or going concerns during the year (net of cash acquired)	5	(800)		(2,407)	
Dividends Received	38	0		92	
relating to related parties		*0*	*0.0%*	*92*	*100.0%*
Cash-flow from investment activities		(14,634)		(12,024)	
Distribution of dividends		0		(51,890)	
Other changes, including those of third parties	17	711		780	
Net change in liabilities (IFRS 16)	18/24	(7,894)		(7,051)	
relating to related parties		*2,933*	*(37.2%)*	*1,159*	*(16.4%)*
Net change in financial receivebles/payables for derivates		2,765		(2,025)	
Net change in financial payables (excluding the new non-current loans received)	18/24	38,978		(4,489)	
relating to related parties		*10,493*	*26.9%*	*310*	*(6.9%)*
New non-current loans received	18/24	122,500		89,500	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Repayment of other long - term debt	18/24	(93,323)		(79,816)	
relating to related parties		*0*	*0.0%*	*0*	*0.0%*
Net change in current financial receivables	8/12	(447)		788	
relating to related parties		*(372)*	*83.2%*	*421*	*53.4%*
Net change in non-current financial receivables	7/8	(579)		233	
Cash-flow from financing activities		62,711		(53,970)	
Increase (decrease) in cash-flow		67,824		9,477	
Opening cash and equivalents	15	179,203		169,726	
Closing cash and equivalents		247,027		179,203	

* It must be noted that the figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

For the reconciliation between the opening figures and closing figures with the relevant movements of the financial liabilities deriving from financing activities (as required by paragraph 44A of IAS 7), see Appendix 9 to the following explanatory notes.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Corporate information

The Company, with headquarters in Via Spagna 20, Rimini, operates in the commercialisation and distribution of fresh, dried and frozen food products to the Foodservice.

The Company is controlled by Cremonini S.p.A., the essential figures of which are in Appendix 5 below.

The financial statements for the business year closing as at 31 December 2020 were authorised for publication by the Board of Directors on 15 March 2021.

Structure and contents of the financial statements

The MARR S.p.A. financial statements as at 31 December 2020 have been prepared in accordance with the accounting policies and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002 as acknowledged by Legislative Decree 38 dated 28 February 2005 and subsequent CONSOB amendments, communications and decisions.

The financial statements are prepared on the basis of the historical cost principle, except for derivatives, which are recorded at fair value, and the right of use, recorded on compliance with IFRS 16, and the relevant financial payables.

Reference to the international accounting standards, adopted in the preparation of the MARR S.p.A. financial statements as at 31 December 2020, is indicated in the "Accounting policies" section.
Specifically, the preparation of these financial statements has involved the application of the same accounting standards as those for the financial statements as at 31 December 2019, except for the adoption of the new standards, changes and interpretations in force since 1 January 2020.

For the purposes of the application of IFRS 8 it is noted that the Company operates in the "Distribution of food products to the Foodservice" sector only.
This sector is subject to seasonal trends mainly linked to flows during the tourist season, which are more concentrated in the summer months, during which the increase in activities, and thus in the net working capital, historically generates the absorption of cash flows and thus an increase in financial requirements.
As regards performance levels in 2020, see that described in the Directors' Report on management performance.

The MARR S.p.A. financial statements as at 31 December 2020 include, for comparative purposes, the figures for the year ended on 31 December 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)

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

The operating and accounting currency is the Euro.

As regards the statements shown in these financial statements, the Statement of Financial Position, the Statement of Profit or Loss and the Statement of Other Comprehensive Income are shown in Euros, while the Cash Flows Statement and the Statement of Changes in the Shareholders' Equity are shown in thousand Euros.
The tables contained are shown in thousand Euros.

Business continuity

MARR has defined a clear approach – restated at the beginning of the pandemic and adjusted to suit the changes in context during the course of the last year – which is being concretely implemented to pursue its strategic orientations:

i. enhancing liquidity, at the end of 2020, MARR exceeded 250 million in liquidity, doubling the levels at the start of the pandemic, also thanks to the support of its shareholders, the trust of the financial institutes, the careful management of all the components of the working capital and a selective approach to investments, favouring those oriented towards growth;
ii. proper management of operating costs, achieved by intervening on the fixed costs and the optimisation of the management of the logistical and distribution network in a flexible manner during the various phases of the pandemic, always with the aim of maintaining client support and service;
iii. consolidating its leadership position and market relations, ensuring a high standard of service for its professional partners/clients, in full respect of the health laws and regulations throughout the production line, capable of satisfying and guaranteeing the final consumer. From the viewpoint of client service, the initiatives for the monetisation of the government contributions (for example management of the "holiday bonus" and "rent bonus") should also be mentioned, as should the offer of local and *Made in Italy* products which, in addition to valorising the quality of Italian food products, has been useful in obtaining the "Production Line Bonus" by clients. The client remains the focal point of MARR, through an integrated approach based on "*phygital marketing*" initiatives, in other words those with a balance between the "physical" approach and "digital" tools;
iv. identifying new business opportunities with specific regard to the forms of service (take away, food delivery) and product lines (for example packaging, sanitisers, disinfectants, food ready to eat) that have been strengthened during the pandemic;
v. further enhancement of MARR's competitive position as a result of the expected consolidation of the Market once the pandemic emergency has been overcome. In this consolidation process, which will benefit the more structured operators, MARR, consistently with its leadership role, will make the most of the opportunities to enhance its offer and presence to further raise its level of service. From this viewpoint, the recent acquisition of the activities of processing and marketing of seafood products (especially fresh) of the Verrini Group is further confirmation of MARR's role of market aggregator. This operation represents a major opportunity to continue to enhance the offer of fresh seafood products, a type of product generating client trust which is the basis of the specialisation strategy implemented over the years by MARR. Again with a view to territorial growth and enhancement, the beginning of the next quarter is expected to see the opening of a new distribution centre in Catania. This distribution centre will be destined to improve coverage in eastern Sicily, and consequently increase the level of service offered in a highly tourist-oriented area with significant prospects of growth;
vi. ESG, as market leader, MARR has always focused closely on sustainability and intends to implement an increasing number of initiatives in this regard. Examples of this are the MSC and ASC certifications for the chain of custody of sustainable fishing and fish farming respectively and the voluntary certification of the process of control over the sustainable seafood production line, which has recently been integrated in respect of the criteria for the conditions of increased animal wellbeing in fish farming systems (www.marr.it/sostenibilita/pesca-sostenibile).

These strategic orientations are the reference point for the management of the various phases of the pandemic and also for the expected recovery of out-of-home food consumption.
In a context of normality, which it is hoped will be more the case in the second half of 2021, Italians will return to enjoying out-of-home food consumption as a vital part of their social lives and Italy will return to being one of the most sought after tourist destinations for foreigners, with Italian food once again being one of the more attractive elements.
Confirmation of this was seen in the early part of last February which, as a result of the momentary easing of the restrictions, showed a significant recovery in activities for clients in the catering sector, confirming the reactivity of out-of-home consumption that had already been observed in the third quarter of 2020. Such trends are proof that once the health conditions allow, out-of-home food consumption will return to being an important item of expenditure for Italians.

Although considering the complexity and scope of a rapidly developing context, the Company considers the presupposition of business continuity to be appropriate and correct, taking into account its capacity to deal with its obligations in the foreseeable future, and especially in the next 12 months, on the basis of the following considerations:
- the significant sources of liquidity currently available (over 250 million Euros as at 31 December 2020);
- credit lines granted and not used as at 31 December 2020 totalling not less than 200 million Euros;
- the support of the main banks, on the basis of its leadership status in the sector in which it operates (during the lockdown period, banks paid out loans of over 120 million Euros to the company), and on 30 December 2020, a Pool loan was signed with BNL and Cassa Depositi e Prestiti, with payment date on 7 January 2021. This loan is covered by a SACE guarantee as envisaged in the so-called "Liquidity Decree" of 08/04/2020, no. 23, amounts to a total of 80 million Euros and has a duration of 45 months (12 months of which are pre-payback);
- the support of the banks also led to the temporary suspension – "Covenant holiday" – of the verification of the financial indices for the contracts that envisaged them on 30 June 2020 and on 31 December 2020: this suspension was granted by all of the banks which paid out loans for which a covenant breach situation was encountered;
- the same Covenant holiday agreement was also enforced as at 30 June 2020 and as at 31 December 2020 with the investors who signed the bond loan ("USPP") in US dollars, part of which, amounting to 8.9 million Euros, was paid back on expiry, together with the interest due, in July.

In addition to the above factors, the Group has also acknowledged the commitment by the government institutions to support the operators and individuals worst affected by Covid-19 through safeguarding measures which will be implemented in coming months and which the Group intends to avail itself of, if possible.

These financial statements have been prepared using the principles and accounting policies illustrated below.

Accounting policies

The accounting standards and policies used in the preparation of the MARR S.p.A. financial statements as at 31 December 2020 are the same as those used in preparing the consolidated financial statements, which see, except for the following standards:

Holdings in subsidiary and associate companies
The holdings in subsidiary and associate companies are recorded at adjusted cost in the presence of impairment. The positive difference, emerging during purchase, between the purchase cost and the portion of shareholders' equity at current values of the holding owned by the company is therefore included in the book value of the holding.
Impairment – A holding undergoes an impairment when its accounting value exceeds its recoverable value. The accounting values of the holdings are subject to assessment whenever there are obvious indicators internal and external to the company indicating the possibility of impairment of the holding or a group of holdings, as provided by the IAS.
Impairment of Assets.
In particular, the indicators analysed to assess whether a holding has been impaired must include considering whether the parent company has recorded a dividend obtained from the holding and if there is proof that:
• the accounting value of the holding in the financial statements exceeds the accounting value in the consolidated financial statements of the net assets of the subsidiary, including goodwill;
or
• the dividend exceeds the total overall profits of the subsidiary for the year to which the dividend refers.
The recoverable value is the greater of the fair value net of sales costs and the use value.
The fair value is the price that would be received for the sale of an asset of that would be paid for the transfer of a liability in a proper transaction between market operators on the transaction date.
The use value is the current value of the future financial flows expected to originate from an asset.
In determining the use value, the estimated future cash flows are discounted at their current value using a rate gross of taxes that reflects the current market assessments of the cost of cash and the specific risks of the asset.
If the recoverable value of an asset is estimated to be less than the relative accounting value, the latter is reduced to the recoverable vale, recording an impairment in the statement of profit or loss.
When there is no longer the need to maintain a depreciation, the accounting value of the asset is increased to the new value deriving from the estimate of its recoverable value, but not more than the original cost, attributing the recovery in value to the Statement of Profit or Loss.

Dividends
The revenues from dividends are accounted when the right arises for the shareholders to receive the payment, after the resolution by the shareholders' meeting of the holding company.
Dividends payable by the Company are represented as a movement in the shareholders' equity during the year in which they are approved by the Shareholders' Meeting and are represented as a liability when the allocation of said dividend is approved.

For details on the new accounting standards and interpretations applicable as of 1 January 2020, and those applicable afterwards, see that described in the explanatory notes to the consolidated financial statements.

Main estimates adopted by management and discretional assessments

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

Estimates and hypotheses used

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

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

In order to measure any impairment of goodwill entered in the financial statements, the Group has adopted the method previously illustrated in the section on "Losses in value of non-financial assets".

- *The impairment test is conducted by comparing the accounting vale with the recoverable value of each group of CGU.* The recoverable value of a group of CGU is determined with regard of the greater of the fair value net of sales costs and the use value. In determining the use value, the future cash flows are actualised using a discount rate which reflects the current market assessment of the temporal value of cash and the specific risks of the group of CGU. The estimates and assumptions reflect the extent to which the Company is aware of business developments and take into account prudent forecasts of future developments of the market in which the Company and Group operates. In the first half of the year, with the repercussions of the Covid-19 health emergency on Group operations, impairment indicators were identified for such assets and Management then conducted an impairment testing exercise on 30 June 2020; the test was repeated on 31 December 2020 and the results are described in the notes.
  Given the uncertainty of the forecast, the worsening of the economic context that has not yet been considered in the Company hypotheses could highlight performance level differing from expectations, with the consequent necessity to record in future adjustments in the book value of specific non-current assets.

- *Expected credit losses*: the Company is focusing closely on the management of the trade receivables, implementing methods based on the situations and requirements of each territory and market segment. The objective remains safeguarding the company equity while maintaining closeness to the client, enabling a timely management of the credit and enhancing customer relations. In the light of this, Management has made a prudential estimate of the Expected credit losses, which could be confirmed in coming months on the basis of the encashment activities undertaken so far, the result of which has been a prudential increase in the allocation to the provision for bad debts compared to last year.

- Economic and financial plans: the Company has reviewed the economic and financial forecasts and the performance formalised in the 2021 Budget, updating them as a result of Covid-19. Similarly, it has made forecasts reflected in the cash flows that are the basis of the impairment test for the next three years. These forecasts may be further influenced in coming months by the development of the pandemic and the future containment measures which may be adopted and also the trends in tourism and the future recovery of market consumption.

- Estimates adopted in the actuarial calculation in order to determine the benefit plans defined in the context of post-employment benefits:
  - The expected inflation rate is equal to 0.8%;
  - The discounting rate used is equal to -0.02%;[XIII]
  - The annual rate of increase of the severance plan is expected to be equal to 2.1%;
  - A 6.5% turnover of employees is expected

- Estimates adopted in the actuarial calculation in order to determine the provision for supplementary clientele severance indemnity:
  - The rate of voluntary turnover is expected to be 13%;
  - The rate of corporate turnover is expected to be 2%;
  - The discounting rate used is -0.08%.[XIV]

- Estimates used in calculating deferred taxes

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

[XIII] Average performance curve deriving from the IBOXX Eurozone Corporates AA (5-7 years).

[XIV] Average performance curve deriving from the IBOXX Eurozone Corporates AA (*duration* "10 +").

- Other

Other elements in the financial statements that were the object of estimate and assumptions by Management are inventory write-down and the determination of amortizations.
These estimates, although supported by well-defined corporate procedures, require hypotheses to be made mainly concerning the future realisable nature of the value of inventories, the probability of collecting in receivables and the solvency of creditors as well as the remaining useful lifetime of assets that may be influenced by both market performance and the information available to Management.

Capital management policy

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

Taking into account the fact that the financial requirements, because of the characteristics of the Company's core business, are calculated in terms of trade net working capital, the main indicator for cash flow management is summarily represented by the performance of the ratio between trade net working capital and revenues ("Trade NWC on total Revenues").
Still in relation to the seasonal nature characterising its business, the Company also monitors the performance of the single components of trade net working capital (trade receivables and payables and inventories) in terms of both absolute value and days of outstanding.
The management of capital is also measured in terms of the principal indicators of best financial practice such as: ROS, ROCE, ROE, Net debt / Equity and Net debt / EBITDA.

Financial Risks Management

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

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

Market risk

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

As at 31 December 2020, a 5% appreciation in the exchange rate in relation to the US dollar and to other currencies, all else being equal, would have given rise to a decrease in pre-tax profit of 495 thousand Euros (-110 thousand Euros in 2019), due to exchange rate gains (losses) on trade payables and receivables and cash and equivalents denominated in foreign currency, mainly dollars (because of the change in the fair value of current assets and liabilities).
The other equity items would have shown an increase of about 948 thousand Euros (+1,285 thousand Euros as at 31 December 2019) ascribable to variations in the amount of the cash flow hedge fund (due to the variation in the fair value of the ongoing hedging contracts).
On the other hand, at the same date, a 5% drop in the exchange rate in relation to the US dollar and to the other currencies, all else being equal, would have been reflected by a pre-tax profit increase of 547 thousand Euros (+122 thousand Euros in 2019).
The other equity items would have shown a downward variation of 1,048 thousand Euros (-1,184 thousand Euros as at 31 December 2019) ascribable to variation in the amount of the cash flow hedge fund (due to the variation in the fair value of the ongoing hedging contracts).

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

In 2020, a hypothetical upward or downward fluctuation of 10% in the interest rate, all else being equal, would have produced a pre-tax cost increase or decrease (with corresponding net equity variation) of approximately 164 thousand Euros on a yearly basis (134 thousand Euros as at 31 December 2019).
As regards the use of the other short-term credit lines, management is focusing on safeguarding and consolidating relations with the credit institutes in order to stabilise the spread applied to Euribor as much as possible.

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

Credit Risk

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

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

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

In 2020, the health emergency which has been affecting Italy since March and is still ongoing and the consequent restrictive measures currently in force involved the stoppage of the activities of most of our customers, with a consequent drastic reduction in volumes and a restriction of the cash flows in the catering market. It is plainly obvious that in this context, a specific and adequate credit management policy is a fundamental priority which must be aimed at the reduction of the credit risk in order to be able to create the conditions to serve and expand our customers, addressing commercial activities as best as possible. In this context, the skills and market and territorial knowledge of our Commercial staff and Sales Management is a vital value in credit management and assessment.
To this end, all of the MARR operating units have been given Guidelines for Credit Management, with the specific objective of:

- reviewing the current payment conditions;
- giving priority to the commercial development of customers currently served whose credit standing and trade potential is known to be reliable;
- focusing closely on the activation of new customers, granting "short" payment conditions, and in any event containing the provisions of art. 62;
- managing requests for delaying overdue payments with monthly plans (rescheduling that overdue on the reference date on the basis of the delay) and reducing the payment conditions for current supplies;
- giving priority and incentives to electronic payments.

As a result of the above, the attribution has been implemented of an "internal rating", on the basis of specific criteria taking into account the Credit Reliability and the Trade Potential of the Customer.

The Credit Procedure and Credit Management Guidelines enable the definition of the operating rules and mechanisms that are guaranteed to generate a cash flow by assuring the Company of the customer's solvency and the profitability of the commercial relationship.

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

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Current trade receivables	280,125	348,693
Other non-current receivables	44,755	38,230
Other current receivables	38,648	49,148
Total	363,528	436,071

For the comments on the various categories, please refer to note 10 on "Other non-current receivables", note 13 on "Trade receivables" and note 16 on "Other current receivables". The value of the trade receivables, the other non-current receivables and the other current receivables are classifiable as "Level 3" financial receivables, in other words those for which the input is not based on observable market data.
The fair value of the above categories is not shown, as the book value constitutes a reasonable approximation of the former.

As at 31 December 2020, overdue trade receivables, net of bad debt provision, amounted to 101,365 thousand Euros (a decrease compared to 136,268 thousand Euros in 2019). The breakdown of these receivables by due date is as follows:

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Overdue:		
Less than 30 days	22,172	38,863
betweeen 31 and 60 days	21,506	22,470
betweeen 61 and 90 days	14,980	20,809
Over 90 days	84,582	92,666
	143,240	174,808
- Provision for write-down of receivables from customers	(41,875)	(38,180)
Total overdue trade receivables	101,365	136,628

At 31 December 2020, the nominal amount of the disputed trade receivables (all classified in the category of expired "over 90 days"), which had been impaired and undergone a write-down, amounted to 32,086 thousand Euros (34,052 thousand Euros in 2019). Those receivables were mainly related to clients in economic difficulties. The quota of these receivables that is not recoverable is specifically covered by the provision for bad debts, which amounts to a total of 41,875 thousand Euros (38,810 thousand Euros in 2019).

Liquidity risk

MARR manages liquidity risk with a view to maintaining a liquidity level sufficient for its operational management.
Given the dynamic nature of the sector concerned, to meet the requirements of the business's routine management and seasonal trends preference is given to funding requirements by availing adequate lines of credit.

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

The following table shows the breakdown of financial liabilities and derivative financial liabilities on the basis of contractual expiry dates at the reference date of the financial statements. It is noted that the amounts shown do not reflect the book values in as much as they consider the future expected cash flows. Given the high volatility of the reference rates, the

[XV] It must be noted that the figures as at 31 December 2019 are restated to ensure comparability with the figures as at 31 December 2020.

financial flows of variable rate loans have been estimated consistently with that already done in previous years, using a rate determined by the IRS at five years increased by the average spread applied to our medium and long-term loans.

(€thousand)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 december 2020				
Borrowings	182,165	96,520	137,310	844
Financial payables for leases (IFRS 16)	9,663	9,239	17,675	23,259
Derivative financial instruments	6	0	50	0
Trade and other payables	229,586	0	0	0
	421,420	105,759	155,035	24,103
At 31 december 2019				
Borrowings	174,748	76,082	95,674	0
Financial payables for leases (IFRS 16)	8,744	8,132	15,700	16,745
Derivative financial instruments	72	0	66	0
Trade and other payables	313,705	0	0	0
	497,269	84,214	111,440	16,745

As regards the changes to the long-term quota, see that already described in the Director's Report and in the following paragraphs 18 "Non-current financial liabilities" and 19 "Non-current lease liabilities (IFRS16)" of these explanatory notes.

Classes of financial instruments

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

(€thousands)	31 December 2020			
Assets as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current derivative/financial instruments	0	1,818	0	1,818
Non-current financial receivables	1,070	0	0	1,070
Other non-current assets	44,755	0	0	44,755
Current financial receivables	7,785	0	0	7,785
Current derivative/financial instruments	0	0	0	0
Current trade receivables	280,125	0	0	280,125
Cash and cash equivalents	247,027	0	0	247,027
Other current receivables	38,648	0	0	38,648
Total	619,410	1,818	0	621,228
Liabilities as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current financial payables	231,066	0	0	231,066
Non-current lease liabilities (IFRS16)	43,879	0	0	43,879
Non-current derivative/financial instruments	0	50	0	50
Current financial payables	180,491	0	0	180,491
Current lease liabilities (IFRS16)	8,277	0	0	8,277
Current derivative financial instruments	0	6	0	6
Total	463,713	56	0	463,769

(€thousands)	31 December 2019*			
Assets as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current derivative/financial instruments	0	3,419	0	3,419
Non-current financial receivables	490	0	0	490
Other non-current assets	38,230	0	0	38,230
Current financial receivables	7,338	0	0	7,338
Current derivative/financial instruments	0	1,246	0	1,246
Current trade receivables	348,693	0	0	348,693
Cash and cash equivalents	179,203	0	0	179,203
Other current receivables	49,148	0	0	49,148
Total	623,102	4,665	0	627,767
Liabilities as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non-current financial payables	166,793	0	0	166,793
Non-current lease liabilities (IFRS16)	36,235	0	0	36,235
Non-current derivative/financial instruments	0	66	0	66
Current financial payables	176,559	0	0	176,559
Current lease liabilities (IFRS16)	7,599	0	0	7,599
Current derivative financial instruments	0	72	0	72
Total	387,186	138	0	387,324

* The figures as at 31 December 2019 are restated as necessary to ensure comparability with the figures as at 31 December 2020.

In compliance with that required by IFRS 13, we would point out that the derived financial instruments, constituted by contracts for the coverage of exchanges and interest rates, are classifiable as "Level 2" financial assets, in as much as the inputs which have a significant effect on the fair value registered are market figures observable directly (exchange and interest rate market).[XVI] Similarly, as regards the non-current financial debts, the recording at fair value of which is indicated in paragraph 16 of these explanatory notes, are also classifiable as "Level 2" financial assets, in as much as the inputs influencing their fair value are market data which is directly observable.
As regards the other non-current and current assets, see that described in paragraphs 10 and 16 of these explanatory notes.

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

Comments on the main items of the statement of financial position of MARR S.p.A.

ASSETS

Non-current assets

1. Tangible assets and assets held for sale

The movements in the item in the year 2020 and in the period before are the following:

(€thousand)	Balance at 31.12.19	Purchases / other movements	Net decreases for disinvestments	Depreciation	Balance at 31.12.18
Land and buildings	47,520	339	(14)	(2,196)	49,391
Improvements on leased facilities	1,763	1,815	0	(52)	0
Plant and machinery	6,676	2,078	0	(2,534)	7,132
Industrial and business equipment	1,164	263	(2)	(203)	1,106
Other assets	2,909	1,290	(101)	(1,452)	3,172
Fixed assets under development and advances	5,869	3,448	0	0	2,421
Total tangible assets	65,901	9,233	(117)	(6,437)	63,222

(€thousand)	Balance at 31.12.20	Purchases / other movements	Net decreases for disinvestments	Depreciation	Balance at 31.12.19
Land and buildings	42,763	(2,232)	(20)	(2,505)	47,520
Improvements on leased facilities	2,130	638	0	(271)	1,763
Plant and machinery	6,280	1,719	(9)	(2,106)	6,676
Industrial and business equipment	1,150	213	(16)	(211)	1,164
Other assets	2,675	1,032	(59)	(1,207)	2,909
Fixed assets under development and advances	15,592	9,723	0	0	5,869
Total tangible assets	70,590	11,093	(104)	(6,300)	65,901
Land and buildings	2,400	2,400	0	0	0
Total assets held for sale	2,400	2,400	0	0	0
Total	72,990	13,493	(104)	(6,300)	65,901

The column "Purchases/other movements" highlights, in the "fixed assets under development and advances", investments for 9,600 thousand Euros for the construction of the new management head office in Santarcangelo di Romagna. In this regard, it should be noted that the new head office was opened, with the progressive transfer of the various departments, in February 2021.
Also, as a result of the agreements for the sale of the building in Santarcangelo di Romagna, Via dell'Acero 1/A and the relative underlying area, the total value of this property is classified under the "Assets held for sale", for a total amount of 2,400 thousand Euros, which is the agreed sale price. As at 31 December 2019, such assets were classified in the item "Land and buildings" in the tangible assets for a total of 2,527 thousand Euros.
As regards the investments highlighted in the other items, it should be noted that these are part of the plan for the expansion and modernisation of the distribution centres. The main investments made concern the Ischia warehouse of the MARR Napoli distribution centre (508 thousand Euros) and the MARR Scapa distribution centre (mainly under the item "plant and machinery") at the facilities in Marzano and Pomezia (692 thousand Euros).

As regards the increases in the item "Other assets", these refer mainly to the purchase of electronic office machines (for 682 thousand Euros) and industrial vehicles, cars and internal means of transport (for a total of 219 thousand Euros).

The decreases refer mainly to the sale of electronic machines and vehicles.

As stated later on, in the commentary on the financial payables, in early 2020, as a result of the extinguishing of the mortgage granted by Banca Intesa San Paolo, the mortgage collateral of 10,000 thousand Euros on the property in Bottegone (PT), Via Francesco Toni, 285/297, was cancelled. As at 31 December 2020, there were therefore no mortgage collaterals on properties owned by the Company.

For details of the changes in tangible assets and assets held for sale, please refer to the information provided in Appendix 3.

See Appendix 10 as regards the details of the Land and Buildings owned by the Group as at 31 December 2020.

2. Right of use

This item represents the actualised value of the future leasing fees concerning the operating lease contracts with a multiannual duration that were ongoing as at 31 December 2020, as provided by the new IFRS 16 in force since 1 January 2019.

The movements in the item in the year 2020 and in the period before are the following:

(€thousand)	Balance at 31.12.19	Purchases	Net decreases for divestments	Depreciation	Initial change	Balance at 31.12.18
Land and buildings - Rights of use	42,830	560	(6,526)	(7,957)	56,753	0
Other assets - Rights of use	50	0	0	(48)	98	0
Total Rights of use	42,880	560	(6,526)	(8,005)	56,851	0

(€thousand)	Balance at 31.12.20	Purchases	Net decreases for divestments	Depreciation	Balance at 31.12.19
Land and buildings - Rights of use	49,401	15,395	(780)	(8,044)	42,830
Other assets - Rights of use	1,191	1,654	(4)	(509)	50
Total Rights of use	50,592	17,049	(784)	(8,553)	42,880

The value given above is represented by 33 lease contracts, 26 concerning the industrial buildings in which some distribution centres of the Company are located and 11 contracts for other assets, mainly vehicles and means of internal transport.
With regard to the movement shown, there was an increase in the right of use of buildings related to both the extension of expiring lease contracts and the subscription of new agreements with lessors for the review of the payments due as a result of the Covid pandemic (specifically, these regard the leases for the MARR Torino, MARR Adriatico and MARR Romagna distribution centre and the Seafood Centre).

For more details on the movements of the right of use, see Appendix 4.

For a better understanding of the impacts, the following are the movements in the relative financial liability generated in overall terms by the application of IFRS 16 (see paragraphs 19 and 25 for more details in this regard).

Lease liabilities for right of use *(€thousand)*	Balance at 31.12.20	Payments	Other movements	Balance at 31.12.19
Land and buildings	50,852	(7,546)	14,615	43,783
Other assets	1,304	(398)	1,651	51
Total	52,156	(7,944)	16,266	43,834

3. Goodwill

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Goodwill	137,086	137,086
Total Goodwill	137,086	137,086

The item did not change compared to 31 December 2019.

Impairment test

At the end of each business year, the Company verifies the recoverability of the intangible assets with undefined lifetimes. It must be noted that during the course of 2020, as a result of the Covid-19 emergency which led to a significant reduction in the sales and margins of the Group, the Company Management identified during the first half year an indicator of potential reduction in the value of the goodwill and therefore recalculated the recoverable value of the CGU to which goodwill had been allocated as at 30 June 2020, performing the test again as at 31 December 2020, as usual.

The recoverable value of the CGU to which the individual assets have been attributed is verified by determining their value in use.

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

In line with last year, as at 31 December 2020, Management assessed the return of the investment and thus the recoverability of the goodwill in terms of the combination of MARR S.p.A. and the subsidiary AS.CA S.p.A., on the basis of the fact that, as at 1 February 2020, the subsidiary AS.CA S.p.A. leased its business to the parent company MARR and the assets were therefore added to those of the MARR Bologna and MARR Romagna distribution centres.

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

For the 2021 business year, the approved 2021 budget and the economic and equity budgets of each single company were used as the basis for calculation.

For 2022 and 2023, an increase in returns has been forecast for all of the operating companies equal to the increase in consolidated returns, identified as follows:
- 2022 revenues from sales increasing compared to 2021 by about 19% and EBITDA improving by about 44%;
- for 2023, given that the Management forecasts believe a return to the pre-Covid situation to be reasonable, revenue values in line with those for 2019 were assumed; EBITDA margin recovering (prudentially, about -0.3 percentage points compared to 2019).

• The forecasts in the 2021 Budget approved by the Board of Directors on 19 February 2021, including the forecast cash flows of the groups of CGU, were determined considering the returns and EBITDA achieved in 2020, also in consideration of the impact of the Covid-19 pandemic and the restrictive measures implemented by the government. The forecast concerning sales and margins reflects the hypotheses and elements used by Management as the basis for calculation, which are deemed reasonable and consider the utmost prudence in the light of the current health emergency and consequent restrictions on mobility imposed by the local authorities.
• The forecasts made for 2022 and 2023 reflect the expected progressive recovery in consumption, with a return to pre-Covid levels of revenues in 2023.
• The expected future cash flows, represented by the expected result of everyday activities, plus the amortizations and less the expected investments, include a terminal value used to estimate the future results beyond the timeframe explicitly considered relevant to the period 2021-2023. The terminal value is determined using a long-term growth rate ("g rate") of 1%. For the estimate of the sustainable medium to long-term EBITDA, an EBITDA margin value has been applied to the returns (identified through the g rate applied to the returns in the last year of the plan) equal to the margin estimated for 2023. The annual investments are estimated by identifying the amount that is deemed representative of both the normalised investments needed to maintain the current assets and the investments aimed at supporting the organic growth of the CGU.
• The expected future cash flows are actualised at a weighted average cost of capital ("WACC") of 6.52% (4.12% last year) which reflects the current market assessment of the temporal value of cash for the period in consideration and the

specific risks of the country comprising the single CGU, a method consistent with that done last year. The following are the main assumptions on which the calculation of the WACC is based:

- the risk-free rate used refers to the average performance in the last quarter of 10-year state securities concerning the country in which each CGU operates;
- the beta coefficient is estimated on the basis of a panel of comparable listed companies operating in the same sector as the Company;
- the tax rate used is that in force in the country comprising the single CGU;
- lastly, a risk premium has been considered.

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

Although the hypotheses on the macro-economic context, developments in the sector in which the Company operates and the estimated future cash flows are deemed adequate and prudent, changes in the hypotheses or circumstances, especially given this particular period and the economic impact that the Covid-19 pandemic is having and will have on hotel and restaurant activities, may require changes to the analysis described above. Therefore, a sensitivity analysis has been carried out on the results, assessing the changes to the basic assumptions for each CGU, in order to determine the recoverable value, as shown in detail in the following table
A change in cash flows has also been hypothesised that takes into consideration a return to the pre-Covid situation in the longer term, and thus after 2023.

Considering the above and on the basis of the impairment test carried out according to the principles and hypotheses described in this paragraph and in the section "Main estimates made by management and discretional assessments", the values of goodwill stated, amounting to 137,086 thousand Euros, are fully recoverable.

Cash Generating Unit	Carrying amount 31.12.20	Change: Net Present Value Free Cash Flow[1] - Carrying Value (absolute value and % incidence on Carrying Value)					
		WACC 6.52%		Sensitivity with WACC 7.74%		Sensitivity with WACC 6.52% and flat revenues in 2022 and +1% in 2023 and as terminal value	
MARR S.p.A.	526,994	431,604	81.9%	239,179	45.4%	843	0.2%

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

Business combinations closed during the year

No business combinations were closed during the course of the year.

Business combinations closed after the end of the year

No business combinations were closed after the end of the business year.

4. Other intangible assets

Below are the movements of the item in 2020 and in the previous year:

(€thousand)	Balance at 31.12.19	Purchases/ other movements	Net decreases	Depreciation	Balance at 31.12.18
Patents	1,197	357	0	(394)	1,234
Concessions, licenses, trademarks and similar rights	13	0	0	(1)	14
Intangible assets under development and advances	1,168	333	0	0	835
Other intangible assets	0	0	0	0	0
Total Other intangible assets	2,378	690	0	(395)	2,083

(€thousand)	Balance at 31.12.20	Purchases/ other movements	Net decreases	Depreciation	Balance at 31.12.19
Patents	1,158	383	0	(422)	1,197
Concessions, licenses, trademarks and similar rights	12	0	0	(1)	13
Intangible assets under development and advances	1,246	78	0	0	1,168
Other intangible assets	0	0	0	0	0
Total Other intangible assets	2,416	461	0	(423)	2,378

The increases are linked mainly to new licences, software and applications, some of which became operational during the year and some of which were still being implemented as at 31 December 2020 and are thus included in the item "Assets under development and advances".

5. Investments in subsidiaries and associated companies

(€thousand)		Balance at 31.12.20	Balance at 31.12.19
- Investment in subsidiaries			
Marr Foodservice Ibérica S.A.U.		400	401
As.ca S.p.A.		13,691	13,691
New Catering S.r.l.		7,439	7,439
Sì Frutta S.r.l.		757	406
	Total	22,287	21,937
- Investment in associated companies			
Jolanda De Colò		1,828	2,046
	Total	1,828	2,046
Total Investments in subsidiaries and associated companies		24,115	23,983

With regard to the movements during the year in this item, it must be highlighted that on 11 March 2000, the Company finalised the purchase of the remaining 60% of the shares of SìFrutta S.r.l.; the purchase made from the companies SìFrutta and Vitali e Bagnoli Multiservice S.r.l. at a total price of 0.8 million Euros has enabled MARR to gain the complete control of the shareholding.

The value of the investments as at 31 December 2020 includes the depreciation caused by the 2020 losses, as described in paragraph 38 below.

A list (Appendix 6) has been prepared showing for each subsidiary and associate company the information required by subsection 5 of art. 2427 of the Civil Code. This statement also includes the differences resulting between the values recorded in the financial statements and the corresponding fraction of shareholders' equity resulting from the last financial statements or draft financial statements of the holding company. It must be noted that the positive differences are attributable to the future profits of the holding companies, as described below:

- 5,433 thousand Euros attributable to the subsidiary AS.CA S.p.A., as MARR, with the purchase of the company, has further strengthened its presence around Bologna. It should be noted that as of 1 February 2020, MARR S.p.A. leased the going concern to the Parent Company and integrated its activities with those of the MARR Bologna and MARR Romagna distribution centres;
- 182 thousand Euros attributable to the subsidiary SìFrutta S.r.l., as MARR, with the purchase of this company, has expanded its operations with the supply of fresh fruit and vegetables to customers in the Foodservice sector and also industrial processing activities;
- 1,271 thousand Euros attributable to the associate Jolanda de Colò S.p.A. MARR acquired 34% of the shares in this company on 13 November 2019, thereby forming a partnership with one of the main national operators in the premium segment (high range). MARR also signed with ABA S.r.l., a company owned by the Pessot – de Colò family, which owns 66 % of Jolanda de Colò, an irrevocable agreement giving MARR the option, as of 31 March 2022, to purchase a majority holding in Jolanda de Colò, through a mechanism of option call for MARR and put for ABA on the residual 33% of the share capital of Jolanda de Colò.

6. Equity investments in other companies

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
- Other companies		
Centro Agro-Al. Riminese S.p.A.	280	280
Conai - Cons. Naz. Imball. - Roma	1	1
Idroenergia Scrl	1	1
Banca Malatestiana Cr.Coop.vo	2	2
Consorzio Assindustria Energia	1	1
Caf dell'Industria dell'Em. Romagna S.p.A.	2	2
Veneto Banca S.c.ar.l.	8	8
Banca Popolare di Bari S.p.A.	0	4
Total Other companies	296	300

7. Non-current financial receivables

As at 31 December 2020, this item amounted to 1,070 thousand Euros (490 thousand Euros as at 31 December 2019) and includes, in addition to the quota beyond the year of interest-bearing financial receivables from trade partners (175 thousand Euros) and from transporters for the sale of the transport vehicles used to move MARR goods (175 thousand Euros), the quota beyond the year of the loans granted in 2020 to the commercial experts as a result of the impact of the Covid-19 pandemic on the hotel and restaurants sector, and thus in support of the MARR sales network (681 thousand Euros).

8. Financial instruments / derivatives

The amount as at 31 December 2020, amounting to 1,818 thousand Euros (3,419 thousand Euros as at 31 December 2019), represents the positive fair value of the Cross Currency Swap contracts stipulated by the Company to hedge the risk of changes to the Dollar-Euro exchange rate, with reference to the bond private placement in US dollars finalized in July 2013.

It must be noted that in July 2020, the Cross Currency Swap contract classified as short-term (1,247 thousand Euros as at 31 December 2019) was extinguished, with the repayment of the relative bond debt.

The two remaining contracts expire in 2023.

It should be noted that, consistently with the possibility offered by the new IFRS9 (paragraph 7.2.21 on "Transitory dispositions concerning the accounting of hedging operations"), the Group has opted to continue to apply the dispositions concerning the accounting of hedging operations of which in IAS 39 to this type of operations.

The change compared to the end of the previous business year is linked to the performance during the period of the US dollar-Euro exchange rate. There are not any contracts whit expiry date over 5 years.

9. Tax Assets / Liabilities for deferred taxes payable

As at 31 December 2020, this item amounted to a positive value of 328 thousand Euros (net liabilities of 1,084 Euros as at 31 December 2019), classified in the assets under the item "Tax assets".

The following table shows the breakdown of the items:

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
On taxed provisions	11,990	10,608
On costs deductible in cash	100	142
On costs deductible in subsequent years	1,138	944
On other changes	500	0
Deferred tax assets	13,728	11,694
On goodwill amortisation reversal	(9,068)	(8,660)
On funds subject to suspended taxation	(404)	(406)
On leasing recalculation as per IAS 17	(449)	(449)
On actuarial calc. of severance provision fund	208	206
On fair value revaluation of land and buildings	(3,454)	(3,463)
On cash flow hedge	(42)	186
Others	(191)	(192)
Deferred tax liabilities	(13,400)	(12,778)
Deferred tax assets/(liabilities)	328	(1,084)

It must be pointed out that the item "On other changes" represents the deferred tax assets on the ACE basis not used, which will be transferred to Cremonini as part of the National Consolidated Fiscal regime.

On the basis of the multiannual plans, management believes these assets to be recoverable through future tax bases.

10. Other non-current assets

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Non-current trade receivables	15,700	9,142
Accrued income and prepaid expenses	3,952	4,015
Other non-current receivables	25,103	25,073
Total Other non-current assets	44,755	38,230

The "Non-current trade receivables", amounting to 15,700 thousand Euros (of which 1,194 thousand Euros was with an expiry date of over 5 years) mainly concern agreements and delays in payment defined with the customers. The increase is linked to the finalisation with customers of new re-entry plans as a result of the difficulties encountered by operators in the sector because of the Covid-19 pandemic and the restrictive measures adopted by the institutions.
The prepaid expenses are mainly linked to promotional contributions with clients of a multi-annual nature (the amount with expiry date over 5 years is assessed for some 1.916 thousand Euros). The item "Other non-current receivables" includes, in addition to receivables from State coffers for VAT on loss of clients of 5,927 thousand Euros, receivables from suppliers for 18,711 thousand Euros (18,217 thousand Euros as at 31 December 2019), of which 390 thousand Euros with expiry date over 5 years.

Current assets

11. Inventories

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Finished goods and goods for resale		
Foodstuffs	30,666	36,679
Meat	10,607	14,387
Fish products	82,709	98,665
Fruit and vegetable products	23	32
Hotel equipment	2,380	2,352
	126,385	152,115
provision for write-down of inventories: to be deducted	(1,368)	(618)
Goods in transit	5,239	7,306
Packing	2,608	2,412
Total Inventories	132,864	161,215

The inventories are not conditioned by obligations or other property rights restrictions.
As explained in the Directors' Report, the inventories show a decrease of 28.4 million Euros compared to 31 December 2019, mainly as a result of a careful review of the supply policies implemented since the lockdown in March 2020 and the recovery of activities in the catering sector since 18 May last year, with trends in the summer season that was basically free of binding regulatory restrictions. The result achieved in the first half of the year was consolidated in the second half.

The following are the movements during the year, which highlight a net allocation for the period to the provision for the write-down of inventories amounting to 750 thousand Euros, in order to align the inventories to their presumable realisation value.

(€thousand)	Balance at 31.12.20	Change of the year	Balance at 31.12.19
Finished goods and goods for resale	126,385	(25,730)	152,115
Goods in transit	5,239	(2,067)	7,306
Packing	2,608	196	2,412
	134,232	(27,601)	161,833
Provision for write-down of inventories	(1,368)	(750)	(618)
Total Inventories	132,864	(28,351)	161,215

12. Current financial receivables

The item "Current financial receivables" is composed of:

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Financial receivables from Parent companies	5,794	1,843
Financial receivables from Subsidiaries	1,365	4,944
Receivables from loans granted to third parties	626	551
Total Current financial receivables	7,785	7,338

For details of the Financial receivables from subsidiaries and parent companies (all interest-bearing, with interest rates in line with market values), see Appendix 8 to these explanatory notes.

The Receivables for loans granted to third parties, all of which are interest-bearing, refer, in addition to the receivables from transporters (324 thousand Euros) consequent to the sale of the trucks used to transport MARR products and service-supplying partners (75 thousand Euros), the loans granted in 2020 to the commercial experts in support of their activities as a result of the impact of the Covid-19 pandemic on the hotel and restaurants sector, and thus in support of the MARR sales network (227 thousand Euros).

13. Current trade receivables

This item is composed of:

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Trade receivables from customers	319,081	384,283
Trade receivables from Parent companies	330	1,899
Trade receivables from Subsidiaries	2,589	679
Trade receivables from Associated companies	0	12
Total Current trade receivables	322,000	386,873
Provision for write-down of receivables from customers	(41,875)	(38,180)
Total current net receivables	280,125	348,693

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Trade receivables from customers	315,722	374,054
Receivables from Associated companies consolidated by the Cremonini Group	3,359	10,226
Receivables from Associated companies not consolidated by the Cremonini Group	0	3
Total current trade receivables from customers	319,081	384,283

The receivables from customers due within the year, deriving in part from normal sales operations and in part from the supply of services, have been valued on the basis of that indicated above. Receivables are shown net of bad debt provision of 41,875 thousand Euros, as highlighted in the table below.

The receivables "from subsidiaries" (330 thousand Euros), "from parent companies" (2,589 thousand Euros) and "from associated companies consolidated by the Cremonini Group" (3,359 thousand Euros)), are analytically outlined, together with the corresponding payable items, in Appendix 8. These receivables are all of a commercial nature.

The item Receivables from customers is net of a plan for the sale of receivables on a continuing and without recourse basis as a result of the Contract initially signed in May 2014 and subsequently renewed in December 2018 for an additional period of 5 years.
As at 31 December 2020, the outstanding sold amounted to 32,711 thousand Euros (65,553 thousand Euros as at 31 December 2019), a decrease compared to last year primarily as a result of the decrease in returns because of the pandemic.

Lastly, it must be noted that as at 31 December 2020, the payables to customers for end of year bonuses was classified in reduction of the trade assets rather than in the other payables; the values as at 31 December 2019 are restated for comparative purposes.

Receivables in foreign currencies have been adjusted to the exchange rate valid on 31 December 2020.

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

In 2020, the provision for the write-down of receivables recorded the following movements and the determination of the period allocation reflects the exposure of the receivables – net of the write-down provision – at their presumable realisation value.

(€thousand)	Balance at 31.12.20	Increases	Decreases	Other movements	Balance at 31.12.19
- Tax-deductible provision	1,745	1,745	(2,117)	27	2,090
- Taxed provision	40,126	16,455	(12,305)	(27)	36,003
- Provision for default interest	4	0	(83)	0	87
Total Provision for write-down of Receivables from customers	41,875	18,200	(14,505)	0	38,180

14. Tax Receivables

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Ires/Irap tax advances /withholdings on interest	26	75
VAT carried forward	378	1,616
Tax credit	4,958	0
Irpeg litigation	25	25
Ires transferred to the Parent Company	11	11
Other	291	291
Total Tax assets	5,689	2,018

As regards the movements during the year, it must be noted that tax credit arose during the year totalling 4,958 thousand Euros and primarily identified as follows:
- 4,685 thousand Euros representing residual tax credit (mainly from the "holidays bonus") transferred during the course of the year from customers for the payment of their own trade receivables, in the context of a MARR strategy aimed at closeness to the customer in support of operators in the Italian tourism sector;
- 273 thousand Euros represented for 247 thousand Euros (attributed to the income statement on the basis of the useful lifetime of the assets) by the tax credit of the Company on investments in instrumental assets ex Law 160/2019 and Law 178/2020 and for 22 thousand Euros by advertising investments.
In addition to the above, it must also be noted that during the year, the Company accrued tax credit for sanitization and the purchase of individual protection devices totalling 17 thousand Euros, which was totally used to compensate the payment of taxes as at 31 December 2020.

The decrease in credit for VAT carried forward must also be noted. This item is partly related to the deferred VAT receivables from Spain, amounting to 282 thousand Euros as at 31 December 2020 (1,578 thousand Euros as at 31 December 2019), and for 68 thousand Euros to the deferred VAT receivables related to the deductibility of VAT from customs bills accounted before the closure of the business year (38 thousand Euros as at 31 December 2019).
It should also be noted that the item "Other" is represented almost entirely (273 thousand Euros) by VAT receivables from overseas (Spain), requested as reimbursement from the competent authorities.

15. Cash and cash equivalents

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

With regard to the changes in the net financial position, refer to the cash flows statement of 2020.

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Cash and Cheques	3,563	10,581
Bank and postal accounts	243,464	168,622
Total Cash and cash equivalents	247,027	179,203

16. Other current assets

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Accrued income and prepaid expenses	584	349
Other receivables	38,064	48,799
Total Other current assets	38,648	49,148

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Prepaid expenses		
Leases on buildings and other assets	3	0
Maintenance fees	266	251
Commercial and advertising costs	1	1
Insurance costs/Administration services	20	25
Other prepaid expenses	294	72
Total Current accrued income and prepaid expenses	584	349

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Guarantee deposits	116	116
Other sundry receivables	1,375	1,254
Provision for write-down of receivables from others	(5,484)	(4,884)
Receivables from social security institutions	860	221
Receivables from agents	1,788	1,583
Receivables from employees	55	45
Receivables from insurance companies	787	943
Advances and deposits	590	355
Advances to suppliers and supplier credit balances	37,496	48,731
Advances to suppliers and supplier credit balances from Associates	481	435
Total Other current receivables	38,064	48,799

The item *Advances to suppliers and other receivables from suppliers*, in addition to payments made to foreign suppliers (non-EU) for the purchase of goods with "f.o.b. clause" or advance payment on next fishing campaigns (for 18,397 thousand Euros, 18,824 thousand Euros in 2019), also includes receivables for contributions to be received from suppliers totalling 14,345 thousand Euros (see the comments made in paragraphs 31 "Other revenues").
Receivables from foreign suppliers in foreign currencies have been adjusted, if necessary, to the exchange rate valid on 31 December 2020.

It must be noted that as at 31 December 2020, some of the receivables from suppliers, concerning end of year bonuses to be received, was classified in reduction of the trade liabilities; the values as at 31 December 2019 have been restated for comparative purposes.

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

(€thousand)	Balance at 31.12.20	Increases	Decreases	Other movements	Balance at 31.12.19
- Provision for Receivables from Others	5,484	600	0	0	4,884
Total Provision for write-down of Receivables from others	5,484	600	0	0	4,884

Breakdown of receivables by geographical area

The breakdown of receivables by geographical area is as follows:[XVII]

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial receivables	1,066	3	0	1,069
Non current derivative/ financial instruments	1,818	0	0	1,818
Deferred tax assets	328	0	0	328
Other non-current assets	26,044	0	18,711	44,755
Financial receivables	7,784	1	0	7,785
Current derivative/ financial instruments	0	0	0	0
Trade receivables	254,723	19,644	5,758	280,125
Tax assets	5,133	556	0	5,689
Other current assets	22,173	5,093	11,382	38,648
Total receivables by geographical area	319,069	25,297	35,851	380,217

[XVII] Receivables from Great Britain are considered as EU receivables.

LIABILITIES

17. Shareholders' Equity

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

Share Capital
The Share Capital as at 31 December 2020, amounting to 33,263 thousand Euros, is unchanged compared to the previous business year and is represented by 66,525,120 MARR S.p.A. ordinary shares, entirely subscribed and paid up, with regular benefit, of a nominal value of 0.50 Euros each.

Share premium reserve
As at 31 December 2020, this reserve amounts to 63,348 thousand Euros and does not appear to have changed since 31 December 2019.

Legal reserve
This Reserve amounts to 6,652 thousand Euros and does not appear to have changed since 31 December 2019.

Shareholders' contributions on account of capital
This Reserve did not change in 2020 and amounts to 36,496 thousand Euros.

Reserve for transition to IAS/IFRS
This is the reserve (amounting to 7,516 thousand Euros) set up following the first-time adoption of the international accounting standards and did not change during the year.

Extraordinary Reserve
As at 31 December 2020, the increase of 64,349 thousand Euros, is attributable to the allocation of the profits for the year closed on 31 December 2019, as per shareholder meeting's decision made on 28 April 2020.

Reserve for merger advances
This Reserve did not change in 2020 and amounts to 9,555 thousand Euros.

Cash flow hedge reserve
As at 31 December 2020, this item amounted to a positive value of 134 thousand Euros and is linked to the stipulation of both hedging contracts for exchange rates undertaken for the specific hedging of a loan in foreign currency and trade payables due to the purchase of goods in foreign currency and interest rate hedging contracts for the specific coverage of variable rate loan contracts.
As regards the movements in this reserve and the other profits/losses in the Statement of Comprehensive Income, see that described in the Consolidated Statement of Changes in the Shareholders' Equity and in paragraph 41 "Other profits/losses", and paragraphs 8, 20 and 26 in these explanatory notes.

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

IAS19 Reserve
As at 31 December 2020, this reserve amounts to a negative value of 771 thousand Euros and is composed of the value, net of the theoretical tax effect, of actuarial losses and gains regarding the evaluation of Staff Severance Provision as required by the amendments to IAS principle 21 "Employee Benefits", effective for the business years beginning from 1 January 2013. Consistently with that established by the IFRS, these profits/losses have been entered in the net equity and their variation is highlighted (according to IAS 1 revised, in force from 1 January 2009) in the consolidated comprehensive income statement.

With regard to the reserves in taxation suspension (ex. Art. 55 DPR 917/86 and 597/73 reserve), amounting to 1,451 thousand Euros as at 31 December 2020, the relevant deferred tax liabilities have been accounted for.

On 28 April 2020, the Shareholders' meeting approved the MARR S.p.A. financial statements as at 31 December 2019 and consequently decided to suspend the distribution of the 2019 dividends and allocate the business year profit to the extraordinary reserve.

To complete the comments on the items comprising the Shareholders' Equity, the following must be noted:

(€thousands)	*at 31 December 2020*	Possible utilization	Available quota
Share Capital	33,263		
Reserves:			
Share premium reserve	63,348	A,B,C	63,348
Legal reserve	6,653	B	
Revaluation reserve	13	A,B,C	13
Shareholders contributions or capital account	36,496	A,B,C	36,496
Extraordinary reserve	170,460	A,B,C	170,460
Reserve for exercised stock options	1,475	-	
Cash-flow hedge reserve	134	-	
Reserve for transition to the Ias/Ifrs	7,516	-	
Reserve ex art. 55 (DPR 597-917)	1,451	A,B,C	1,451
Surplus for mergers	9,555	A,B,C	9,555
Reserve IAS19	(771)	-	
Total Reserves	296,329		
Profits carried over	(1,643)	A,B,C	

Notes:
A: for increase of share capital
B: for covering losses
C: for distribution to shareholders

Non-current liabilities

18. Non-current financial payables

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Payables to banks - non-current portion	204,254	137,491
Payables to other financial institutions - non-current portion	26,812	29,302
Total non-current financial payables	**231,066**	**166,793**

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Payables to banks (1-5 years)	203,412	137,491
Payables to banks (over 5 years)	842	0
Total payables to banks - Non-current portion	**204,254**	**137,491**

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Payables to other financial institutions (1-5 years)	26,812	29,302
Payables to other financisl institutions (over 5 years)	0	0
Total payables to other financial institutions - Non-current portion	**26,812**	**29,302**

The variation in long-term payables to banks is due to the combined effect of the ordinary progress of the amortization plans and the new transactions completed.
In particular, the Company stipulated the following new contracts in 2020:
- loan signed on 24 February 2020 with Banca Intesa San Paolo for 50 million Euros, split into two portions, one of 20 million Euros (paid out on 26 February) and the other "bullet" of 30 million Euros (paid out on 25 March 2020), both expiring in February 2023;
- loan signed on 4 March 2020 with Credito Emiliano for 7.5 million Euros, with a pay-back plan terminating in March 2023;
- loan signed on 9 April 2020 with Credit Agricole Italia for 10 million Euros, with pay-back plan terminating in April 2026;
- loan signed on 13 May 2020 with Unicredit for 30 million Euros, with pay-back plan terminating in May 2022;
- loan signed on 20 May 2020 with UBI Banca for 25 million Euros, with pay-back plan terminating in May 2023.

The following must also be noted:
- in January, the last instalment of the mortgage ongoing with Banca Intesa San Paolo was paid and the relative collateral was cancelled, which had been for a value of 10,000 thousand Euros on the building in Bottegone (PT) – Via Francesco Toni 285/297;
- the two ongoing loans with Banca Intesa San Paolo were both terminated in advance, for a total of 19.8 million Euros which, as at 31 December 2019, had been classified for 9.5 million Euros in the current financial payables and for 10.3 million in the non-current financial payables.

As regards the value of the payables to other financial institutions, this is represented entirely by the private bond placement in US dollars stipulated in July 2013 and expiring in 2023 (29,246 thousand Euros as at 31 December 2019).
The bond placement was originally opened for 43 million dollars and an average coupon of about 5.1% and that there are specific Cross Currency Swap contracts in force to hedge the risk of oscillation in the US dollar to Euro exchange rate, the effects of which are described in paragraph 8 "Financial instruments / derivatives".

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

Credit institutes	Interest rate	Expiry	Portion from 2 to 5 years	Portion beyond 5 years	Balance at 31.12.20
Pool BNP Paribas	Euribor 6m +0,85%	30/06/2022	9,278	0	9,278
BNL	Fisso 0,75%	30/09/2023	29,983	0	29,983
Unicredit	Euribor 6m +0,55%	11/04/2022	4,166	0	4,166
Cassa Centrale Banca	Euribor 3m +0,75%	04/08/2023	11,706	0	11,706
Rivierabanca	Euribor 6m +0,59%	04/07/2022	3,004	0	3,004
Credito Valtellinese	Euribor 6m +0,75%	05/01/2024	6,273	0	6,273
Cassa di Risparmio di Ravenna	Euribor 3m +0,98%	16/05/2023	2,517	0	2,517
Mediobanca	Euribor 6m +1,04%	30/04/2024	19,432	0	19,432
CaixaBank	Euribor 6m +1,00%	31/10/2024	18,726	0	18,726
Banca Intesa SanPaolo Tranche A	Euribor 6m +0,58%	24/02/2023	11,988	0	11,988
Banca Intesa SanPaolo Tranche B	Euribor 6m +0,58%	24/02/2023	29,965	0	29,965
Credem	Euribor 3m +0,55%	04/03/2023	4,688	0	4,688
Credit Agricole	Euribor 6m +0,90%	09/04/2026	6,657	842	7,499
Unicredit	Euribor 6m +0,60%	13/05/2022	29,995	0	29,995
UBI Banca	Euribor 3m +0,90%	20/05/2023	15,034	0	15,034
			203,412	842	204,254

It must be noted that as at 31 December 2020, there are no mortgages on the properties of the Company.

It must also be noted that, to hedge the variable rate loan granted in April 2018 by Unicredit, in May, an Interest Rate Swap contract with the same bank is ongoing. This contract has a notional residual value of 12,500 thousand Euros as at 31 December 2020 and expires in April 2022.

The following table shows the details of the financial covenants ongoing on closure of the year and the relative loans.
As also highlighted in the Directors' Report, the current economic context and the impacts of the pandemic and relative restrictions, with negative impacts on the Company and on the Group results, have led to the identification of covenant breaches concerning some of the financial contracts because of one of the indices envisage contractually being exceeded, which is that of the ratio between net financial indebtedness and EBITDA.
For these loans, management started and finalised "covenant holidays" agreements in June with the respective banks for the temporary suspension of the verification of the financial parameters.

Credit institutes	Due date	Residual value	Covenants			Reference Date	
			NFP/ Net Equity	NFP/ EBITDA	EBITDA/ Net financial charges	30 June	31 December
Pool BNP Paribas	30/06/2022	27,810	< 2,0	< 3,5	> 4,0	✔	✔
BNL	30/09/2023	29,973	=< 2,0	=< 3,0	>= 4,0	✔	✔
Crédit Agricole Cariparma	19/05/2021	1,262	< 2,0	< 4,0			✔
Credito Valtellinese	05/01/2024	7,519	=< 2,0	=< 3,5			✔
Iccrea in Pool	21/09/2021	16,931	=< 2,0	=< 3,0			✔
Banca Popolare dell'Emilia Romagna	21/12/2021	3,332	=< 2,0	=< 3,0			✔
Credem	18/07/2021	1,881		=< 3,15	>= 14,5		✔
Ubi Banca	19/07/2021	3,333	=< 1,5	=< 3,0			✔
Mediobanca	30/04/2024	27,198	< 1,5	< 3,0	> 4,0	✔	✔
CaixaBank	31/10/2024	24,959	=< 2,0	=< 3,5			✔
Intesa - Tranche A	24/02/2023	19,966	=< 2,0	=< 3,5	>= 4,0		✔
Intesa - Tranche B	24/02/2023	29,934	=< 2,0	=< 3,5	>= 4,0		✔
Unicredit	11/04/2022	12,489	=< 2,0	=< 3,0	>= 4,0	✔	✔
Unicredit	13/05/2022	29,979	=< 2,0	=< 3,0	>= 4,0	✔	✔
Crédit Agricole	09/04/2026	9,139	=< 2,0	=< 4,0			✔
Ubi Banca	20/05/2023	24,965	=< 2,0	=< 3,0			✔
		270,670					
Private Placement Bond - 10 years	11/07/2023	26,763	< 2,0	< 3,5	> 4,0	✔	✔
		26,763					

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

	Book Value		Fair Value	
(€thousand)	2020	2019	2020	2019
Payables to banks - non-current portion	204,253	137,491	203,635	137,044
Payables to other financial institutions - non-current portion	26,813	29,302	26,188	28,688
	231,066	166,793	229,823	165,732

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

19. Non-current lease liabilities (IFRS16)

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Financial payables for leases - Right of use (2-5 years)	23,347	21,071
Financial payables for leases - Right of use (over 5 years)	20,532	15,164
Total payables for leases - Right of use - Non-current portion	43,879	36,235

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

20. Financial Instrument / Derivatives

The amount as at 31 December 2020, amounting to a financial liability of 49 thousand Euros, represents the fair value of the Interest Rate Swap contract stipulated in May 2019 with Unicredit, The contract, with a notional residual value as at 31 December 2020 of 12,500 thousand Euros, expires in April 2022 and was signed to hedge the ongoing variable-rate loan for the same amount with the same bank.

21. Employee benefits

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

(€thousand)	
Opening balance at 31.12.19	*7,016*
initial change	405
payments of the period	(679)
provision for the period	47
other changes	(9)
Closing balance at 31.12.20	6,780

In addition to the legal revaluation accrued and the decreases in the period, the movements show an increase of 405 thousand Euros, which represents the fund for employees transferred from AS.CA to MARR following the lease of the going concern of the subsidiary effective from 1 February 2020.

It must be highlighted that the allocation for the period includes net actuarial losses totalling 9 thousand Euros (almost all "from experience"). These amounts are recorded in the accounts, net of the theoretical fiscal effect, in the relevant net equity reserve as provided by IAS 19 (see that described as regards the movement of the Net Equity and in paragraph 17 of these Explanatory Notes).

The applicable employment contract is that for companies operating in the "Tertiary, Distribution and Services" sector. With reference to the significant actuarial hypotheses (as described in the paragraph entitled "Main estimates adopted by management and discretional assessments"), the table below shows the effects on the final liabilities due to possible changes to them.

(€thousand)	Turnover +1 %	Turnover -1 %	Inflation rate +0.25%	Inflation Rate -0.25%	Discounting rate +0.25%	Discounting rate -0.25%
Effect at the end on liability	(37)	40	154	(63)	(100)	103

It should also be noted that the contribution expected for the following business year is zero and the average financial duration of the bond in 6.6. Future payments expected in the next five years can be estimated as totalling 3.1 million Euros.

22. Provisions for non-current risks and charges

(€thousand)	Balance at 31.12.20	Allocations	Other movements	Uses	Balance at 31.12.19
Provision for supplementary clients severance indemnity	4,763	625	176	(172)	4,134
Provision for specific risks	1,049	76	0	(63)	1,036
Total Provisions for non-current risks and charges	5,812	701	176	(235)	5,170

The provision for supplementary clients severance indemnity has been allocated in compliance with IAS 37 on the basis of a reasonable estimate of probable future liabilities, considering the available elements. The amount indicated in the "other movements" represents the fund accrued as at 1 February 2020 by the commercial experts of the subsidiary AS.CA transferred to MARR following the lease of the going concern.

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

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

Lastly, it must be pointed out that on 29 June 2017, the Taxation Unit of the Guardia di Finanza (Finance Police) in Rimini started a tax inspection of a general nature (IRES, IRAP, VAT and other taxes) with MARR concerning the 2015 and subsequent fiscal years. The inspection ended and a Final Report was drawn up in which it was claimed that there had only been one presumed irregularity committed by MARR during the years involved. On 31 December 2020, the terms for the issuing of any deeds of imposition deriving from the Final Report expired, and on the same date, there were no deed issued against the company in the informative system of the tax authorities.

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

Potential liabilities
It must be pointed out that on 08.03.2021, the Milan INPS office notified to MARR, on the basis of the solidarity clause ex art. 29 of Legislative Decree 276/2003, a tax inspection report concerning the claimed failure to pay contributions and/or undue remuneration against a cooperative services company, as the associate of a service provider company, which ceased all relations with MARR in 2019.
Form a cursory analysis of the documentation notified, MARR, assisted by its legal consultants, believes that the claims made against it have no foundation.

23. Other non-current payables

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Accrued expensed and prepaid income	293	14
Others non current liabilities	1,560	1,180
Total other non-current payables	1,853	1,194

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

Passività correnti

24. Current financial payables

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Financial payables to subsidiaries	13,209	2,716
Payables to banks	166,630	163,913
Payables to other financial institutions	652	9,930
Total Current financial payables	180,491	176,559

Current payables to banks:

(€thousand)		Balance at 31.12.20		Balance at 31.12.19
Current accounts		225		167
Loans/Advances		66,225		33,670
Loans:				
- Cassa di Risp.di Pescia e Pistoia	0		261	
- Cassa di Risparmio di Ravenna	829		1,654	
- Banca Intesa San Paolo	0		1,494	
- Crédit Agricole Cariparma	1,262		2,512	
- Ubi Banca	0		2,999	
- Bnl	0		29,993	
- Unicredit	8,324		8,315	
- Banca Intesa	0		7,997	
- Cassa Centrale Banca	3,341		6,673	
- Cassa Centrale Banca	3,318		6,627	
- Credito Valtellinese	1,246		2,487	
- Bper	3,332		3,331	
- Ubi Banca	3,333		4,444	
- Iccrea	16,931		22,558	
- BNP Paribas	18,532		18,495	
- Credem	1,881		2,503	
- Mediobanca	7,766		7,733	
- Riviera Banca	1,494		0	
- CaixaBank	6,232		0	
- Banca Intesa San Paolo Tranche A	7,977		0	
- Banca Intesa San Paolo Tranche B	2,810		0	
- Crédit Agricole	1,641		0	
- Ubi Banca	9,931		0	
		100,180		130,076
		166,630		163,913

For more details regarding the variation in mortgages and loans, see that outlined in the paragraph 18 "Non-current financial payables".

It should also be noted that the item "Loans/Advances" includes 12,019 thousand Euros for sbf advances, 22,337 thousand Euros for importing loans and 19,000 thousand Euros for advances on invoices, in addition to the 12,934 thousand Euros payables to Banca IMI due to the securitization operation started in 2014.

As regards the breakdown of the *Financial payables to subsidiaries (accruing interest at market rates)*, see that described in Appendix 8 to these Explanatory Notes.

The balance of the payables to other financiers includes the portion of interest accrued on the private placement bond in US dollars, for a total of 594 thousand Euros, and the short-term portion of the financial payables for server leasing, amounting to 56 thousand Euros.
With regard to the private placement bond, it must be highlighted that on 10 July 2020, the Company paid back to the investors the capital portion expiring (classified among the current liabilities for 8,844 thousand Euros as at 31 December 2019) and the half-yearly portion of interest, for a total outgoing amounting to 8,514 thousand Euros.

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

25. Current lease liabilities (IFRS16)

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Financial payables for leases - Right of use	8,277	7,599
Total Payables for leases - Current portion	8,277	7,599

This item includes the current financial payables relating mainly to the multi-annual lease contracts for the facilities in which some of the Company distribution centres are located.
As also mentioned in paragraph 19 with regard to the non-current portion of the lease liabilities, it must be noted that the liability has been recorded in compliance with that provided by the new IFRS16, effective as of 1 January 2019, and is calculated as the current value of the future lease payments, actualised at a marginal interest rate which, on the basis of the multi-annual contractual duration for each individual contract, has been included in the range of between 1% and 3%.

26. Financial instruments / derivatives

The amount as at 31 December 2020, equal to 6 thousand Euros, concerns forward transactions in foreign currency to hedge the underlying transactions for the purchase of goods undertaken by the Company. These transactions are accounted as hedging financial flows.

27. Current tax liabilities

The breakdown of this item is as follows:

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Irap	20	97
Ires transferred to the Parent Company	0	2,213
Other taxes payable	262	260
Irpef for employees	629	1,202
Irpef for external assistants	101	297
Total Current taxes payable	1,012	4,069

This item relates to taxes payable of a determined and certain amount.
The change compared to last year is primarily linked to the IRES payables for the year that were not present as at 31 December 2020 due to the impacts of the Covid-19 pandemic on the sales and on the Company results, in addition to the reduced IRPEF payables as a result of the use during the course of the year of the social safety nets made available by the Institutions.

Lastly, it should be noted that, as regards MARR S.p.A., the 2016 and following business years can still be verifiable by the fiscal authorities, by reason of the ordinary verification deadlines and excluding currently pending fiscal litigations.

28. Current trade liabilities

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Suppliers	219,271	303,326
Payables to Associated companies	0	215
Payables to Associated companies consolidated by the Cremonini Group	9,301	9,364
Payables to Subsidiaries	854	798
Trade payables to Parent Companies	160	2
Total Current trade liabilities	229,586	313,705

The trade liabilities mainly refer to payables for the purchase of goods for marketing and payables to Sales Agents. They also include "Payables to Associated Companies consolidated by the Cremonini Group" for 9,301 thousand Euros, "Payables to Subsidiaries" for 855 thousand Euros and "Trade Payables to Parent Companies" for 160 thousand Euros, the details and analysis of which are reported in the following Appendix 8.

It should be noted that as at 31 December 2020, part of the receivables form suppliers concerning end-of-year bonuses to be received was classified in reduction of the trade liabilities. The values as at 31 December 2019 have been restated for comparative purposes.

29. Other current liabilities

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Current accrued expenses and deferred income	161	53
Other payables	10,683	12,575
Total Other current liabilities	10,844	12,628

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Deferred income for interests from clients	112	50
Other deferred income	49	3
Total Current accrued expenses and deferred income	161	53

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Inps/Inail and Other social security institutions	1,405	1,650
Enasarco/ FIRR	744	858
Payables to personnel for emoluments	4,163	4,588
Accruals for emoluments to employees/directors	917	990
Advances from customers, customers credit balances	2,272	2,933
Payables to Directors	252	597
Other sundry payables	930	959
Total Other payables	10,683	12,575

The item "*Payables to personnel for emoluments*" and "*Accrual for remuneration of employees/directors*" includes current salaries not yet paid as at 31 December 2020 and allocations for leave accrued but not taken, with relevant charges.

It should be noted that as at 31 December 2020, the receivables form suppliers concerning end-of-year bonuses was classified in reduction of the trade liabilities rather than in the other payables. The values as at 31 December 2019 have been restated for comparative purposes.

Breakdown of payables by geographical area

The breakdown of payables by geographical area is as follows:[XVIII]

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial payables	178,280	25,893	26,893	231,066
Non-current lease liabilities (IFRS16)	43,879	0	0	43,879
Non current derivative financial instruments	50	0	0	50
Employee benefits	6,780	0	0	6,780
Provisions for risks and charges	5,812	0	0	5,812
Deferred tax liabilities	0	0	0	0
Other non-current liabilities	1,853	0	0	1,853
Current financial payables	166,174	13,674	643	180,491
Current lease liabilities (IFRS16)	8,277	0	0	8,277
Current derivative financial instruments	6	0	0	6
Current tax liabilities	989	0	23	1,012
Current trade liabilities	197,179	27,386	5,021	229,586
Other current liabilities	10,782	56	6	10,844
Total payables by geographical area	620,061	67,009	32,586	719,656

Guarantees, securities and commitments

These are the guarantees given by third parties and our Company for payables and other obligations.

Guarantees (totalling 18,780 thousand Euros)
These refer to:

- guarantees issued on behalf of MARR S.p.A. in favour of third parties (amounting to 11,230 thousand Euros) and are guarantees granted on our request by credit institutions to guarantee the correct and punctual execution of tender and other contracts of a duration of either within the year or over the year;
- guarantees issued by MARR in favour of financial institutes in the interest of subsidiary companies. This item amounted to a total of 7,550 thousand Euros as at 31 December 2020 and refers to credit lines granted to the associates AS.CA and SìFrutta S.r.l..

(€thousand)	Balance at 31.12.20	Balance at 31.12.19
Guarantees		
AS.CA S.p.A.	5,600	5,600
SìFrutta S.r.l.	1,950	0
Total Guarantees	7,550	5,600

Collaterals
As described in the notes to the item "Non-current financial payables" and "Tangible assets", there are no collaterals on properties owned by the Companmy ongoing as at 31 December 2020.

Other risks and commitments
This item includes 5,874 thousand Euros referring to credit letters issued by certain credit institutes to guarantee obligations undertaken with our foreign suppliers.

[XVIII] The payables to Great Britain are included in the EU column.

Comments on the main items of the statement of profit or loss of MARR S.p.A.

30. Revenues

Revenues are composed of:

(€thousand)	31.12.2020	31.12.2019
- Net Revenues from sales of goods	1,022,243	1,574,972
- Revenues from services		
Advisory services to third parties	389	730
Manufacturing on behalf of third parties	60	32
Rent income (typical management)	85	40
Other services	1,193	2,309
Total	1,727	3,111
Total Revenues	1,023,970	1,578,083

The revenues from sales and services were affected by the major restrictions imposed on tourism and catering activities by the measures for the containment of the pandemic implemented in Italy at the end of February and still in force.
See that described in the Directors' Report for a more detailed analysis of the performance of revenues.

The Revenues from services include revenues from companies in the group for insurance advice and assistance, technical consultancies, administrative management of personnel, administrative assistance, legal advice, trade advice, processing, transport and porterage and revenues from charging transport and similar costs to customers. For the breakdown of the revenues from companies in the Group, see Appendix 8 to these Explanatory Notes.

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

(€thousand)	31.12.2020	31.12.2019
Italy	948,607	1,472,056
European Union	38,960	58,243
Extra-EU countries	36,403	47,784
Total	1,023,970	1,578,083

The breakdown of revenues for sales of goods by category of activity is as follows:

(€thousand)	31.12.2020	31.12.2019
Foodstuff	418,566	684,213
Meat	168,305	289,455
Seafood	408,695	554,074
Fruit and vegetables	33,680	55,810
Hotel equipment	3,740	7,899
Sias Division	770	874
Trade discounts / year-end bonuses	(11,513)	(17,353)
Total Revenues from sales of goods	1,022,243	1,574,972

[XIX] Revenues from Great Britain are included in the item "European Union".

Revenues have been obtained nationwide, including from the islands. The following is a list of the total of net sales (in million Euros) realised during 2020 by the headquarters in Rimini and by each individual peripheral unit (distribution centres and divisions):

(million Euros)	31.12.2020	31.12.2019
Branch: Marr Napoli	24	54
Branch: Marr Milano	45	92
Branch: Marr Roma	45	72
Branch: Marr Venezia	33	56
Branch: Marr Supercash&carry - Rimini	12	27
Branch: Marr Sardegna	40	69
Branch: Marr Romagna - Rimini	47	72
Emiliani Division - Rimini	195	213
Carnemilia Division - Bologna	4	7
Branch: Marr Sicilia	30	53
Branch: Marr Sanremo	12	19
Branch: Marr Elba	5	7
Branch: Marr Genova	14	23
Branch: Marr Dolomiti	8	11
Branch: Marr Puglia	27	46
Branch: Marr Battistini	33	47
Branch: Marr Torino	34	53
Branch: Marr Calabria	34	55
Branch: Marr Sfera	39	54
Branch: Marr Arco	14	21
Branch: Marr Toscana	30	54
Branch: Marr Urbe	31	73
Branch: Marr Valdagno	0	1
Branch: Marr Hotel Division	3	0
Branch: Marr Scapa	149	235
Branch: Marr Bologna	67	83
Branch: Marr Adriatico	49	79
Branch: Marr Lago Maggiore	9	15
Sias Division	1	1
Others (trade discounts / year-end bonuses)	(12)	(17)
Total Revenues from sales of goods	1,022	1,575

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

31. Other revenues

The Other revenues are broken down as follows:

(€thousand)	31.12.2020	31.12.2019
Contributions from suppliers and others	19,018	38,327
Other sundry earnings	4,222	2,350
Revenues for accrued tax credits	50	0
Reimbursements for damages suffered	696	1,621
Reimbursement of expenses incurred	540	571
Recovery of legal fees	25	27
Capital gains on disposal of assets	49	128
Total Other revenues	24,600	43,024

The "Contributions from suppliers and others", which also decreased because of the market trends due to the pandemic, consist mainly of contributions obtained from suppliers for the commercial promotion of their products with our customers; see that described in the Directors' Report for a more detailed analysis of the performance. Lastly, it should be recalled that a part of the contribution from suppliers, related to contracts for the recognition of the end-of-year bonuses, has been included to reduce the cost of purchasing materials.

The item "Other sundry" increased mainly due to non-recurrent income related to the receipt of receivables overturned in previous years as a result of administrative procedures (2,320 thousand Euros).

As regards the revenues from tax assets accrued, see that described in paragraph 14 "Tax assets".

32. Purchase of goods for resale and consumables

This item is composed of:

(€thousand)	31.12.2020	31.12.2019
Purchases of goods	813,272	1,282,810
Purchases of packages and packing material	3,122	5,155
Purchase of stationery and printed paper	544	925
Purchase of promotional and sales materials, and catalogues	134	189
Purchase of various materials	421	506
Fuel for industrial motor vehicles and cars	177	271
Total Purchase of goods for resale and consumables	817,670	1,289,856

As regards the performance of the purchase cost of goods destined for commercialisation, see the Directors' Report and the relevant comments on the gross margin.
As highlighted in the previous paragraph, the item "Purchases of goods" benefits for some 3,769 thousand Euros (7,237 thousand Euros at 31 December 2019), of the part of contribution from suppliers identifiable as end-of-year bonuses.

33. Personnel costs

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

(€thousand)	31.12.2020	31.12.2019
Salaries and wages	19,123	25,911
Social security contributions	5,635	7,772
Staff Severance Provision	1,727	1,852
Other Costs	211	24
Total Personnel Costs	26,696	35,559

The decrease is due to the following factors: on one hand, the adjustment of the workforce to the market situation through the use of the social safety nets made available by the Government, an intensification of the use of paid leave and less overtime work on the other, with total savings of 7.4 million Euros since March 2020.

It should be noted that it was necessary in 2020 to implement the employment law instruments made available by the authorities to make operations as similar as possible to the effective market trends, and in this regard, about 370,000 working hours were used through the social safety nets.

Below is the breakdown of the Company workforce, which showed a reduction in numbers compared to 2019, mainly as a result of the completion of the outsourcing of operating activities in the MARR Sanremo branch and the outsourcing of the activities previously carried out at the Carnemilia facility.

	Workers	Employees	Managers	Total
Employees as of 31.12.19	197	558	8	763
Net increases and decreases	*(17)*	*(14)*	*0*	*(31)*
Employees as of 31.12.20	180	544	8	732
Average number of employees as of 31.12.20	188.9	559.5	8.0	756.2

34. Amortizations, depreciation and provisions

(€thousand)	31.12.2020	31.12.2019
Depreciation of tangible assets	6,294	6,432
Amortization of intangible assets	423	395
Depreciation of right of use assets	8,553	8,005
Adjustment IAS to provision for supplementary clientele severance indemnity	625	305
Allocation of provision for risks and losses	75	0
Total Amortizations, depreciations and provisions	15,970	15,137

As regards the amortisations, see the movements shown in paragraphs 1, 2 and 4 concerning the fixed assets.
The allocation of the provision for future risks and losses is correlated to the support activities undertaken for the technical sales experts as a result of the impacts caused by the pandemic on their activities; see paragraph 22 "Provision for risks and contingencies" for the movements.

35. Losses due to impairment of financial assets

(€thousand)	31.12.2020	31.12.2019
Allocation of taxed provision for bad debts	17,055	10,800
Allocation of non-taxed provision for bad debts	1,745	2,090
Total Losses due to impairment of financial assets	18,800	12,890

The increase in this item is mainly linked to an increased prudential allocation made to hedge the situation of uncertainty on the market because of the ongoing Covid-19 pandemic and the relative containment measures.
As regards the allocations to the provisions, see the movements described in paragraph 13 "Current trade receivables" and that stated as regards the receivables in the paragraph "Credit risk".

36. Other operating costs

(€thousand)	31.12.2020	31.12.2019
Operating costs for services	136,412	181,763
Operating costs for leases and rentals	2,277	537
Operating costs for other operating charges	1,470	1,455
Total Other operating costs	140,159	183,755

(€thousand)	31.12.2020	31.12.2019
Sale expenses, distribution and logistic costs for our products	109,005	147,188
Energy consumption and utilities	8,422	10,204
Third-party production	3,051	4,828
Maintenance costs	4,521	4,977
Porterage and movement of goods	3,408	5,207
Advertising, promotion, exhibitions, sales (sundry items)	516	1,006
Directors' fees	662	810
Statutory auditors' fees	52	80
Insurance costs	940	938
Reimbursement of expenses, travels and sundry costs for personnel	256	528
General and other services	5,579	5,997
Total Operating costs for services	136,412	181,763

As regards the service costs, it should be noted that the decrease in distribution and logistic costs for products, energy consumption and utilities, porterage and movement of goods and the third party production costs is directly correlated to the reduction in sales because of the Covid-19 pandemic and the relative containment measures.
It must be pointed out that the Company intends to remain close to its customers, offering a continuous service capable of responding to the changing Market requirements, and this has in some cases led to a reduction in costs not entirely proportional to the reduction in sales, also as a result of the payment integrations agreed to with the service providers.

For more details, see that described in the Directors' Report.

(€thousand)	31.12.2020	31.12.2019
Lease of industrial buildings	145	275
Discount Covid-19 for leases	(351)	0
Lease of processors and other personal property	68	117
Lease of industrial vehicles	3	7
Lease of going concern	2,292	0
Lease of cars	1	2
Lease of plant, machinery and equipment	15	44
Rentals and other charges paid on other personal property	104	92
Total Operating costs for leases and rentals	2,277	537

The operating costs for leases and rentals amount to a total of 2,277 thousand Euros and their increase compared to last year (537 thousand Euros in 2019) is attributable to the fee for the lease of the going concern of AS.CA since 1 February 2020, the activities of which are managed by the company by integrating them with those of the MARR Bologna and MARR Romagna distribution centres.

The revenues of 351 thousand Euros shown in the table refer to the reduction in the lease fees agreed with the lessors as a result of the Covid-19 pandemic, and mainly concerns the lease contracts for the buildings where the MARR distribution centres are based. In compliance with that envisaged by the IFRS standard, the benefit deriving from these agreements is accounted to reduce operating costs.
Net of this effect, the cost of the lease fees shown in the table is correlated to the contracts expiring within twelve months and is not therefore within the scope of application of IFRS 16.

As regards the fees for the lease of industrial buildings, see that described in the paragraph "Organization and logistics" in the Directors' Report, although it must be specified that the relative ongoing contract are subject to Law 392/78 Chapter II (Lease contracts for uses other than accommodation).

(€thousand)	31.12.2020	31.12.2019
Other indirect taxes, duties and similar charges	628	648
Expenses for collection of debts	236	309
Other sundry charges	217	149
Capital losses on disposal of assets	29	21
IMU	302	271
Contributions and membership fees	58	57
Total Operating costs for other operating charges	1,470	1,455

The item "other indirect taxes, duties and similar charges" mainly includes: tax and register duties, local duties and taxes and car and vehicle ownership tax.

37. Financial income and charges

(€thousand)	31.12.2020	31.12.2019
Financial charges	5,933	6,469
Financial income	(1,419)	(1,105)
Foreign exchange (gains)/losses	752	(116)
Total Financial income and charges	5,266	5,248

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

The detail of financial charges and income is as follows:

(€thousand)	31.12.2020	31.12.2019
Interest payable on other loans, bills discount, hot money, import	3,165	3,220
Interest payable on loans	3	2
Interest payable on discounted bills, advances, export	243	302
Interest payable - Right of use	1,300	1,506
Other financial interest and charges	1,164	1,400
Interest and Other financial charges for Parent Companies	8	0
Interest and Other financial charges for Subsidiaries	50	39
Total Financial charges	5,933	6,469

The decrease in financial charges is correlated to the favourable trends during the year in interests rates, with a progressive reduction in the reference Euribor rate, and also to other contingent events such as the reduction in the use during the year of the ongoing securitization plan and the extinction in July of the 10 million dollar expiring instalment of the private placement bond currently in force (which involved a consistent reduction in the interest accrued in the second half-year).
The interest payable as a result of the application of IFRS 16 also decreased, amounting to a total of 1,300 thousand Euros (of which 37 thousand Euros concerning the lease contracts with the associate Le Cupole of Castelvetro (MO) for the lease of the facilities in Via Spagna 20 – Rimini).

(€thousand)	31.12.2020	31.12.2019
Other sundry financial income (interest from customers, etc)	1,284	711
Interest from State coffers	0	28
Income interest from bank accounts	102	290
Other sundry financial income for Parent Companies	25	1
Other sundry financial income for Subsidiaries	8	75
Total Financial income	1,419	1,105

The other sundry financial income concerns the interests due from customers for payment delays, which increased compared to last year as a result of the new plans stipulated during the year.

38. Income/(loss) from holdings

This item is broken down as follows:

(€thousand)	31.12.2020	31.12.2019
Dividends by Subsidiaries	0	92
Write off investments in subsidiaries	(676)	(116)
Total Income (charge) from associated companies	(676)	(24)

It must be noted that there was no distribution of dividends in 2020 by the subsidiaries, as it was decided to retain the 2019 profits.

39. Taxes

(€thousand)	31.12.2020	31.12.2019
Ires charge transferred to the Parent Company	0	21,980
Irap	770	4,500
Net Provision for deferred tax asset and liabilities	(1,638)	(749)
Previous years tax	(50)	(58)
Total taxes	(918)	25,673

It must be noted that the company only accrued IRAP in 2020.
In this regard, it must be noted that the deferred taxes include an estimate of the deferred tax assets on the ACE basis not used and transferred to the parent company as a result of subscribing to the consolidated tax regime for about 500 thousand Euros.

Below is the reconciliation between theoretical and effective fiscal charges.

(€thousand)			31.12.2020
Result before taxation			(5,018)
Theoretical tax rate			24.0%
Theoretical tax burden			**(1,204)**
Items in reconciliation	Taxable amounts		
IRAP			770
Car expenses deductible	280	24.0%	67
Write off investments	458	24.0%	110
Various expenses and fines	255	24.0%	61
Non deductible taxes	227	24.0%	54
Fiscal benefits on super-depreciation	(695)	24.0%	(167)
10% deduction IRAP on IRES	(179)	24.0%	(43)
ACE	(2,135)	24.0%	(512)
Other	(18)	24.0%	(4)
Total current and deferred taxes			(868)
Effective tax rate			17.30%

40. Earnings per share

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

(€)	2020	2019
EPS base	(0.06)	0.97
EPS diluted	(0.06)	0.97

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

Business year result:

(€thousand)	31.12.2020	31.12.2019
Profit for the period	(4,100)	64,649
Profit used to determine basic and diluted earnings per share	(4,100)	64,649

Number of shares:

(number of shares)	31.12.2020	31.12.2019
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

41. Other profits/losses

The other profits/losses accounted for in the statement of other comprehensive income consist of the effects produced and reflected in the period with reference to the following items:
- effective part of the operations for: hedging exchange risk rate related to the private bond placement in US dollars stipulated in July 2013; effective part of the exchange purchase transactions to hedge the underlying purchases of goods; hedging interest rate risk for certain variable-rate investments. The value indicated amounted to a total profit of 722 thousand Euros (+990 thousand Euros in the year 2019) and is shown net of the taxation effect (that amounts to approximately -228 thousand Euros as at 31 December 2020).
- actuarial losses regarding the evaluation of Staff Severance Provision as required by amendments to IAS principle 19 "Employee Benefits"; the value indicated, amounting to total losses of 7 thousand Euros (-203 thousand Euros in 2019), is shown net of the fiscal effect (amounting to approximately -2 thousand Euros as at 31 December 2020).

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

Net financial position [xx]

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

Re-classified Net Financial Position of the Parent Company MARR

	(€thousand)	Note	31.12.20	31.12.19*
A.	Cash		3,563	10,581
	Bank accounts		243,448	168,532
	Postal accounts		16	90
B.	Cash equivalent		243,464	168,622
C.	Liquidity (A) + (B)	15	247,027	179,203
	Current financial receivable due to Subsidiaries		1,365	4,944
	Current financial receivable due to Parent Company		5,794	1,843
	Others financial receivable		626	551
D.	Current financial receivable	12	7,785	7,338
E.	Current derivative/financial instruments	8	0	1,247
F.	Current Bank debt		(66,505)	(33,837)
G.	Current portion of non current debt		(100,125)	(130,076)
	Financial debt due to Parent Company		0	0
	Financial debt due to Subsidiaries		(13,209)	(2,716)
	Financial debt due to Related Companies		0	0
	Other financial debt		(659)	(10,003)
H.	Other current financial debt		(13,868)	(12,719)
I.	Current lease liabilities (IFRS16)	25	(8,277)	(7,599)
J.	Current financial debt (F) + (G) + (H) + (I)	24/25/26	(188,775)	(184,231)
K.	Net current financial indebtedness (C) + (D) + (E) + (J)		66,037	3,557
L.	Non current bank loans	18/20	(204,254)	(137,491)
M.	Non-current derivative/financial instruments	8	1,818	0
N.	Other non current loans	18/20	(26,861)	(29,368)
O.	Non-current lease liabilities (IFRS16)	19	(43,879)	(36,235)
P.	Non current financial indebtedness (L) + (M) + (N) + (O)	18/19/20	(273,176)	(203,094)
Q.	Net financial indebtedness (K) + (P)		(207,139)	(199,537)

As pointed out in the Directors' Report, as at 31 December 2020, the financial receivables deriving from the assessment of the Cross Currency Swap derivative contracts expiring in 2023 (amounting to 1.8 million Euros) have been included in the net financial position, in the non-current financial debts together with the private bond placement to which it is correlated.
Were these receivables to have been considered as at 31 December 2019 as well (they amounted then to 3,419 thousand Euros), the financial debt of the Company would have amounted to 196.1 million Euros.

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

Events after the closing of the year

On 5 March 2011, MARR signed a binding Framework Agreement for the acquisition of all of the shares of a newly incorporated company, into which will be conferred all of the activities of Antonio Verrini & Figli S.p.A. ("Verrini"), including those of processing and marketing seafood products, and of Chef S.r.l. (Chef), which leases the company Chef Seafood.
Verrini, based in Genoa and operating through 5 distribution centres along the coast of Liguria and in Viareggio, is a reference business in the marketing of seafood products in Liguria and Versilia. In 2020, it recorded sales of over 48 million Euros in sales in 2020 (before the pandemic, sales had been 58 million in 2019), with a significant specialisation in fresh products (over 2/3 of the sales) and processing of fresh and defrosted products. As regards Chef, in 2020 the Company sold more than 7 million Euros worth of seafood products, mainly to restaurants on the Riviera of Romagna, served by the distribution centre in San Clemente (Rimini).

In addition to its procurement skills, Verrini is capable of also valorising purchases through its presence in the retail and wholesale channels, which are vital in terms of product segmentation. Also, its specialisation in the catering channel. which represents more than half of Verrini's sales, could create significant synergies within the MARR Group, aimed in particular at Street Market clients in Piedmont, Liguria and Tuscany.

The operation, for which the stipulation of the closing is subject to the approval of the Antitrust Authority, envisages a valorisation (including assumption of debts) of 8 million Euros and partly delayed payment, in addition to an earn out of up to a maximum of 2 million Euros and subject to the achievement of targets in terms of returns and profits in 2022. The operation also envisages the stipulation of lease contracts for 6 plus 6 years for the distribution centres through which the Verrini Group operates.

Outlook

The sales trends in the first two months of 2021 are much the same as those in the fourth quarter of 2020, benefitting from the momentary easing of the restrictions in the first half of February, during which there was a significant recovery in activities in the catering sector.

The continuing uncertainty as regards the time required to resolve the pandemic situation does not allow us at this time to make any short-term forecasts on the development of the effects of the pandemic on general consumption and, as regards MARR's activities, on the foodservice market in Italy.

Although out-of-home food consumption in Italy has shown the resilience of the market when the conditions have allowed, the measures implemented by the Government and Local Administrations for containing the spread of the virus are affecting consumption in the out-of-home food consumption sector, especially commercial catering, but also involving collective catering. The length of these measures could have repercussions, which we believe could be temporary; however, our country will revert to being one of the preferred destinations for world tourism as soon as conditions will allow it.

In this context, it must be recalled that MARR possesses an organizational and distribution structure that is present nationwide and is thus capable of ensuring an adequate level of service to all clients and to all of the business areas which involve out-of-home food consumption, including those functional to public and health services such as hospitals and facilities for elderly.

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

The Company is also placing great emphasis and attention on managing the trade receivables and operating costs, which for MARR have always been characterised by the high level of the variable ones, with the aim of ensuring continuity in terms of quality, of products and services offered to the market, so as to help overcome the contingent difficulties where possible and be completely ready to resume proper business activities when the current uncertainties will be resolved.

Proposal for the allocation of the result for the 2020 business year

In submitting the 2020 financial statements to the shareholders' meeting for approval, the Board of Directors proposes that the business year losses of 4,099,916 Euros be retained.

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Rimini, 15 March 2021

For the Board of Directors

The Chairman

Ugo Ravanelli

Appendices

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

- Appendix 1 – List of the main equity investments in subsidiary, associate and other companies as at 31 December 2020, indicating the criterion adopted for accounting.
- Appendix 2 – Table showing variations in Intangible Assets for the year ending 31 December 2020.
- Appendix 3 – Table showing variations in Tangible Assets for the year ending 31 December 2020.
- Appendix 4 – Table showing changes in the Right of use for the year ending 31 December 2020.
- Appendix 5 – Table showing the essential data from Cremonini S.p.A. and consolidated financial statements as at 31 December 2019.
- Appendix 6 – List of equity investments in subsidiary and associate companies as at 31 December 2020 (art. 2427, sub. 5 of the Civil Code)
- Appendix 7 – Information as per art. 149-duodecies of the Consob Issuers Regulation.
- Appendix 8 – Table summarising the relations with parent companies, subsidiaries, associates and other related parties.
- Appendix 9 – Reconciliation of liabilities deriving from financing activities as at 31 December 2020 and at 31 December 2019.
- Appendix 10 – Detail of lands and buildings owned by the Company.

Appendix 1

MARR GROUP
LIST OF EQUITY INVESTMENTS INCLUDING THOSE FALLING WITHIN
THE SCOPE OF CONSOLIDATION AT 31 DECEMBER 2020

Company	Headquarters	Share capital (€thousand)	Direct control Marr SpA	Indirect control	
				Company	Share held
COMPANY CONSOLIDATED ON A LINE-BY-LINE BASIS					
- Parent Company:					
MARR S.p.A.	Rimini	33,263			
- Subsidiaries:					
AS.CA. S.p.A.	Santarcangelo di R. (RN)	518	100.0%		
Marr Foodservice Iberica S.A.u	Madrid (Spagna)	600	100.0%		
New Catering S.r.l.	Santarcangelo di R. (RN)	34	100.0%		
SìFrutta S.r.l.	Santarcangelo di R. (RN)	210	100.0%		
INVESTMENTS EVALUATED USING THE NET EQUITY METHOD					
Jolanda De Colò S.p.A.	Palmanova (UD)	846	34.0%		
EQUITY INVESTMENTS VALUED AT FAIR VALUE:					
- Other Company:					
Centro Agro-Alimentare Riminese S.p.A.	Rimini	9,697	1.66%		

Intangible fixed assets (in thousand of Euros)	Opening Balance			Changes during the year				Closing Balance		
	Original Cost	Provision for amortization	Balance 01/01/2020	Purchases/ reclassification	Other changes	Net decreases	Amortization	Original Cost	Provision for amortization	Balance 31/12/2020
Start-Up and expansion costs										
Cost of research, development and advertising										
Cost of industrial patents and rights for the use of intellectual property	6,782	(5,585)	1,197	383			(422)	7,165	(6,007)	1,158
Concessions, licences, brand names, and similar rights	172	(159)	13				(1)	172	(160)	12
Goodw ill	137,086		137,086					137,086		137,086
Intangible fixed assets under development and advances	1,168		1,168	78				1,246		1,246
Other intangible fixed assets	70	(70)						70	(70)	
Total	**145,278**	**(5,814)**	**139,464**	**461**			**(423)**	**145,739**	**(6,237)**	**139,502**

Tangible fixed assets (in thousand of Euros)	Opening balance			Changes during the year				Closing balance		
	Original Cost	Provision for amortization	Balance 01/01/2020	Purchases/ reclassification	Decreases Original cost	Decreases Prov. for am.	Amortization	Original Cost	Provision for amortization	Balance 31/12/2020
Land and buildings	75,228	(27,708)	47,520	(2,232)	(20)		(2,505)	72,976	(30,213)	42,763
Improvements on leased facities	1,815	(52)	1,763	638			(271)	2,453	(323)	2,130
Plant and machinery	40,339	(33,663)	6,676	1,719	(60)	51	(2,106)	41,998	(35,718)	6,280
Industrial and commercial equipment	4,381	(3,217)	1,164	213	(57)	41	(211)	4,537	(3,387)	1,150
Other tangible assets	16,425	(13,516)	2,909	1,032	(325)	266	(1,207)	17,132	(14,457)	2,675
Tangible fixed assets under development and advances	5,869		5,869	9,723				15,592		15,592
Total tangible assets	**144,057**	**(78,156)**	**65,901**	**11,093**	**(462)**	**358**	**(6,300)**	**154,688**	**(84,098)**	**70,590**
Land and buildings				2,400				2,400		2,400
Total assets held for sale				**2,400**				**2,400**		**2,400**
Total	**144,057**	**(78,156)**	**65,901**	**13,493**	**(462)**	**358**	**(6,300)**	**157,088**	**(84,098)**	**72,990**

Tangible fixed assets (in thousand of Euros)	Opening balance			Changes during the year					Closing balance		
	Original Cost	Provision for amortization	Balance 01/01/2020	initial change	Purchases/ reclassification	Decreases Original cost	Decreases Prov. for am.	Amortization	Original Cost	Provision for amortization	Balance 31/12/2020
Right of use - Land and buildings	50,787	(7,957)	42,830		15,396	(1,640)	859	(8,044)	64,543	(15,142)	49,401
Right of use - Other assets	98	(48)	50		1,655	(61)	57	(509)	1,692	(500)	1,192
Total	**50,885**	**(8,005)**	**42,880**		**17,051**	**(1,701)**	**916**	**(8,553)**	**66,235**	**(15,642)**	**50,593**

Main figures' Statement of the last Cremonini S.p.A. financial statements and consolidated financial statements - MARR S.p.A. parent company -					
Financial Statements as of December 31, 2019					
Cremonini S.p.A.		in thousands of Euros			Consolidated
		BALANCE SHEET			
		ASSETS			
84,518		Tangible assets			1,151,512
0		Right of use assets			307,222
56		Goodwill and other intangible assets			229,975
258,139		Investments			39,659
39		Non-current assets			67,949
342,752		*Total non-current assets*			*1,796,317*
0		Inventories			497,231
17,346		Receivables and other current assets			715,020
80		Cash and cash equivalents			367,642
17,426		*Total current assets*			*1,579,893*
360,178		**Total assets**			**3,376,210**
		LIABILITIES			
296,367		Shareholders' equity:			*969,410*
	67,074	Share capital	67,074		
	205,817	Reserves	493,678		
	23,476	Net profit (loss)	44,567		
	0	Minority interest	364,091		
27,532		Non-current financial payables			965,265
366		Employee benefits			23,681
152		Provisions for risks and charges			16,555
3,790		Other non-current liabilities			57,857
31,840		*Total non-current liabilities*			*1,063,358*
24,576		Current financial payables			465,312
7,395		Current liabilities			878,130
31,971		*Total current liabilities*			*1,343,442*
360,178		**Total Liabilities**			**3,376,210**
		INCOME STATEMENT			
7,090		Revenues			4,364,586
1,022		Other revenues			72,367
0		Changes in inventories			(7,307)
0		Internal works performed			6,252
(79)		Purchase of goods			(3,010,716)
(5,741)		Other operating costs			(608,382)
(2,570)		Personnel costs			(442,413)
(2,845)		Amortization			(150,238)
(103)		Depreciation and Allocations			(33,004)
26,656		Income from investments			594
(400)		Financial income and charges			(48,140)
0		Profit from business aggregations			0
23,030		*Profit before taxes*			*143,599*
446		Taxes			(51,799)
23,476		Net profit (loss) before consolidation			91,800
0		Minority interest's profit (loss)			(47,233)
23,476		**Consolidated Net profit (loss)**			**44,567**

The essential data for the parent company Cremonini S.p.A. contained in the summary report required by Civil Code article 2497-bis have been extracted from the relevant financial statements for the business year closed on 31 December 2019. For an adequate and full understanding of the Cremonini S.p.A. financial situation as at 31 December 2019, and the economic result achieved by the company during the business year closed on that date, refer to the financial statements which, supplemented by the audit company's report, is available in the forms and methods provided by the law.

List of stockholdings in subsidiaries and associated companies as at December 31, 2020 (art. 2427 n.5 c.c.)
(€/thousands)

Company	Corporate Domicile	Capital Stock	Shareholder's equity		Net Profit (loss)		Percentage Held	Carrying Value (B)	Difference (B) - (A)	Last Financial Statements approved/ preliminary financial statements approved	Shareholders' equity pro-rata amount in accordance with art. 2426 n. 3 cc (C)	Difference (B) - (C)
			Total Amount	Pro-rata Amount (A)	Total Amount	Pro-rata Amount						
- In subsidiares:												
Marr Foodservice Iberica S.A.U.	Madrid (Spagna)	600	400	400	(5)	(5)	100.00%	400	0	31/12/2020	400	0
AS.CA. S.p.a.	Santarcangelo di R.(RN)	518	8,258	8,258	1,368	1,368	100.00%	13,691	5,433 *	31/12/2020	16,885	(3,194)
New Catering S.r.l.	Santarcangelo di R.(RN)	34	9,593	9,593	402	402	100.00%	7,439	(2,154)	31/12/2020	13,842	(6,403)
Sì Frutta S.r.l.	Santarcangelo di R.(RN)	210	576	576	(448)	(448)	100.00%	758	182 *	31/12/2020	1,805	(1,047)
Jolanda De Colò S.p.A.	Palmanova (UD)	846	1,638	557	(321)	(109)	34.00%	1,828	1,271 *	31/12/2020	557	1,271

* See comment in the note to the financial statements

Appendix 7

The following table, drawn up in accordance with art. 149-duodecies of the Consob Issuers Regulation, shows the fees pertinent to business year 2020 for services rendered to the Company by Auditing Firms or entities belonging to the auditing firms' network:

(€thousands)	Service Company	Client	Fees pertinent to business year 2020
Auditing	PricewaterhouseCoopers S.p.A.	MARR S.p.A.	150
Certification service			0
Other services			0
Total			150

COMPANY	FINANCIAL RELATIONS						ECONOMIC RELATIONS								
	RECEIVABLES			PAYABLES			REVENUES				COSTS				
	Trade	Other*	Financial	Trade	Other*	Financial	Sale of goods	Performance of services	Other revenues	Financial Income	Purchase of goods	Services	Leases and rental	Other operating charges	Financial charges
From Parent Companies:															
Cremonini S.p.A. (*)	2,589	11	5,794	160			7			25		1,224			8
Total	2,589	11	5,794	160	0	0	7	0	0	25	0	1,224	0	0	8
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Jolanda De Colò											1				
Total	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
From Affiliated Companies(**)															
Cremonini Group															
Caio S.r.l.	1						36								
Casa Maioli S.r.l.	8						99								
Castelfrigo S.r.l.															
Chef Express S.p.A.	438	9		2			3,364				13	21			
Fiorani & C. S.p.a.		294		977			172		311		12,734				
Global Service S.r.l.		3		594								1,001			
Guardamiglio S.r.l.	8						28								
Inalca Food and Beverage S.r.l.	397	1		27	2		5,776	133			106				
Inalca S.p.a.		120		7,402			2,311		715		68,080	8			
Italia Alimentari S.p.a.		37		298			3		86		2,664				
Roadhouse Grill Roma S.r.l.	344						2,441								
Roadhouse S.p.A.	2,153				4		21,585	25				1			
W Italia S.r.l.	10						17								
From not Affiliated Companies															
Farmservice S.r.l.							7								
Le Cupole S.r.l.						4,093									37
Time Vending S.r.l.		20							20						
Total	3,359	484	0	9,300	6	4,093	35,839	158	1,132	0	83,597	1,031	0	0	37

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

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

From Affiliated Companies															
Asca S.p.a.	33			8		6,992	995	39	1	5	7,912		2,399		22
Marr Foodservice Iberica S.a.U.				119		281									2
New Catering S.r.l.	259			10		5,935	466	242	6		4	16			27
Si' Frutta S.r.l.	38		1,365	719			2	64		3	2,912	490			
Total	330	0	1,365	856	0	13,208	1,463	345	7	8	10,828	506	2,399	0	51

From Oter Related Parties															
Members of top management team					252		1					661			
Total	0	0	0	0	252	0	1	0	0	0	0	661	0	0	0

RECONCILIATION OF LIABILITIES DERIVING FROM LOAN ACTIVITIES AS AT 2020 AND 31 DECEMBER 2019

	31 December 2020	Cash flows	Non-financial changes: Other changes/ reclassifications	Non-financial changes: Acquisition	Non-financial changes: Exchange rates variations	Non-financial changes: Fair value variation	31 December 2019
Current payables to bank	66,505	32,668	0	0	0	0	33,837
Current portion of non current debt	100,125	(62,416)	32,465	0	0	0	130,076
Current financial payables vs subsidiaries	13,209	10,493	0	0	0	0	2,716
Current financial payables for bond private placement in US dollars	597	(8,483)	654	0	(1,233)	0	9,659
Current financial payables fot IFRS 16 lease contracts	8,277	(7,943)	8,621	0	0	0	7,599
Current financial payables for leasing contracts	56	(271)	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	188,769	(36,752)	41,796	800	(1,233)	0	184,158
Current payables/(receivables) for hedging financial instruments	6	(72)	0	0	0	6	72
Total current financial instruments	6	(72)	0	0	0	6	72
Non-current payables to bank	204,254	99,261	(32,498)	0	0	0	137,491
Non-current financial payables for bond private placement in US dollars	26,811	0	47	0	(2,482)	0	29,246
Non-current financial payables fot IFRS 16 lease contracts	43,879	0	7,644	0	0	0	36,235
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	274,944	99,261	(24,863)	0	(2,482)	0	203,028
Non-current payables/(receivables) for hedging financial instruments	50	(66)	0	0	0	50	66
Total non-current financial instruments	50	(66)	0	0	0	50	66
Total liabilities arising from financial activities	**463,769**	**62,371**	**16,933**	**800**	**(3,715)**	**56**	**387,324**

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries)	63,171
Other changes/ reclassifications, included the acquisition	16,933
Exchange rates variations	(3,715)
Fair value variation	56
Total detailed variations in the table	**76,445**
Other changes in financial liabilities	39,028
Net change in financial payables (IFRS16)	8,322
New non-current loans received	122,500
Net change in derivative/financial instruments	(82)
Non current loans repayment	(93,323)
Total changes shown between financing activities in the Cash Flows Statement	**76,445**

	31 December 2019	Cash flows	Other changes/ reclassifications	Non-financial changes Acquisition	Exchange rates variations	Fair value variation	31 December 2018
Current payables to bank	33,837	(5,383)	0	0	0	0	39,220
Current portion of non current debt	130,076	(61,267)	114,147	0	0	0	77,196
Current financial payables vs subsidiaries	2,716	310	0	0	0	0	2,406
Current financial payables for bond private placement in US dollars	9,659	(814)	9,553	0	168	0	752
Current financial payables fot IFRS 16 lease contracts	7,599	(7,051)	7,599	7,051	0	0	0
Current financial payables for leasing contracts	271	(235)	280	0	0	0	226
Current financial payables for purchase of quotas or shares	0	(2,407)	0	2,046	0	0	361
Total current financial payables	184,158	(76,847)	131,579	9,097	168	0	120,161
Current payables/(receivables) for hedging financial instruments	72	(10)	0	0	0	72	10
Total current financial instruments	72	(10)	0	0	0	72	10
Non-current payables to bank	137,491	70,951	(114,167)	0	0	0	180,707
Non-current financial payables for bond private placement in US dollars	29,246	0	(8,675)	0	554	0	37,367
Non-current financial payables fot IFRS 16 lease contracts	36,235	0	(13,565)	49,800	0	0	0
Non-current financial payables for leasing contracts	56	0	(227)	0	0	0	283
Non-current financial payables for purchase of quotas or shares	0	0	0	0	0	0	0
Total non-current financial payables	203,028	70,951	(136,634)	49,800	554	0	218,357
Non-current payables/(receivables) for hedging financial instruments	66	0	0	0	0	66	0
Total non-current financial instruments	66	0	0	0	0	66	0
Total liabilities arising from financial activities	387,324	(5,906)	(5,055)	58,897	722	138	338,528

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries)	(3,499)
Other changes/ reclassifications, included the acquisition	(5,055)
Exchange rates variations	722
Fair value variation	138
Total detailed variations in the table	(7,694)
Other changes in financial liabilities	(17,378)
New non-current loans received	89,500
Non current loans repayment	(79,816)
Total changes shown between financing activities in the Cash Flows Statement	(7,694)

Appendix 10

Detail of Lands and building own by the Company at 31 December 2020*

(Values in thousand Euros)

	Original Cost	Prov. For Am.	Net Book Value
Building in Spezzano Albanese (CS) - St.Prov.le 19	1,888	860	1,028
Land in Spezzano Albanese close to the building	125	0	125
Building in Pistoia (PT) - St F.Toni loc.Bottegone	5,318	2,205	3,113
Land of Building in Pistoia	1,000	0	1,000
Building in Santarcangelo of Romagna (RN) - St. dell'Acero 1/a	3,620	2,154	1,466
Land of Building St. dell'Acero 1/a	934	0	934
Building in Santarcangelo of Romagna (RN)- St. dell'Acero 2-4	5,265	2,668	2,597
Land of Building St. dell'Acero 2-4	2,464	0	2,464
Building in Opera (MI) - St. Cesare Pavese, 10	4,459	2,448	2,011
Land of Building Opera	2,800	0	2,800
Building in San Michele al Tagl.to (VE) - St. Plerote, 6	4,188	2,137	2,051
Land of Building San Michele	1,100	0	1,100
Building in Uta (CA) - Zona ind.le Macchiareddu	4,078	1,942	2,136
Land of Building Uta	1,531	0	1,531
Building in Portoferraio (LI) - Località Antiche Saline	1,502	828	675
Land of Building Portoferraio	990	0	990
Surface ownership Building in Bologna - St. Fantoni, 31	11,857	2,907	8,950
Land in Rimini loc. San Vito - St. Emilia Vecchia, 75	7,078	0	7,078
TOTAL	60,197	18,149	42,048

* The value given in the table represents only the land and buildings owned and does not consider the values of the enhancements to the buildings leased and minor construction, both classified under "Land and buildings".

Certification of the annual financial statements
Pursuant to art. 154-bis of Legislative Decree 58/98

1. The undersigned Francesco Ospitali in the quality of Chief Executive Officer, and Pierpaolo Rossi, in the quality of Manager responsible for the drafting of the corporate accounting documents of MARR S.p.A., hereby certify, also taking into account that provided by art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 dated 24 February 1998:

   - the adequacy in relation to the characteristics of the company and
   - the effective application,

   of the management and accounting procedures for the drafting of the annual financial statements during the year 2020.

2. The assessment of the adequacy of the management and accounting procedures for the drafting of the annual financial statement as at 31 December 2020 was based on a process defined by MARR S.p.A. in coherence with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is an internationally accepted general reference framework.

3. It is also certified that:

   3.1 The annual financial statements:

   a) are drawn up in compliance with the internationally applicable accounting principles recognised in the European Community pursuant to regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;

   b) correspond to the findings in the accounts books and documents;

   c) are suited to providing a truthful and correct representation of the equity, economic and financial situation of the author.

   3.2 The Directors' report on management includes a reliable analysis of performance levels and the management result, and also on the situation of the issuer, together with a description of the main risks and uncertainties it is exposed to.

Rimini, 15 March 2021

Francesco Ospitali	Pierpaolo Rossi
Chief Executive Officer	Manager responsible for the drafting of corporate accounts documents

Independent auditor's report

in accordance with article 14 of Legislative Decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537/2014

To the Shareholders of MARR SpA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MARR SpA (hereinafter also the "Company"), which comprise the statement of financial position as of 31 December 2020, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in the shareholders'equity, the cash flows statement for the year then ended and explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of MARR SpA as of 31 December 2020 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

PricewaterhouseCoopers SpA

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Key audit matters	***Auditing procedures in response to key audit matters***
Goodwill recoverability	***Auditing procedures performed***
The accounting policies relating to goodwill are illustrated in the section "Accounting policies", paragraphs "Goodwill and other intangible assets" and "Losses in value of non-financial assets" and in the section "Main estimates adopted by management and discretional assessments" within the paragraph "Estimates and hypotheses used" of the explanatory notes to the financial statements. The goodwill balance recognized in the financial statements as of 31 December 2020 amounts to some Euro 137 million. We have identified an area of focus, considering the significance of the above reported balance and the fact that the valuation process involves a high degree of professional judgement of management in developing estimates of cash flows related to the recoverability of goodwill and in making the assumptions used in the calculation models. With reference to the year ended 31 December 2020, management carried out an impairment test on goodwill, based on the following approach: • determined the recoverable value of goodwill by calculating the value in use by Cash Generating Unit ("CGU"), using the discounted cash flow method; • the model envisaged the use of explicit flows for three years of projection, with the application of a terminal value applied to the last explicit year; • the cash flows of each CGU were discounted using the weighted average cost of capital ("WACC"); • the recoverability of the carrying amounts	We have performed an understanding of the procedure for assessing any potential impairment loss approved by the Board of Directors of the Company. We have assessed the adequacy of the CGUs used for the allocation of goodwill and their consistency with the Company's organizational structure, with internal decision-making mechanisms and with management reporting. We have examined the methodologies applied in developing cash flows projections used to determine the value in use, the approach adopted in applying the discounted cash flow mathematical model and the reasonableness of the WACC calculation, with the support of our valuation specialists. We have also verified the mathematical accuracy of the calculations and consistency of the information used with relevant data source. We have investigated and discussed with management the need for adjusting cash flows with the aim of isolating those elements not attributable to the assets in their present conditions. We have analyzed projections used for impairment testing. We have also carried out a retrospective analysis by comparing the estimates made in previous years with the actual results for the fiscal year 2020 (conditioned by the negative effects of the Covid-19 pandemic), in order to validate the level of ability of management in developing reliable estimates. Finally, we have verified accuracy and

was verified by comparing the carrying amounts of the individual CGUs to which the goodwill was allocated with their value in use; • in addition, management carried out a sensitivity analysis to assess the impacts of changes to significant assumptions on the asset recoverable amount.	completeness of disclosures included in note 3 - 'Goodwill' as part of the notes to the financial statements as of 31 December 2020.
Trade receivables recoverability	***Auditing procedures performed***
The accounting policies relating to trade receivables are illustrated in section "Accounting policies", paragraph "Receivables and other financial assets" and in section "Main estimates adopted by management and discretional assessments", paragraph "Estimates and hypotheses used" of the explanatory notes to the financial statements. Trade receivables as of 31 December 2020 amount to some Euro 280 million. We have identified an area of focus, considering the significance of the above reported balance and the fact that the valuation process involves a high degree of professional judgement of management in developing estimates on recovery of trade receivables, and in particular in making assumptions used in the calculation models to determine expected cash flows from their collection.	We have performed, through specific investigations, an understanding and evaluating of the relevant controls implemented by the Company over the trade receivables area, in order to assess the adequacy of their design. We have obtained the ageing list, validating the source data, in order to identify any significant past due balance, which was analysed and discussed with management with the aim of obtaining proof of evidence supporting estimates covering the risk of credit losses. We have sent confirmation letters to legal advisors handling doubtful accounts in litigation, assessing the consistency of the assessments made by external legal advisors with those reflected in the financial statements. We have carried out a retrospective analysis by comparing the estimates made in previous years with the actual collections (conditioned by the negative effects of the Covid-19 pandemic), in order to validate the level of ability of management in determining the cash flows expected from the collection of trade receivables. Finally, we have verified accuracy and completeness of disclosures included in note 13 - 'Current trade receivables' and in note 35 - 'Losses due to impairment of financial assets' as part of the notes to the financial statements as of 31 December 2020.

Responsibilities of the Directors and the Board of Statutory Auditors for the financial statements

The Directors of MARR SpA are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no° 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the Directors use the going concern basis of accounting, unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Board of statutory auditors of MARR SpA *("Collegio Sindacale")* is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italy), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we concluded on the appropriateness of the Directors'use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the reporting period under examination and are therefore the key audit matters. We described these matters in our auditor's report.

Additional disclosures required by article 10 of Regulation (EU) no. 537/2014

We were appointed by the shareholders of MARR SpA at the general meeting held on 28 April 2016, to perform the audit of the Company's separate and consolidated financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) no. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of statutory auditors *("Collegio Sindacale"),* in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on compliance with other laws and regulations

Opinion in accordance with article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010 and article 123-bis, paragraph 4, of Legislative Decree no. 58/1998

The Directors of MARR SpA are responsible for preparing a report on operations (prepared jointly for the financial statements and the consolidated financial statements) and a report on the corporate governance and ownership structure of MARR SpA as of 31 December 2020, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italy) no. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree no. 58/1998, with the financial statements of MARR SpA as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of MARR SpA as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Bologna, 29 March 2021

PricewaterhouseCoopers SpA

signed by

Gianni Bendandi
(Partner)

"This report has been translated into the English language from the original, which was issued in Italian language, solely for the convenience of international readers. Reference in this report to the financial statements refer to the financial statements in original Italian and not to any their translation."

MARR S.p.A.

“Report on the 2020 Financial Statements by the Board of Statutory Auditors to the Shareholders’ Meeting of MARR S.p.A. pursuant to art. 153 of Legislative Decree 58/1998 (TUF) and art. 2429 of the Civil Code”

Dear Shareholders,

This Report focuses on the supervisory activities carried out by the Board of Statutory Auditors of MARR S.p.A. during the course of the 2020 business year, prepared pursuant to Legislative Decree 58/1998 (“*TUF*”) as subsequently amended, art 2429 of the Civil Code, the Code of Conduct for the Boards of Statutory Auditors of listed companies issued by the National Board of Chartered Accountants and Auditors, consistently with the instructions given in Consob Communication no. DEM/1025564 of 6 April 2001 and subsequent integrations.

1. **Appointment of the Board of Statutory Auditors**

The Board of Statutory Auditors in office was appointed by the Shareholders’ Meeting on 28 April 2020 on the basis of the provision of the laws and the Company by-laws and its term of office will end in the Shareholders’ Meeting for the approval of the financial statements for 2022.

2. **Verification of the independence requirements of the Board of Statutory Auditors**

On 14 May 2020 and on 26 March 2021, the Board of Statutory Auditors of the Company successfully performed the annual verification of the possession by all of the members of the independence and professionalism requirements provided by article 148, paragraph 3 of the TUF and also by recommendation no. 9 in art. 2 of the Code of Corporate Governance for Listed Companies, approved by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A., the business associations (ABI, Ania, Assonime and Confindustria) and professional investors (Assogestioni) concerning the independence of the auditors of listed companies, also on the basis of the certifications and information provided by each auditor.

Lastly, on 26 March 2021, the Board of Auditors, consistently with Regulation Q.1.1. of the “*Rules of conduct for the Boards of Statutory Auditors of listed companies*” of the National Board of Chartered Accountants and Auditors (April 2018 version), performed a self-evaluation of the Board and drafted a specific document and sent it to the Company. The outcomes of said activities are kept in the records of the Board.

3. **<u>Supervisory activities carried out and information received</u>**

During the course of the year, the Board of Statutory Auditors carried out the supervisory activities reserved for it in respect of the aforementioned article 149 of Legislative Decree 58, the "*Code of Conduct for the Boards of Statutory Auditors of Listed Companies*" issued by the National Board of Chartered Accountants and Auditors concerning company audits and the activities of the Board of Statutory Auditors and the instructions given in the 2018 Rules of Self-Discipline and the 2020 Code of Corporate Governance in force since 2021.

The 2020 business year was marked by the health emergency caused by the COVID-19 pandemic (Coronavirus), with regard to which the Government adopted increasingly strict health protection measures imposing restrictions on circulation of people, and in the DPCM of 11 March, restrictions on the exercise of business activities. These measures were updated several times during the course of 2020 and, unfortunately, also in the first quarter of 2021. Consistently with the dispositions emanated by the government, the Company adopted organizational measures (including smart working) to ensure the continuation of management and logistical activities to ensure service continuity for its Customers, through its nationwide distribution network, in full respect and protection of the health of its collaborators, for which it stipulated a suitable insurance policy. The Company also took action aimed at the proper management of its operating costs, optimising the management of the organization and distribution of products for sale.

Despite the fact that the significant impacts on the 2020 financial statements caused by the pandemic are still ongoing, the directors have decided that the pursuit of its strategic objectives, already applied during the past year, will lead to the implementation of initiatives to safeguard the business continuity of the Company.

As regards the activities carried out in the 2020 business year and early in 2021, the Board of Statutory Auditors:

a) met 14 times in 2020 and 5 times in 2021 until today, with the average duration of the meetings being 90 minutes;

b) participated in:

(i) 13 meetings of the Board of Directors in 2020 and 2 meetings in 2021, of which 2 in 2020 and 1 in 2021 partly in the role of the Remuneration Committee;

(ii) 1 meeting of the Remuneration and Nomination Committee in 2020;

(iii) 8 meetings of the Control and Risk Committee in 2020 and 2 in 2021;

c) met 7 times with the referents of the Independent Auditing Firm during the course of 2020 and another 2 times in 2021;

e) supervised over the observance of the law and the company by-laws, and also acquired information on and supervised, for matters of its competence, over the adequacy of the organizational structure of the Company, respect of the principles of proper administration and adequacy of the instructions given by the Company to its subsidiaries, pursuant to art. 114, paragraph 2 of Legislative Decree 58/1998 (TUF);

f) obtained from the Chief Executive Officer, with the frequency provided by the laws in force and the company by-laws, the information due on the activities of the Company and its subsidiaries, general management performance and its outlook, and the operations of most relevance in economic, financial and equity terms deliberated and undertaken, which are described in the Directors' Report, which see for more details;

g) also acquired the information required for the performance of the activities of its competence through the collection of documents, data and information and through periodical meetings scheduled for the reciprocal exchange of relevant data and information with: *(i)* the Company management; *(ii)* the heads of the organizational departments of the Company; *(iii)* the Director responsible for drafting the company's accounts documents; *(iv)* the Supervisory Body provided by the organization, management and control model adopted by the Company in compliance with Legislative Decree 231/2001 (the "*231 Model*"); *(v)* the representatives of the independent auditing firm and *(vi)* the control bodies of its subsidiaries;

h) in the capacity of "*committee for internal control and auditing*", pursuant to art. 19 of Legislative Decree 39/2010, supervised over: *(i)* the company disclosure process; *(ii)* the effectiveness of the internal control, internal auditing and risk management systems; *(iii)* the legal auditing of the annual and consolidated accounts; *(iv)* the independence of the independent auditing firm;

i) supervised over the adequacy of the Internal Auditing and Risk Management system and the Administration and Accounting System and also the reliability of the latter in correctly representing management events through the competent company departments.

The Board examined the evaluation given by the Board of Directors as regards the adequacy and effectiveness of the Internal Auditing and Risk Management System through:

- updating the Guidelines of the Internal Auditing and Risk Management System, within which the company has, through the ERM model logic, validated a new model for the integrated management of risks aimed at identifying, evaluating and monitoring the internal (operating), external and strategic business risks;
- the certification of the Annual Financial Statements and Consolidated Financial Statements by the Chief Executive Officer and the Director responsible for drafting the company's

accounts documents, who provided the declarations provided by paragraph 5 of art. 154-bis of Legislative Decree 58/1998 (TUF), taking into account that provided paragraph 3 and 4 of the same article;

- the periodical meetings with the *Internal Audit Manager,* with regard to activities carried out;
- the examination of the corporate documents and results of the work of the independent auditing firm. for which see the relative Reports;
- relations with the control bodies of the subsidiaries, pursuant to art. 151, paragraphs 1 and 2 of Legislative Decree 58/1998 (TUF);
- participation in the works of the Control and Risk Committee and, when the items being discussed so required, holding joint meetings with the same Committee;

l) received from the independent auditing firm disclosure concerning the regulatory novelties impacting the auditing of the accounts, and in particular on the annual report on the auditing of the accounts and confirmation of the independence of same, and the notification of the non-auditing services provided by the independent auditing firm as highlighted in paragraph 10 below;

m) monitored the concrete methods of implementation of the rules of corporate governance provided by the Rules of Self-Discipline of listed companies approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., business associations (ABI, Ania, Assonime and Confindustria) and professional investor associations (Assogestioni);

n) in relation to the topic of corporate responsibility, monitored the application of data integration and information concerning sustainability that are part of the corporate processes and are described in the non-financial declaration, an integral part of the 2019 Financial Report according to the international GRI standards and as a methodological reference, the consolidated set of GRI Sustainability Reporting Standards defined in 2016 and updated in 2019;

p) not least, the Board notified that it had taken due notice of CONCOB recalls no. 6/20 of 09.04.2020 and no. 1/21 of 16.02.2021 which, in the light of the consequences of the COVID-19 pandemic, and specifically for that within the sphere of competence of the control body, has implied the necessity to: (i) enhance the flows of information with the administration body responsible for drafting the draft financial statements; (ii) promote an effective and timely communication mechanism with the independent auditors, for the reciprocal exchange of information useful in carrying out their respective duties, also pursuant to art. 150, paragraph 3 of the TUF.

Again within the sphere of the recalled recommendations, the Board ensures that it has focused adequately on the existence of the presupposition of business continuity, also taking into account the publications of the "IFRS foundation regarding the dispositions to be applied during the course of the current health emergency caused by COVID-19", and the adequacy of the internal auditing system, not encountering any criticalities in the regard during the off-site inspections carried out.

4. **<u>Consolidated Financial Statements and Draft 2020 Annual Financial Statements</u>**

The Board of Statutory Auditors received, within the terms of the Law, the Report on Management Report drafted by the Directors, together with the "*consolidated*" Financial Statements of the Group of which MARR S.p.A. is the Parent Company and the draft annual financial statements closed on 31 December 2020.

The Financial Statements were drawn up according to the *IFRS* emanated by the *IASB* and adopted by the European Commission according to the procedure in art. 6 of EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002 and pursuant to art. 9 of Legislative Decree 38/2005. The IFRS include the *IAS* and the interpretative documents in force issued by the *IFRS IC.*

The independent auditing firm PricewaterhouseCoopers S.p.a., responsible for the legal auditing of the accounts, today released the reports pursuant to articles 14 of Legislative Decree 39/2010 and art. 10 of EU Regulation 537/2014 for the annual financial statements and consolidated financial statements of MARR S.p.A. as at 31 December 2020, expressing an opinion without reserves.

In particular, in these reports, the Independent Auditing Firm certifies that:

- the consolidated and annual financial statements of MARR S.p.A. provide a truthful and correct representation of the equity and financial situation, the economic result and the cash flows for the business years closed on said date, in compliance with the IFRS and the procedures issued in implementation of art. 9 of Legislative Decree 38/2005;
- the Directors' Report (prepared for both the annual financial statements and the consolidated financial statements) and some specific information in the Report on corporate governance and ownership structure indicated in art. 123-bis, paragraph 4 of Legislative Decree 58 of 24 February 1998, for which the Directors of MARR S.p.A. are responsible, are consistent with the Consolidated financial statements of the MARR Group as at 31 December 2020 and are drafted in compliance with the law.

5. **Operations of most relevance in economic, financial and equity terms – related party transactions**

Among the operations of most significance in financial terms, it must be highlighted that on 11 March 2020, the Company purchased the remaining 60% of the shares of SìFrutta S.r.l. and invested 9,600 thousand Euros in the construction of the new management offices during 2020.

After the closure of the business year, on 5 March 2021, MARR S.p.A. notified that it had signed a binding framework agreement for the purchase of 100% of the shares of a newly incorporated company to which the activities of Antonio Verrini & Figli S.p.A. will be transferred. This operation is expected to involve an outlay of about 8 million Euros.

Pursuant to article 2391 bis of the Civil Code and Consob resolution no. 17221 of 12 March 2010, containing the “Regulation containing the dispositions for related party transactions” modified by Resolution no. 17389 of 23 June 2010, the Board of Directors approved the “Procedure for the discipline of related party transactions”, subsequently updated by resolution dated 14 March 2013. The Internal Auditing department Manager illustrated analytical reports on the verification of related party transactions on a quarterly basis during the meetings of the CRC during 2020, with the Board assiduously attending all of these meetings.

The related party transactions are described in detail in the annual financial report by the directors, in which the nature of the relations and consequent economic and equity effects are described in compliance with the law. It must also be noted that all of the commercial transactions and supplies of services with related parties occurred under normal market conditions, taking into account the characteristics of the assets transferred and services rendered.

As regards the above operations, no conflicts of interest were notified to us and none emerged, not blatantly imprudent or risky operations were carried out and nor were any not in compliance with the law and the articles of association or shareholders’ meeting resolutions, or capable of causing prejudice to the economic, equity and financial situation of the Company and/or Group.
On the basis of the information available to the Board of Statutory Auditors, there were no atypical and/or unusual operations with third parties or associates.

6. **<u>Meeting with the Boards of Statutory Auditors of the subsidiaries, article 151, paragraphs 1 and 2 of Legislative Decree 58 of 24.2.1998</u>**

No aspects and/or facts of relevance emerged from the meetings held with the Boards of Statutory Auditors of the subsidiaries. The adequacy of the instructions given by the Parent Company was confirmed.

7. **<u>Observations on the adequacy of the organizational structure</u>**

On the basis of its own competences, the Board of Statutory Auditors supervised over the adequacy of the organizational structure of the Company, confirmed its adequacy with regard to the operational management and control requirements.

The Board of Statutory Auditors acknowledges that the organizational structure was updated in compliance with the organizational changes made.

8. **<u>Observations on the adequacy of the internal control and risk management system</u>**

It is acknowledged that the Board continued to monitor risk management, which from a methodological viewpoint, follows the logic of the ERM (Enterprise Risk Management) model.

In compliance with the provisions of art. 149 of the TUF, the Board of Statutory Auditors acknowledges that the supervisory activities carried out did not highlight any shortcomings or criticalities that may be considered as indicators of inadequacy of the internal auditing and risk management system (see paragraph 2).

During the course of 2020, the Board of Directors approved on several occasions modifications of the Organizational Model ex Legislative Decree 231/01 in order to include the new crimes provided by the laws in force.

9. **<u>Observations on the adequacy of the administration and accounting system and its reliability in terms of properly representing management events</u>**

The Board of Statutory Auditors has no observations to make on the adequacy of the administrative and accounting system and its reliability in terms of properly representing management events.

10. **<u>Observations on relevant aspects emerging during the course of the meetings held with the independent auditing firm pursuant to art. 150, paragraph 2 of Legislative Decree 58/1998 and art. 19, paragraph 1 of Legislative Decree 39/2010</u>**

During the course of the 2020 business year and also in 2021, the Board of Statutory Auditors held fourteen meetings and periodically exchanged information with the independent auditing firm. The exchanges of information with the auditors pursuant to article 150 of Legislative Decree 58/98 and art. 19, paragraph 1 of Legislative Decree 39/2010 did not highlight any criticalities.

The independent auditing firm PricewaterhouseCoopers S.p.a. did not make any findings and/or disclosure recalls or related observations or limitations in the Reports issued on 29 March 2021, pursuant to article 14 of Legislative Decree 39/2010 and EU Regulation 537/2014, for the annual financial statements and the consolidated financial statements of MARR S.p.A. as at 31 December 2020.

In its additional Report to the Internal Auditing and Independent Auditing Committee, issued pursuant to article 11 of EU Regulation 537/2014 on 29 March 2021, the independent auditing firm PricewaterhouseCoopers S.p.a. stated that, on the basis of the probatory elements acquired, the presupposition of continuity is appropriate for the preparation of the annual and consolidated financial statements as at 31.12.2020. Specifically, the independent auditing firm assessed the completeness and consistency of the financial information with the assessments made by Management regarding the relevance of the effects of the Covid-19 pandemic on the capacity of the business to operate as a functioning entity.

In its Report for the purposes of which in art. 19 of Legislative Decree 39/2010, the independent auditing firm pointed out that no fundamental questions were raised during its audit and no significant shortcomings were found in the internal control system as regards the financial disclosure process.

11. **<u>Conferment of duties to the independent auditing firm</u>**

The Board also supervised over the legal auditing of the annual and consolidated accounts and the independence of the auditing firm, with specific focus on any non-auditing services rendered by the latter.

During the course of 2020, MARR and its subsidiaries did not confer any duties other than the legal auditing of the accounts on the independent auditing firm and/or subjects in its network.

In appendix 8, after the part referring to the Consolidated Financial Statements, to the 2020 Annual Financial Report, the fees for the auditing services rendered for the business year closed on 31 December 2020 to MARR S.p.A. and the subsidiary As.Ca S.p.A. by the independent auditing firm PricewaterhouseCoopers S.p.A. are listed. These taxable fees are given below in Euros:

TYPE OF SERVICE	***SUBJECT PROVIDING THE SERVICE***	***BENEFICIARY***	***FEES***
Auditing of the Accounts Auditing of the Accounts Certification services Other Services	PricewaterhouseCoopers S.p.A. PricewaterhouseCoopers S.p.A.	MARR S.P.A. AS.CA S.p.A.	150,000 20,000
TOTAL	**Euros**		**170,000**

Taking the above into account, and also the declaration of the non-existence of reasons for incompatibility issued by the independent auditing firm on 29 March 2021, pursuant to art. 6 of European Regulation no. 537/2014, the Board of Statutory Auditors believes that no critical aspects emerged regarding the independence of the auditing firm.

12. **Opinions given during the course of the business year**

The Board of Statutory Auditors gave the opinion of which in art. 2389, third paragraph of the Civil Code concerning the remuneration of the Chief Executive Officer during the course of the year.

13. **Indication of adhesion by the company to the Rules of Self-Discipline and the Code of Corporate Governance for the Corporate Governance Committees of listed companies**

In observance of the dispositions of article 149, no. 1, sub. c) bis of Legislative Decree 58/98, we acknowledge that the company adheres to and complies with the Rules of Self-Discipline of Italian listed companies and the Code of Corporate Governance approved by the Corporate Governance Committee promoted by Borsa Italiana S.p.A., the business associations (ABI, Ania, Assonime and Confindustria) and professional investors (Assogestioni), also in respect of the principle of prevalence of substance over form, applying its recommendations according on a "*comply or explain*" basis.

Adhesion to the regulations provided by the aforementioned Rules of Self-Discipline and Code of Corporate Governance, approved by the Corporate Governance Committee, was found and is the subject of the Report on Corporate Governance and the Ownership Structure drafted by the Board of Directors.

As provided by the 2018 Rules of Self-Discipline and 2020 Code of Corporate Governance, during the course of the year, the Board of Directors verified the effective independence of the independent directors and the Board of Statutory Auditors verified the correct application of the criteria and procedures applied. Consistently with the dispositions of article 8, paragraph 1 of the same Rules of Self-Discipline and recommendation no. 9 in art. 2 of the Code of Corporate Governance, the Board of Statutory Auditors also verified the permanence of its independence.

Furthermore, the Board was informed on the remuneration policies in the Remuneration Report approved by the Board of Directors on 15 March 2021 pursuant to art. 123-ter of the TUF.

The Board of Statutory Auditors was updated as regards the evolution of the sector of business in which the company operates and the reference regulatory framework both during the periodical meetings of the Board and in the communications made pursuant to article 2.7 of the Rules of Self-Discipline and the Code of Corporate Governance approved by the Corporate Governance Committee.

14. **Non-financial statement ex art. 4 of Legislative Decree 254/2016**

Having acknowledged art. 4 of Legislative Decree 254/2016 concerning the disclosure of non-financial information and the implementation regulation no. 20267 issued by CONSOB in resolution dated 18 January 2018, pursuant to article 3, paragraph 7 of Legislative Decree 254/2016, the Board of Auditors monitored the compliance of the process which led to the drafting of said document, by the Board of Directors on 15 March 2021, and supervised over the observance of the dispositions established in this decree, which the independent auditing firm has certified the existence and compliance of.

MARR began a procedure to enhance its approach to Sustainability by implementing projects in each of the three ESG area, including:

- Environment: green and sustainable products, line certification, animal welfare;
- Social: emphasis on transparency, legality and correct relations with all stakeholders;
- Governance: full respect of all Regulations, Codes and best practices.

The Board met with the department responsible for its preparation and the representatives of the auditing firm appointed and examined the documentation made available.

On 29 March 2021, the independent auditing firm issued a separate report on the consolidated non-financial statement, attesting that no elements had been brought to its attention that may have led it to believe that the MARR Group NFD as at 31 December 2020 had not been drafted, as regards all of its significant aspects, in compliance with that required by articles 3 and 4 of Legislative Decree 254/2016 and the GRI standards with regard to the selection of GRI Standards stated therein.

15. **Final evaluations of the supervisory activities carried out and any omissions, censurable conduct or irregularities encountered during the course of same**

On the basis of the supervisory activities carried out by the Board of Statutory Auditors, as described above, no censurable conduct, omissions or irregularities emerged worthy of reporting to the competent supervisory and control bodies or mentioning in this Report and no reports were received ex art. 2408 of the Civil Code or filed.
The Board of Statutory Auditors is not aware of other facts or episodes worthy of mentioning to the Shareholders' Meeting.

16. **Proposals to be made to the shareholders' meeting pursuant to art. 153, paragraph 2 of Legislative Decree 58/1998**

As stated above, the Board of Statutory Auditors, on the basis of the annual financial statements closed on 31 December 2020, submitted by the Board of Directors on 15 March 2021, sees no reason to prevent their approval and gives its favourable opinion as regards the proposal to retain the business year losses submitted by the Board of Directors and asks you to deliberate on the matter.
Rimini, 29 March 2021

For the Board of Statutory Auditors of MARR S.p.A.
The Chairman
(Signed)
(Mr. Massimo Gatto)