FINANCIAL STATEMENTS AT 31 DECEMBER 2020

Cremonini S.p.A.
Via Modena, 53
41014 Castelvetro di Modena (MO) Italy
Share Cap. Euro 67,073,931.60 fully paid-up
Modena Register of Companies no. 00162810360
Modena Economic Admin. Reg. no. 126967
Tax Code and VAT no. 00162810360

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CREMONINI GROUP ORGANIZATION

SCOPE OF CONSOLIDATION AT 31 DECEMBER 2020

CREMONINI S.p.A.

PRODUCTION

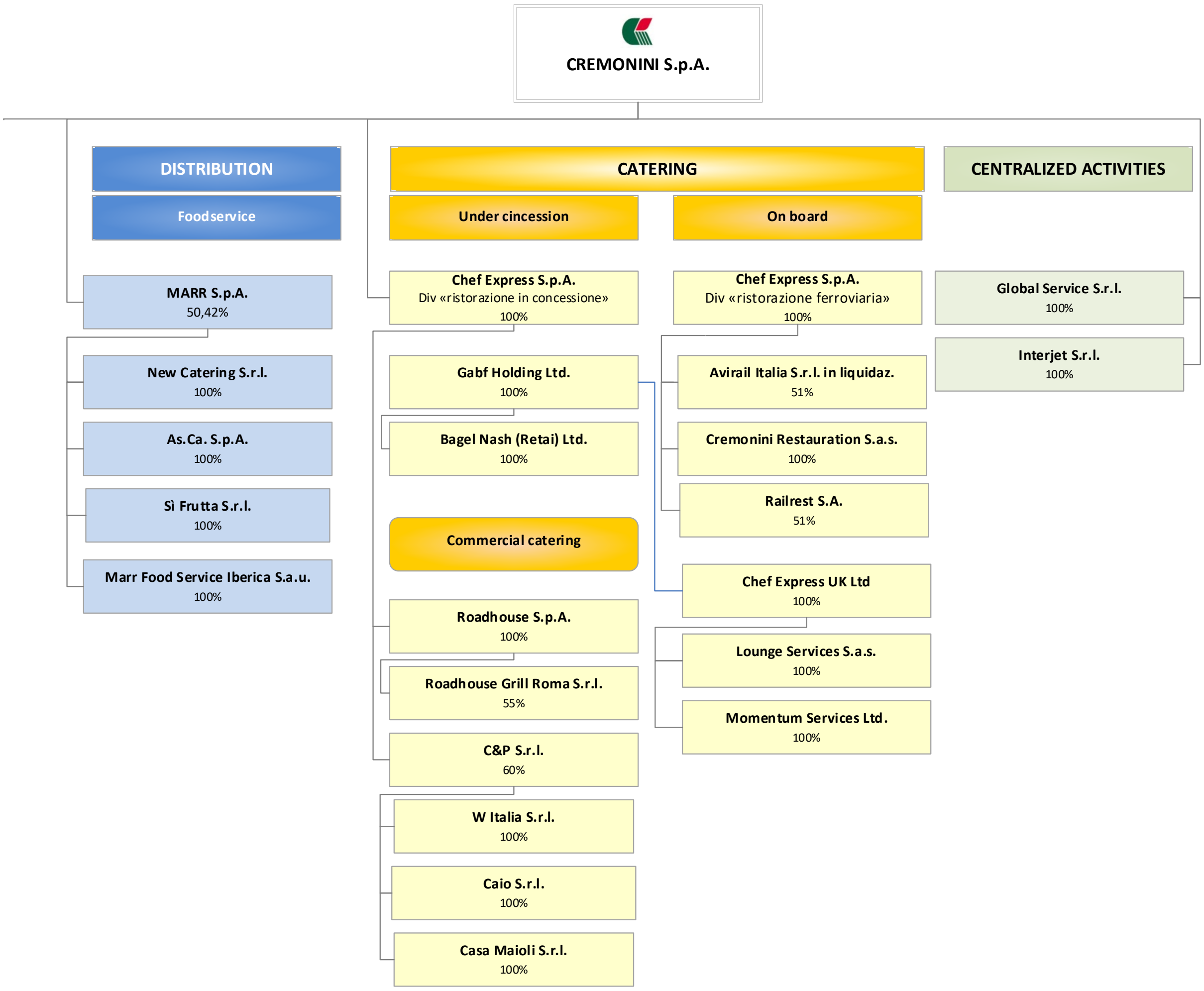
Beef business | **Food & Beverage** | **Cured meats and snacks**

- INALCA S.p.A. 71,6%
  - Società Agricola Corticella S.r.l. 100%
    - Cremovit S.r.l. 51%
  - Ges.Car. S.r.l. 100%
  - Guardamiglio S.r.l. 90%
    - Treerre Food S.r.l. 90%
  - Sara S.r.l. 51%
  - Realbeef S.r.l. 51%
  - Fiorani & C. S.p.A. 51%
  - Tecno-star Due S.r.l. 100%
  - Ina Ten S.r.l. 51%
  - Parma Serv S.r.l. 51%
  - Parma France S.a.s. 51%
    - Parmaubrac S.a.s. 100%
    - Parma Lacombe S.a.s. 100%
    - Parma Turc S.a.s. 51%
    - Parma Capel S.a.s. 66,67%
  - Zaklady Miesne Sochocin S.p.zo.o. 100%
  - Kaskad Llc. 100%
    - Orenbeef Llc. 80%
    - Agrosakmara Llc. 100%
    - Agrosakmara Bashkiriya Llc. 100%
    - Marr Russia Llc. 75%
    - Inalca Food Service Kaz Llp. 100%
  - Inalca Algeria S.a.r.l. 70%
  - Inalca Angola Ltda 95%
  - Inter Inalca Angola Ltda. 100%
  - Inalca Kinshasa S.a.r.l. 85%
  - Inalca Brazzaville S.a.r.l.u. 100%
  - Inalca Mocambique Lda. 60%
  - Inalca CI S.a.r.l. 99,9%
  - Inalca Food & Beverage S.r.l. 100%
    - Comit S.L. 60%
      - Hosteria Buttarelli S.L. 100%
      - Tecali S.L. 62,81%
    - Mille Sapori Plus S.p.zo.o. 60%
      - Mille Sapori Due Sp.zo.o. 100%
      - Mille Sapori Krakow Sp.zo.o. 100%
      - MSP Transport Sp.zo.o. 100%
    - ITAUS Pty Ltd. 100%
    - Fresco Gourmet Pty Ltd. 100%
      - Inalca Food & Bev. Queensland Pty Ltd 75%
    - IF&B Holding Inc. 100%
      - Inalca Food & Beverage North America Llc. 80%
    - Fratelliditalia S.A. 80%
    - Inalca Food & Beverage Cabo Verde Lda. 80%
    - Bright View Trading HK Ltd. 69,81%
    - Inalca Food & Beverage China Hld Ltd. 55%
      - Top Best International Hld Ltd 100%
      - Zhongshan Inalca Food & Beverage Co Ltd 100%
      - Inalca Food & Beverage (Shanghai) Co. Ltd. 100%
      - Inalca F&B Beijing Holding Ltd 60%
        - Inalca F&B Beijing Co. 100%
    - Inalca Food & Beverage Malaysia Hld Sdn Bhd 100%
      - Inalca Food & Beverage Sdn Bhd 100%
      - Inalca Food & Beverage (Thailand) Ltd. 100%
  - Italia Alimentari S.p.A. 100%
    - Cibo Sapiens S.r.l. 100%
    - Castelfrigo LV S.r.l. 100%
    - Italia Alimentari Canada Ltd. 60%
    - Montana Alimentari GMBH 100%

continued

CREMONINI GROUP ORGANIZATION
SCOPE OF CONSOLIDATION AT 31 DECEMBER 2020

Continued



CORPORATE BODIES OF CREMONINI S.p.A.

Board of Directors

Chairman	Claudia	Cremonini
Vice Chairman	Illias	Aratri
Chief Executive Officer	Paolo	Boni
Directors	Serafino	Cremonini

Board of Statutory Auditors

Chairman	Eugenio	Orienti
Statutory Auditors	Giulio	Palazzo
	Paola	Simonelli
Alternate Auditors	Patrizia	Iotti
	Daniele	Serra

Independent Auditors	**PricewaterhouseCoopers S.p.A.**

DIRECTORS' REPORT

Introduction

The financial statements at 31 December 2020, pursuant to Legislative Decree No. 38 of 28 February 2005, have been prepared in accordance with the accounting and measurement policies laid down in the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set out in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

Group performance and results for the 2020 financial year

Firstly, we note a very positive start to the year in all sectors in which the Group operates, which recorded consolidated revenues up by 8.5% in the first two months and consolidated EBITDA up by more than 14% compared to the same period in 2019; however, as from the second half of February, the global spread of the Covid-19 pandemic led the Governments all around the world to adopting increasingly restrictive health protection measures that imposed restrictions on the movement of people and goods and, in several countries including Italy, the full stoppage of tourist and commercial activities and the partial stoppage of production operations as well, thus considerably hitting the Group's target markets and significantly affecting the results for the year despite strong signs of recovery recorded in the third quarter following a partial resumption of activities.

In a scenario that is still particularly complex due to the spread of the pandemic and the difficulty in containing the outbreak, the Group's performance in 2020 showed different trends in the various business sectors. The Production recorded a good performance, both in terms of stable revenues and improved profit margins, while Distribution and Catering were strongly affected by the closure of activities and reported a significant drop in both revenues and profit margins.

In 2020, the Cremonini Group recorded revenues of Euro 3,408.3 million compared to Euro 4,437.0 million in 2019, showing a decrease of Euro 1,028.7 million (-23.2%).

The gross operating margin amounted to Euro 246.4 million compared to Euro 377.2 million in 2019, showing a decrease of Euro 130.8 million (-34.7%), while operating income came to Euro 48.8 million compared to Euro 193.9 million in 2019, down by Euro 145.1 million (-74.8%).

The result from ordinary activities posted a loss of Euro 14.5 million compared to Euro 145.8 million in 2019 and was further adversely affected by the currency trend, which entailed the recognition of higher foreign exchange losses of Euro 23.9 million (of which an amount of Euro 12.5 million of estimated losses and an amount of Euro 11.4 million of realised losses), and which was partly offset by accounting for lower financial costs as a result of no longer applying "IAS 29 – Financial Reporting in Hyperinflationary Economies" in the financial statements of the Angolan subsidiaries, which had adversely affected the previous financial period for about Euro 11 million.

Finally, net profit was Euro 4.4 million, down by Euro 40.2 million compared to Euro 44.6 million in 2019.

Below are summarised the schedules of the income statement, balance sheet and cash flows for 2020, compared with the consolidated financial statements for the period ended 31 December 2019.

For a more complete analysis of the Group's results, the related details are reported below, broken down by business sector.

Consolidated Income Statement

(Euro/000)	Year 2020	Year 2019	Change %
Total revenues	**3,408,250**	**4,436,953**	**(23.18)**
Changes in inventories of work in progress, semi-finished and finished goods	34,171	(1,055)	
Value of production	**3,442,421**	**4,435,898**	**(22.40)**
Cost of production	(2,843,282)	(3,618,048)	
Value added	**599,139**	**817,850**	**(26.74)**
Personnel costs	(352,762)	(440,663)	
Gross operating margin (a)	**246,377**	**377,187**	**(34.68)**
Amortization, depreciation and write-downs	(140,691)	(130,334)	
Rightof use amortization and depreciation	(56,874)	(52,908)	
Operating income (b)	**48,812**	**193,945**	**(74.83)**
Net financial income (charges)	(40,256)	(28,266)	
Right of use financial charges	(23,047)	(19,874)	
Profit from ordinary activities	**(14,491)**	**145,805**	**(109.94)**
Net income (charges) from investments	(305)	594	
Net extraordinary financial income (charges)		(2,800)	
Result before taxes	**(14,796)**	**143,599**	**(110.30)**
Income taxes for the financial year	35,616	(51,799)	
Result before minority interests	**20,820**	**91,800**	**(77.32)**
(Profit) Loss attributable to minority interests	(16,387)	(47,233)	
Net profit attributable to the Group	**4,433**	**44,567**	**(90.05)**

Consolidated Balance Sheet

(Euro/000)	31.12.2020	31.12.2019 *	Change %
Intangible assets	238,234	229,975	
Tangible assets	1,158,459	1,151,512	
Right of use	292,553	307,222	
Equity investments and other financial assets	38,916	49,980	
Total fixed assets	**1,728,162**	**1,738,689**	**(0.61)**
Trade net working capital			
- Trade receivables	503,085	587,392	
- Inventories	455,800	497,231	
- Trade payables	(500,138)	(631,217)	
Total trade net working capital	458,747	453,406	
Other current assets	129,597	73,307	
Other current liabilities	(95,591)	(104,047)	
Net working capital	**492,753**	**422,666**	**16.58**
Staff Severance Indemnity Provision and other m/l term provisions	**(78,018)**	**(96,351)**	
Net invested capital	**2,142,897**	**2,065,004**	**3.77**
Shareholders' Equity attributable to the Group	587,870	605,319	
Shareholders' Equity attributable to minority interests	362,136	364,091	
Total Shareholders' Equity	**950,006**	**969,410**	**(2.00)**
Net medium/long-term debt	708,017	691,219	
Net short-term debt	157,163	90,411	
Net debt before IFRS 16	**865,180**	**781,630**	**10.69**
Net medium/long-term debt - Right of use	271,544	265,767	
Net short-term debt - Right of use	56,167	48,197	
IFRS 16 effects on net debt	**327,711**	**313,964**	**n/a**
Net debt	**1,192,891**	**1,095,594**	**8.88**
Net equity and net debt	**2,142,897**	**2,065,004**	**3.77**

* The 2019 flows of data have been restated, where necessary, in order to keep them comparable to those at 31 December 2020.

a – EBITDA (Gross operating margin) is an economic indicator not defined in the International Accounting Standards and the IFRS. EBITDA is the measurement used by the Company's management to monitor and assess its operations. The managements believes that EBITDA is a key indicator for measuring the Group's performance as it is not affected by the volatility due to the effects of the various criteria of calculating taxable income and by the amount and characteristics of the invested capital, as well as by the related amortisation and depreciation criteria. At present, subject to a subsequent in-depth study regarding the developments in the definitions of corporate performance indicators, EBITDA is defined by the Cremonini Group as the Profit/Loss before depreciation and amortization of tangible and intangible assets, allocations and write-downs, financial charges and income and income taxes.

b – The operating profit (EBIT) is defined by the Cremonini Group as the Profit/Loss for the year before financial charges and income, non-recurring items and income taxes.

Net Consolidated Debt [c]

(Euro/000)	**31.12.2020**	30.09.2020	30.06.2020	31.12.2019
Payables to banks, bonds and other financial institutions				
- due within 12 months	(551,400)	(483,123)	(577,872)	(467,074)
- due between 1 and 5 years	(611,005)	(717,474)	(576,895)	(562,683)
- due beyond 5 years	(97,012)	(102,158)	(113,901)	(128,536)
Total payables to banks, bonds and other financial institutions	**(1,259,417)**	**(1,302,755)**	**(1,268,668)**	**(1,158,293)**
Liquidity				
- cash and cash equivalents	384,231	411,458	317,661	367,642
- other financial assets	10,006	10,591	15,725	9,021
Total liquidity	**394,237**	**422,049**	**333,386**	**376,663**
Total net debt before IFRS 16	**(865,180)**	**(880,706)**	**(935,282)**	**(781,630)**
Financial liabilities right of use				
- due within 12 months	(56,167)	(86,899)	(64,303)	(48,197)
- due between 1 and 5 years	(199,445)	(173,239)	(186,343)	(191,924)
- due beyond 5 years	(72,099)	(74,363)	(76,711)	(73,843)
IFRS 16 effects on net debt	**(327,711)**	**(334,501)**	**(327,357)**	**(313,964)**
Total net debt	**(1,192,891)**	**(1,215,207)**	**(1,262,639)**	**(1,095,594)**

The Group's net debt at 31 December 2020 was also affected by the Covid-19 pandemic, coming to Euro 1,192.9 million, up by Euro 97.3 million compared to Euro 1,095.6 million at 31 December 2019, mainly as a result of the investments made and the increase in net working capital.

Net of the effects of the adoption of IFRS 16, the Group's net debt at 31 December 2020 amounted to Euro 865.2 million, up by Euro 83.6 million compared to Euro 781.6 million at 31 December 2019.

During the year cash outflows for ordinary investments amounted to Euro 139.9 million, while those for acquisitions amounted to Euro 1.2 million. Among the latter items are:

- The acquisition of the remaining 60% of the quotas of SìFrutta S.r.l., which entailed an increase of Euro 800 thousand in the debt;
- The acquisition of 90% of the quotas of Treerre Food S.r.l, which entailed an increase of Euro 200 thousand in the debt;
- The acquisition of 51% of the quotas of Dolfen S.r.l., which entailed an increase of Euro 100 thousand in the debt.

In 2020 there was the potential breach of one of the financial parameters (NFP/EBITDA) subject to financial covenants in relation to some medium/long-term loan agreements in place due to the effects of the Covid-19 pandemic. However, the management had previously requested and already obtained a temporary suspension of checks concerning financial parameters (covenant holiday) under the aforesaid loan agreements during the year.

c – The Net Debt, utilized as a financial indicator of the indebtedness, is shown as a sum of the following positive and negative components of the Balance Sheet. Positive components: cash and cash equivalents; current securities held for sale; short-term financial receivables; derivative instruments. Negative components: payables to banks; payables to other lenders, leasing and factoring companies; derivative instruments and bonds.

Financial results by business sector

The Group, which operates in the food sector, conducts its business with the position of market leader in three macro business areas:

- production;
- distribution;
- catering.

The Parent Company, both directly and indirectly through its subsidiaries, provides support to the operating sectors, mainly services in the financial, corporate and tax, human resources and insurance, IT system sectors.

Breakdown of revenues by sector

(Euro/000)	**Year 2020**	Year 2019	Change total value	Change %
Production				
Net revenues	2,035,743	2,143,014	(107,271)	(5.01)
Intercompany revenues	*85,741*	97,960		
Total revenues	2,121,484	2,240,974	(119,490)	(5.33)
Gross operating margin	166,223	145,863	20,360	13.96
Amortization, depreciation and write-downs	(69,523)	(70,635)	1,112	(1.57)
Operating profit (loss)	96,700	75,228	21,472	28.54
Distribution				
Net revenues	1,036,577	1,631,224	(594,647)	(36.45)
Intercompany revenues	*37,100*	64,585		
Total revenues	1,073,677	1,695,809	(622,132)	(36.69)
Gross operating margin	39,465	128,479	(89,014)	(69.28)
Amortization, depreciation and write-downs	(36,316)	(28,579)	(7,737)	27.07
Operating profit (loss)	3,149	99,900	(96,751)	(96.85)
Catering				
Net revenues	334,139	661,090	(326,951)	(49.46)
Intercompany revenues	*265*	464		
Total revenues	334,404	661,554	(327,150)	(49.45)
Gross operating margin	41,185	104,395	(63,210)	(60.55)
Amortization, depreciation and write-downs	(88,449)	(80,231)	(8,218)	10.24
Operating profit (loss)	(47,264)	24,164	(71,428)	(295.60)
Centralized activities				
Net revenues	1,791	1,625	166	10.22
Intercompany revenues	*10,199*	10,662		
Total revenues	11,990	12,287	(297)	(2.42)
Gross operating margin	(496)	(1,550)	1,054	(68.00)
Amortization, depreciation and write-downs	(3,277)	(3,797)	520	(13.70)
Operating profit (loss)	(3,773)	(5,347)	1,574	(29.44)
Consolidation adjustment				
Total revenues	*(133,305)*	*(173,671)*		
Gross operating margin	*0*	*0*		
Amortization, depreciation and write-downs	*0*	*0*		
Operating profit (loss)	*0*	*0*		
Total				
Total revenues	3,408,250	4,436,953	(1,028,703)	(23.18)
Gross operating margin	246,377	377,187	(130,810)	(34.68)
Amortization, depreciation and write-downs	(197,565)	(183,242)	(14,323)	7.82
Operating profit (loss)	48,812	193,945	(145,133)	(74.83)

The Group's total revenues, if compared with those recorded in the previous year, showed a decrease of Euro 1,028.7 million. In detail, production was down by Euro 119.5 million, while revenues from distribution decreased by Euro 622.1 million and those from catering decreased by Euro 327.2 million.

The consolidated gross operating margin was down by Euro 130.8 million with the production up by Euro 20.4 million, distribution was down by Euro 89.0 million and catering was down by Euro 63.2 million compared to 2019.

Finally, the consolidated operating income was down by Euro 145.1 million with the production up by Euro 21.5 million, distribution was down by Euro 96.8 million and catering was down by Euro 71.4 million.

Breakdown of revenues from sales and services by geographical area
Comparison between values at 31 December 2020 and at 31 December 2019 (12 months)

Year 2020 - (Euro/000)	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	1,325,887	66.3	936,748	92.5	263,255	87.1	1,397	100.0	2,527,287	76.2
European Union	218,505	10.9	38,960	3.8	38,971	12.9	-	-	296,436	8.9
Extra-EU countries	456,318	22.8	36,689	3.5	-	-	-	-	493,007	14.9
Total	2,000,710	100.0	1,012,397	99.9	302,226	100.0	1,397	100.0	3,316,730	100.0

Year 2019 - (Euro/000)	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	1,269,167	59.8	1,480,876	93.3	538,490	82.2	1,341	99.6	3,289,874	99.2
European Union	271,023	12.8	58,243	3.7	115,580	17.7	5	0.4	444,851	13.4
Extra-EU countries	580,725	27.4	48,365	3.0	771	0.1	-	-	629,861	14.4
Total	2,120,915	100.0	1,587,484	100.0	654,841	100.0	1,346	100.0	4,364,586	127.0

Consolidated Balance Sheet by business sector

As at December 2020 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	40,508	145,160	52,521	45	-	238,234
Tangible assets	676,779	71,608	328,096	81,976	-	1,158,459
Right of use	16,736	51,849	223,968	-	-	292,553
Equity investments and other financial assets	30,054	2,725	5,044	1,094	(1)	38,916
Total fixed assets	**764,077**	**271,342**	**609,629**	**83,115**	**(1)**	**1,728,162**
Trade net working capital						
- Trade receivables	193,121	296,180	21,263	13,348	(20,827)	503,085
- Inventories	310,122	134,532	10,895	1	250	455,800
- Trade payables	(248,806)	(195,534)	(67,368)	(6,838)	18,408	(500,138)
Total trade and net working capital	**254,437**	**235,178**	**(35,210)**	**6,511**	**(2,169)**	**458,747**
Other current assets	30,137	39,989	63,848	24,519	(28,896)	129,597
Other current liabilities	(66,001)	(13,699)	(29,770)	(17,188)	31,067	(95,591)
Net working capital	**218,573**	**261,468**	**(1,132)**	**13,842**	**2**	**492,753**
Staff Severance Indemnity Provision and other m/l-term provisions	**(46,709)**	**(14,640)**	**(13,187)**	**(3,482)**	**-**	**(78,018)**
Net invested capital	**935,941**	**518,170**	**595,310**	**93,475**	**1**	**2,142,897**

As at December 2019 * (Euro/000)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	39,267	143,980	46,613	115	-	229,975
Tangible assets	679,886	64,387	323,321	83,918	-	1,151,512
Right of use	18,923	45,437	242,862		-	307,222
Equity investments and other financial assets	34,927	3,302	10,333	1,418	-	49,980
Total fixed assets	**773,003**	**257,106**	**623,129**	**85,451**	**0**	**1,738,689**
Trade net working capital						
- Trade receivables	215,004	357,466	31,452	11,680	(28,210)	587,392
- Inventories	311,937	170,292	14,776	1	225	497,231
- Trade payables	(269,755)	(265,815)	(114,890)	(7,148)	26,391	(631,217)
Total trade and net working capital	**257,186**	**261,943**	**(68,662)**	**4,533**	**(1,594)**	**453,406**
Other current assets	28,431	27,133	14,074	7,039	(3,370)	73,307
Other current liabilities	(53,787)	(8,832)	(42,339)	(4,053)	4,964	(104,047)
Net working capital	**231,830**	**280,244**	**(96,927)**	**7,519**	**0**	**422,666**
Staff Severance Indemnity Provision and other m/l-term provisions	**(69,042)**	**(14,010)**	**(9,840)**	**(3,459)**	**-**	**(96,351)**
Net invested capital	**935,791**	**523,340**	**516,362**	**89,511**	**0**	**2,065,004**

* The 2019 flows of data have been restated, where necessary, in order to keep them comparable to those at 31 December 2020.

Consolidated Net Debt by business sector

As at December 2020 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(246,251)	(167,468)	(113,549)	(24,132)	(551,400)
- due between 1 and 5 years	(202,637)	(228,455)	(159,934)	(19,979)	(611,005)
- due beyond 5 years	(46,876)	(842)	(49,294)	-	(97,012)
Total payables to banks, bonds and other financial institutions	**(495,764)**	**(396,765)**	**(322,777)**	**(44,111)**	**(1,259,417)**
Liquidity					
- cash and cash equivalents	94,436	251,491	36,693	1,611	384,231
- other financial assets	8,694	626	686	-	10,006
Total liquidity	**103,130**	**252,117**	**37,379**	**1,611**	**394,237**
Securitization and internal treasury current accounts	**2,624**	**5,794**	**2,564**	**(10,982)**	**0**
Total net debt before IFRS 16	**(390,010)**	**(138,854)**	**(282,834)**	**(53,482)**	**(865,180)**
Financial liabilities right of use					
- within 12 months	(5,811)	(8,528)	(41,828)	-	(56,167)
- between 1 and 5 years	(11,387)	(24,030)	(164,028)	-	(199,445)
- beyond 5 years	-	(20,904)	(51,195)	-	(72,099)
IFRS 16 effects on net debt	**(17,198)**	**(53,462)**	**(257,051)**	**0**	**(327,711)**
Total net debt	**(407,208)**	**(192,316)**	**(539,885)**	**(53,482)**	**(1,192,891)**

As at December 2019 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(169,631)	(178,875)	(98,931)	(19,637)	(467,074)
- due between 1 and 5 years	(309,418)	(166,859)	(68,900)	(17,506)	(562,683)
- due beyond 5 years	(72,193)		(46,343)	(10,000)	(128,536)
Total payables to banks, bonds and other financial institutions	**(551,242)**	**(345,734)**	**(214,174)**	**(47,143)**	**(1,158,293)**
Liquidity					
- cash and cash equivalents	141,453	192,493	33,376	320	367,642
- other financial assets	6,483	1,797	691	50	9,021
Total liquidity	**147,936**	**194,290**	**34,067**	**370**	**376,663**
Securitization and internal treasury current accounts	**3,736**	**1,843**	**(5,314)**	**(265)**	**0**
Total net debt before IFRS 16	**(399,570)**	**(149,601)**	**(185,421)**	**(47,038)**	**(781,630)**
Financial liabilities right of use					
- within 12 months	(5,512)	(7,911)	(34,774)	-	(48,197)
- between 1 and 5 years	(13,564)	(22,399)	(155,961)	-	(191,924)
- beyond 5 years		(16,116)	(57,727)	-	(73,843)
IFRS 16 effects on net debt	**(19,076)**	**(46,426)**	**(248,462)**	**0**	**(313,964)**
Total net debt	**(418,646)**	**(196,027)**	**(433,883)**	**(47,038)**	**(1,095,594)**

The operating sectors of the Group

Production

The list of the companies that operate in the Production sector, included in the consolidation area, are shown in the annex attached to this Report.

Breakdown of revenues by activity (Euro/000)	Year 2020	Year 2019	Change %
Beef and meat-based products	1,905,188	2,059,822	*(7.51)*
- intercompany revenues	(21,855)	(22,923)	
Beef and meat-based products - Net total	**1,883,333**	**2,036,899**	
Cured meats and gastronomy/snack food	244,791	208,334	*17.50*
- intercompany revenues	(6,640)	(4,259)	
Cured meats and gastronomy/snack food - Net total	**238,151**	**204,075**	
	2,121,484	**2,240,974**	***(5.33)***

The Production sector revenues were Euro 2,121.5 million, down by Euro 119.5 million compared to Euro 2,241.0 million in 2019. The gross operating margin increased from Euro 145.9 million to Euro 166.2 million, up by Euro 20.3 million, while operating income increased from Euro 75.2 to 96.7 million, up by Euro 21.5 million.

<u>The beef business</u>

After a first quarter during which revenues were on the rise, the spread of the Covid-19 pandemic and the measures put in place to contain the outbreak both in Italy and abroad adversely affected the results for 2020, which recorded a decline in revenues compared to the final values posted in the previous year.

This decline was mainly due to a significant reduction in revenues from Russian subsidiaries, whose business is almost exclusively focused on foodservice, which was also exacerbated by a depreciation of the Rouble against the Euro and a fall in revenues recorded in Africa.

In Italy, despite a reduction in sales in the foodservice segment, profit margins showed an improvement due to a reduction in the purchase price of raw materials and strict cost control measures. Contrary to the general trend, there was an increase in sales recorded in the retail segment by subsidiary Fiorani & C. S.p.A. and Guardamiglio S.r.l..

Finally, revenues and profit margins showed a decline in operations involving the distribution of food products to foodservice abroad, on the part of Inalca Food & Beverage S.r.l. and its subsidiaries. These companies, the operations of which are closely connected with trends in tourist flows, have been hit by the impact of the pandemic in a more significant manner.

Among the significant events that occurred during the year are:

- In February, since INPS (the Italian Social Security Institute) did not appeal to the Supreme Court, the appeal judgment became final, which had recognised Ges.Car. S.r.l.'s right to benefit from the relief from social security contributions provided for in the law (the "Jobs Act"), totalling about Euro 13 million, including an amount of Euro 11 million already recovered by offsetting it against the contributions due and payable for the year;

- In April, D'Autore Food S.r.l., which is wholly owned by Italia Alimentari S.p.A., won the auction for the acquisition of the business unit of Castelfrigo S.r.l. from the bodies in charge of the related bankruptcy procedure. At the same time the buyer changed its business name to Castelfrigo LV S.r.l.;

- On 29 May 2020 INALCA S.p.A. acquired 51% of Dolfen S.r.l. through the subscription of a reserved capital increase. The acquiree in turn holds control over Macello di Parma S.r.l., which operates the municipal beef slaughterhouse in Parma;

- On 4 May 2020 Guardamiglio S.r.l. acquired an 80% investment in Treerre Food S.r.l., as well as the right of usufruct over an additional 10% of the quotas of the company;

- On 17 June 2020 the Court of Monza approved the composition with creditors arrangement of Nava Group S.p.A., from whose winding-up operations INALCA S.p.A. will take over a slaughterhouse, which is located in the municipal district of Agrate Brianza and which is included in the bankruptcy assets;

- On 6 November 2020 INALCA S.p.A. transferred its minority interest in Nuova Campari S.p.A., which had been held for more than twenty years and was regarded as being no longer strategic, to the majority shareholder.

The major industrial investments made during 2020 concerned the following projects:

- The construction and upgrading of production systems at the plants of INALCA S.p.A.. In particular, we must note the rendering project intended for the food processing of bovine bones and fat, the expansion of the hamburger storage cell and the new leather processing system at Castelvetro plant; the construction of a new automated warehouse for pallets of frozen products at Ospedaletto Plant; the construction of the digested sludge drying and leather storage and processing systems at Pegognaga plant; the purchase of a new tray machine for canned meat at Rieti plant;
- Work continued on the construction of the slaughterhouse and deboning plant in Sochocin in Poland;
- The revamping of the present composting plant of subsidiary Sara S.r.l. for the production of biomethane;
- Work continued on the modernisation of production lines and industrial equipment, as well as on non-routine maintenance at the main production plants at Piacenza and Castelnuovo Rangone factories on the part of subsidiary Fiorani e C. S.p.A.;
- The energy and production efficiency improvement at the plants of subsidiary Realbeef S.r.l., which involved the installation of new PV panels, as well as the construction of a new packaging and deboning line and of the level-1 rendering plant, which is still being completed.

<u>Cured meats and snacks sector</u>

The spread of the COVID-19 pandemic has had a profound impact on the pork supply chain in Italy, first of all because it just developed from the most important regions from the point of view of production (Lombardy and Emilia-Romagna), and secondly because the Italian government has adopted more stringent restrictions for a rather long period of time. The closure of the foodservice channel has taken away a considerable share of consumption of fresh and cured meats, thus mainly penalising products with high added value (PDO and PGI).

Against this background, especially in the first phase of the emergency, there was an increase in the sales by Large-scale retail trade chains and discount stores, which recorded actual peaks at the beginning of the lockdown period. However, as the weeks went by, this trend began to reverse, although it remained at higher levels than in the same period of the previous year.

Price trends in the main channels tended to increase compared to the previous year as a result of both a decrease in deals and, above all, due to the customers' recognition of a higher price level following the significant increases in the cost of raw materials that had affected the segment as early as from 2019.

In this situation, the companies in the sector of cured meats recorded an increase in revenues and profit margins, despite a decline in sales volumes. These results were also achieved as a result of the Company concluding new and significant contracts with major customers, which enabled it to use its production capacity at a satisfactory level, while exploiting its industrial and technological assets and streamlining its fixed overheads.

As regards snacks, the situation was more difficult. In fact, the market slowdown was significantly greater than for cold cuts, since we are dealing with products that are usually intended for consumption outside the home.

It was possible to contain the fall in volumes only thanks to the research into product innovation capable of responding to the needs of consumers who are increasingly volatile and pay ever more attention to healthy ingredients.

In relying on this continuous research, as well as on its wider and wider range of products and competitive industrial plants, the Company approached the market aggressively, winning big contracts with modern distributors and activating online sales platforms that partially offset the loss recorded in the foodservice channel.

The major industrial investments made during 2020 concerned the following projects:

- the enlargement of the shipment and picking area, as well as the upgrading of production processes at Gazoldo degli Ippoliti plant. These investments were aimed at the automation and computerisation of production processes in line with the "Industry 4.0" approach;
- the purchase of plant and machinery aimed at enhancing production and improving productivity in the areas of production and slicing of cured meats at the three existing production sites.

Distribution

The list of the companies that operate in the Distribution sector, included in the consolidation area, are shown in the annex attached to this Report.

The Distribution sector showed a decrease in revenues in 2020 from Euro 1,695.8 million to Euro 1,073.7 million, down by Euro 622.1 million (-36.7%). The operating margin fell from Euro 128.5 million to Euro 39.5 million, with a reduction of Euro 89.0 million (-69.3%). Finally, operating income amounted to Euro 3.1 million, down by Euro 96.8 million compared to Euro 99.9 million in 2019.

Specifically, sales in the “Street Market” category (restaurants and hotels not belonging to Groups or Chains) and those in the “National Account” category (operators of Chains and Groups and Canteens) amounted to Euro 850.4 million (Euro 1,424.2 million in 2019) in terms of revenues.
In terms of customer categories, sales to the “Street Market” category (restaurants and hotels not belonging to Groups or Chains) were equal to Euro 663.7 million (Euro 1,128.2 million in 2019), while sales to customers in the “National Account” category (operators of Chains and Groups and Canteens) amounted to Euro 186.7 million (Euro 296.0 million in 2019).
Sales to customers in the “Wholesale” category came to Euro 208.3 million compared to Euro 242.4 million in 2019.

The consolidated results of operations for 2020, which started off very well, were affected by the shock due to the Covid-19 pandemic and the restrictive measures imposed by the institutions, during the various periods of lockdown.
It should be noted that these figures were particularly affected by the economic, social and health situation in the first half of the year, which led to a decline in revenues as a whole, with a reduction in profit margins (which were also adversely affected by the sales of perishable fresh products in stock during the period of lockdown, as well as the sell-out of products, especially frozen fish, which had been previously purchased in view of the summer season), which was only partly offset by measures concerning operating costs, implemented without compromising Customer proximity and without jeopardising the opportunity to resume operations in the foodservice. The summer reopening has led to a gradual recovery in sales in the second compared to the first half of the year.

Among the significant events that occurred during the year, it should be noted that:

- As from the end of February Italy was hit by the Covid-19 pandemic: as a result, the Government adopted increasingly stringent health protection measures that imposed restrictions on the movement of people, as well as on the performance of commercial activities under the Prime Minister’s Decree of 11 March, and that were updated by the Prime Minister’s Decree of 26 April. In accordance with the provisions in force, MARR S.p.A. put in place organisational measures in order to ensure the continuation of its operations and logistics activities so as to ensure service continuity for all of its customers, through its own distribution network throughout the country, in full respect and protection of the health of its staff members, and in this regard it also took out a specific insurance policy;

- With effects running from 1 February 2020 the subsidiary AS.CA S.p.A. leased its business to MARR S.p.A., which conducts it through the integration of its operations with those of the MARR Bologna and MARR Romagna Branches;

- On 11 March 2020 MARR S.p.A. acquired 60% of quotas of SìFrutta S.r.l. from SìFrutta S.r.l. e Vitali e Bagnoli Multiservice S.r.l. at a total price of Euro 0.8 million, thus acquiring full control over the investee;

- On 10 July 2020 MARR S.p.A. repaid investors the principal amount falling due on the first tranche of the private placement of bonds in US dollars (“USPP”), entered into in 2013, together with the six-monthly instalment of interest, with a total outlay of Euro 8,514 thousand;

- During the year MARR S.p.A. obtained from both the lending banks and the USPP investors the covenant holiday on the test at 30 June 2020 and 31 December 2020 in relation to all medium/long-term loans and the USPP providing for financial covenants;

- During the second half-year MARR S.p.A. received an upgrade (from BBB to A, on a scale from CCC to AAA) of the ESG Ratings assessment reported by MSCI, a leading international institution for services in support of investor decisions. The A rating assigned to MARR rewards its ongoing commitment and its policies in support of Environmental, Social and Governance ("ESG") issues. MARR is aware of its role as market leader and has assumed responsibility therefor: for this reason, it has in fact long since embarked on a path to strengthening its approach to Sustainability by implementing projects in each of the three ESG areas, including: • *Environmental*: green and sustainable products, certification of supply chains, animal welfare; • *Social*: focus on transparency, legality and proper relations with all stakeholders; • *Governance*: full compliance with all applicable Regulations, Codes and best practices.

The major industrial investments made during 2020 concerned the following projects:

- Works for the construction and installation of systems for the new executive offices located in the municipal district of Santarcangelo di Romagna (RN), which are now in operation, with the gradual transfer of the various corporate functions in February 2021;
- Upgrading the systems of the MARR Scapa branch, at the Rimini offices from which the SìFrutta branch operates, as well as of the Ischia warehouse of the MARR Naples branch;
- The purchase of new software, which is still partly in the process of being implemented.

Catering

The list of the companies that operate in the Catering sector, included in the consolidation area, are shown in the annex attached to this Report.

Breakdown of revenues by activity (Euro/000)	Year 2020	Year 2019	*Change %*
On-board catering	37,454	110,300	*(66.04)*
- intercompany revenues	-	-	
On-board catering - Net total	**37,454**	**110,300**	***(66.04)***
Motorway catering	189,528	361,281	*(47.54)*
- intercompany revenues	-	-	
Motorway catering - Net total	**189,528**	**361,281**	***(47.54)***
Commercial catering	107,422	189,973	*(43.45)*
- intercompany revenues	-	-	
Commercial catering - Net total	**107,422**	**189,973**	***(43.45)***
Total Catering	**334,404**	**661,554**	***(49.45)***

The Catering Sector was the most affected by the spread of the Covid-19 pandemic, which began to affect Europe as from February.

The pandemic led the Governments to adopting increasingly restrictive health protection measures that imposed restrictions on the movement of people, as well as on the performance of commercial activities.

In particular, most of the points of sale of Chef Express S.p.A. were closed in Italy, while only ensuring a minimum amount of essential services required by law on motorways and at national airports (under unfavourable economic conditions), as were all "Roadhouse Restaurant", "Calavera Fresh Mex", "Calavera Rapido" branded outlets and the points of sale operated by the C&P Group companies, which had been acquired in 2019, from 11 March 2020 to 17 May 2020 and, afterwards, even during the period of lockdown in the Christmas season.

The easing of restrictions and the resumption of commercial activities, which fully took place in early June, allowed the operators in the Sector to partially recover revenues and profit margins in the third quarter, although they then recorded a further setback as from the end of October due to the new restrictions imposed with the second wave of the pandemic.

On-board catering operations in Europe were also affected by the considerable reduction in the number of passengers transported on trains in circulation.

In 2020 the Catering sector showed a decrease in revenues from Euro 661.6 million to Euro 334.4 million, down by Euro 327.1 million (-49.5%). The gross operating margin decreased from Euro 104.4 million to Euro 41.2 million, down by Euro 63.2 million (-60.6%), while operating income, which amounted to Euro -47.3 million, showed a decrease of Euro 71.5 million compared to Euro 24.2 million in 2019.

However, it should be noted that:

- During the first two months of the year, the Catering Sector recorded revenues up by 2% and EBITDA up by 4% compared to the same period of 2019;

- As from March 2020 the companies in the Catering Sector put in place any possible measure to mitigate the impact on labour costs, through the use of vacations and the request for the application of wage-support schemes for more than 7,500 employees, i.e. almost all the staff members who operate in Italy;

- negotiations were started since the beginning of the crisis, even through the trade organisations concerned, with the main granting authorities, shopping center operators and landlords in order to renegotiate contract terms and conditions with a view to obtaining a significant reduction in concession fees and lease payments.

Among the significant events that occurred during the year were:

- The Company signed renewals of contracts with GS Retail S.p.A. for running catering services at Rome Termini, Rome Tiburtina and Florence Santa Maria Novella railway stations;
- New agreements were signed with Aeroporti di Roma S.p.A. for running catering services at the Fiumicino Airport, in the Landside arrival and the E boarding areas at Terminal 3, respectively;
- The Company was awarded a tender concerning two new outlets at Terminal 1 of Fiumicino Airport and 5 tenders launched by Milano Serravalle-Milano Tangenziali S.p.A. for running catering services in the Castelnuovo Scrivia Est (AL), Castelnuovo Scrivia Ovest (AL), Cinisello Nord (MI), Rozzano Est (MI) and Muggiano Est (MI) service stations;
- The Open Colonna Bistrò was inaugurated at Rome Termini Station, the long-awaited new restaurant realised by Chef Express S.p.A. with the starred chef Antonello Colonna, together with other two "Renzini" and "CioccolatItaliani" branded points of sale within the renovated space of the Ala Mazzoniana area, and a new catering outlet was opened at the Palermo bus station near Central Station, as were new catering outlets at Cagliari Elmas Airport;
- New catering outlets were opened at Bari Palese Airport and Humanitas Hospital in Catania and a new agreement was signed with ANAS S.p.A. concerning the Ardeatina Esterna (RM) Service Station;
- The opening of new Roadhouse Restaurant brand restaurants in Lonato del Garda (BS), Borgomanero (NO), Milan, and Beinasco (TO), while the outlet in Reggio Emilia was closed, thus bringing to 155 the number of the premises opened in Italy by the chain and new Calavera Fresh Mex brand outlets were opened in Cerro Maggiore (MI), inside the food court of "Il Centro" at Arese (MI) and Valmontone (RM) for a total of 24 outlets opened by the chain (11 for "Calavera Restaurant'' and 13 for "Calavera Rapido''). Furthermore, it should be noted that an additional contract was signed for the opening of a new outlet of the Roadhouse chain in Bari;
- The subsidiary C&P S.r.l. opened new outlets at the City Life Shopping District in Milan and at the Serravalle Designer Outlet in Serravalle Scrivia (AL), under the "Wagamama" brand, the well-known Asian-food restaurant chain of British origin, which was established in London in 1992 and is specialised in the casual dining segment, (the fifth restaurant in Italy operated by the Cremonini Group); "Caio" brand catering outlets were closed at the shopping malls in Antegnate (BG), Pradamano (UD) and Valecenter (VE);
- New contracts were signed by the UK subsidiaries The Great American Bagel Factory Ltd. and Bagel Nash Ltd. for the opening of new outlets at Oxford Circus Underground Station and Tooley Street stations, and contracts were renewed, for five additional years, for Leeds Station, Marylebone Circus and Leeds The Light outlets. Furthermore, it should be noted that outlets were closed at the Manchester Piccadilly, Reading, Clapham Junction, Hayes and Leeds Thornton stations;
- The subsidiary Railrest S.A. signed the 24-month extension of the contract in place for the operation of services on board Thalys trains that connect Brussels, Paris, Amsterdam and Köln;
- On 6 August 2020 Chef Express S.p.A. signed, with a pool of banks, a new medium/long-term loan agreement for an amount of Euro 90 million, backed by a SACE guarantee at 80% as required by Legislative Decree no. 23 of 8 April 2020, as converted into Law no. 40 of 5 June 2020 (Liquidity Decree). The loan, which has a maximum term of three years and a pre-amortisation period of one year, expiring on 30 June 2023, was disbursed in full on 7 August 2020;
- In early November Chef Express S.p.A. and Roadhouse S.p.A. obtained the covenant holiday on the test at 31 December 2020 in relation to all bank loans expiring after 30 June 2021 and providing for financial covenants measured on the consolidated financial statements of the Parent Company (which, in turn, obtained a similar covenant holiday on the loans it had taken out directly).

The major investments made during 2020 concerned the acquisition, under finance leases, involving new outlets of the Roadhouse S.p.A. chain, the agreements for which had been already signed previously, as well as the completion of refurbishment works, which had been already started in 2019, involving some points of sale of subsidiary Chef Express S.p.A., mainly at stations and airports.

Relationships with unconsolidated subsidiaries, associated, controlling and related companies

With reference to the Group's relationships, in the 2020 financial year, with unconsolidated subsidiaries, associated, controlling and related companies on market conditions, it should be noted that these transactions affected the types of costs and revenues summarised in the following table. Statement of assets and liabilities and income statement data are shown in specific annexes to the notes to the consolidated financial statements relating to each company, broken down by type of relationship.

(Euro/000)	Controlling companies	Subsidiaries	Associated companies	Related companies
Revenues				
Trade income	-	381	16,253	1,791
Other income	4	10	324	49
Total revenues	**4**	**391**	**16,577**	**1,840**
Costs				
Trade expense	-	5,221	13,823	29,568
Other expense	17	-	3	37
Total costs	**17**	**5,221**	**13,826**	**29,605**
Loans and receivables				
Trade receivables	-	569	3,360	213
Other receivables	-	2,298	17,267	1,697
Total loans and receivables	**-**	**2,867**	**20,627**	**1,910**
Loans and payables				
Trade payables	-	323	5,155	21
Other payables	2,178	-	650	4,093
Total loans and payables	**2,178**	**323**	**5,805**	**4,114**

As far as relationships with both related and controlling companies are concerned, the breakdown is as follows:

(Euro/000)	Trade		Other		**Total**	
	Receivables	Payables	Receivables	Payables	**Receivables**	**Payables**
Related and controlling companies:						
Cremofin S.r.l. (parent company)	-	-	-	2,178	**-**	**2,178**
Creso S.r.l.	193	21	-	-	**193**	**21**
Le Cupole S.r.l.	-	-	-	4,093	**-**	**4,093**
LLC Soyuz	20	-	-	-	**20**	**-**
Namsov Fishing Enterprises Ltd	-	-	1,697	-	**1,697**	**-**
Total related and controlling	213	21	1,697	6,271	**1,910**	**6,292**

(Euro/000)	Trade		Other		**Total**	
	Revenues	Costs	Revenues	Costs	**Revenues**	**Costs**
Related and controlling companies:						
Cremofin S.r.l. (parent company)	-	-	4	17	**4**	**17**
Creso S.r.l.	1,551	-	-	-	**1,551**	**-**
La Torre Soc.Agr.Consortile Ar.l.	-	19,889	-	-	**-**	**19,889**
Le Cupole S.r.l.	-	-	-	37	**-**	**37**
LLC Soyuz	240	-	-	-	**240**	**-**
Namsov Fishing Enterprises Ltd	-	9,679	49	-	**49**	**9,679**
Parma Sofrelim S.a.s.	-	-	-	-	**-**	**-**
Total related and controlling	1,791	29,568	53	54	**1,844**	**29,622**

Investments

During the 2020 financial year the total of the net investments made was Euro 139.9 million, in addition to acquisitions for Euro 1.2 million.

Shown below is the schedule of the net change in non-current tangible and intangible assets for the entire 2020 financial year.

Net investments broken down by sector

Euro/000	Production	Distribution	Catering	Others	Total
Intangibles					
Patents and intellectual property rights	692	244	565	7	**1,508**
Development costs	-	-	-	-	**0**
Concessions, licenses, trademarks and similar rights	2,515	-	179	12	**2,706**
Intangible assets under development and advances	70	216	513	-	**799**
Other intangible assets	147	-	63	-	**210**
Total intangible assets	**3,424**	**460**	**1,320**	**19**	**5,223**
Tangibles					
Land and buildings	14,489	751	8,429	604	**24,273**
Plant and machinery	21,027	1,776	1,687	359	**24,849**
Industrial and business equipment	2,194	256	662	-	**3,112**
Other tangible assets	2,877	878	3,587	184	**7,526**
Tangible assets under construction and advances	41,166	9,792	23,960	-	**74,918**
Total tangible assets	**81,753**	**13,453**	**38,325**	**1,147**	**134,678**
Total	**85,177**	**13,913**	**39,645**	**1,166**	**139,901**

More detailed information on the investments made during the year can be found in the notes to the consolidated financial statements.

Research and development

The main research and development activities, broken-down by sector, were as follows:

Production

Beef Segment

In 2020 INALCA developed the following research areas:

- Analysis of possible technologies for the reduction of the microbial load within its semi-processed and finished products based on microbiologicals able to improve shelf life of portioned and packaged for end consumers;
- Development of industrial meat hanging systems;
- Training and technological transfer on sustainable breeding techniques. On this matter, INALCA has encouraged the preparation of a national plan for the assessment of sustainability in Italian cattle farms;
- Identification of innovative industrial processes for the recovery of certain types of waste for reuse in internal processes through physical and enzymatic systems;
- Use of organic products for the replacement of chemical preservatives;
- Evaluation of possible innovative technological solutions aimed at improving water drain recovery management and performance;
- Study of innovative canned meat products.

Cured meats and snack segment

In 2020 the Research and Development activities were carried out in the cured meats segment through the use of internal resources and were mostly focused on different areas of development:

Bacon segment

Following the development of new high-tech processes, the use of artificial flavours has been reduced in the creation of new recipes to be intended for the catering, foodservice and home consumption channels.
Italia Alimentari S.p.A. has also developed new technologies in its production lines in order to increase production capacity, efficiency, standardisation and food safety.

Italian specialties and traditional products segment

In this area, new ranges of product have been developed for the enhancement of raw meat materials from the Italian supply chain, while respecting the tradition of typical charcuterie.
The ongoing supply of domestic standardised raw materials was made possible by the upstream integration of subsidiary Castelfrigo LV S.r.l., which was acquired during the year and is specialised in pork cutting.
As regards products belonging to protected designation of origin, new formulations have been developed which have made it possible to improve products that are already included in the range and to enter the circuit of new PGI references.
Moreover, with the aim of satisfying modern consumers' requirements, fresh improvements have allowed the conversion of the lines of "long seasoning whole muscle cures" into processing "without the use of preservatives except for salt."

New Markets segment

During 2020 work continued which had been commenced in the past years and was targeted above all to the US and Canadian markets. With this in mind, the Company continued, in collaboration with centres of excellence, to develop scientific studies in order to check for full compliance with the strict standards applied in the countries of destination. New formulations were then developed, which expand the range of existing products, while combining a traditional Italian offer of cold cuts with highly healthy food content products, thus favouring the penetration of new markets for industrial processing.

Snack segment

Italia Alimentari S.p.A. confirmed its commitment to the formulation of products with high added value in the field of the processing of delicatessen products and the production of references with a high service content, such as buns and sandwiches.
In 2020, new formulations were thus developed for particular categories of consumers, thus expanding the range of products intended for consumers suffering from celiac disease, as were new lines from certified sustainable supply chain in the fish sector.

Tools adopted in the Production Sector to support and fund research

- The subsidiary INALCA S.p.A. participates in the EIT Food platform through the University of Bologna, which is an aggregation point for food excellence within the EU and constitutes an important community instrument for access to EU funds for research in the food sector, granted by EIT - European Institute of Innovation and Technology (https://www.eitfood.eu/);
- As to research in the area of sustainability, INALCA S.p.A. is the beneficiary of the So.Fi.A. (Sustainability in the Food Farming Chain) project within the scope of the national strategic development plan named "National Technology Cluster" for sustainability (*MIUR* – Ministry of Education, University and Research - Decree no. 257/RIC dated 30 May 2012). This is an instrument for

the promotion of industrial projects focused on sustainability in Italy. This project aims to create production plants in the sector for waste recovery and production of energy from renewable sources;

- Through the financing programme under Ministerial Decree of 8 February 2016 for contracts in a project for the promotion of chains of supply for 100% Italian cattle in Southern Italy, INALCA is in the process of creating livestock raising facilities in Sicily for the management of a 100% Italian beef cattle chain;
- Furthermore, INALCA has started activities in order to benefit from the new tax credit for Industria 4.0.

Distribution

The activity to develop and expand the product lines of its own brand continues.

Catering

In 2020 Chef Express S.p.A. carried out R&D activities aimed at improving the methods of purchasing and delivering products and services to customers.
Specifically, the Company has developed and is gradually implementing a system of kiosks and pick-up points at its Points of sale. This system allows the process of ordering and delivering products and services to be monitored in a precise manner, as well as the measurement of the time needed for both ordering and delivering and the simultaneous feedback of the level of customer satisfaction. The data set generated has allowed the implementation of an appropriate reporting system that enables an accurate analysis of the service time elapsing from the issuance of the receipt to the operator's reading carried out at the service counter at the same time as the delivery of the order, which can be analysed both by time slot and Point of Sale and by each Pick-up Point. The reports are generated automatically and shared among the various business functions for any possible corrective or preventive action to be scheduled and planned in relation to the delivery of the product or service with the aim of increasing the level of customer satisfaction and consequently that of customer loyalty.

Events occurring after the end of the 2020 financial year

The following events occurred after the financial year-end:

Production

- The continuation of the Covid-19 pandemic, both in Italy and abroad, still had an impact on sales and operations in the sector, particularly the foodservice sales carried out by INALCA S.p.A. (mainly in the segment of frozen hamburgers), in addition to the operations of subsidiaries of Inalca Food & Beverage S.r.l.;
- In order to lengthen the average maturity of its debt, INALCA S.p.A. was granted new medium- and long-term mortgage loans totalling approximately Euro 100 million during the first months of the year;
- In January the agreement was formalised for INALCA S.p.A.'s acquisition of full control over the Mozambique subsidiary Industria Alimentar Carnes de Mocambique Lda. (South African Bidvest Group) with the minority shareholder, following the South African group's exit from the fish market. The companies are awaiting for it to be approved by the Central Bank of the African country for payment of the agreed price;
- With reference to the subsidiaries of Inalca Food & Beverage S.r.l., agreements are being finalised (i) for the sale of the business unit of the Thailand subsidiary through the contribution to a NewCo that is 50% jointly held with another competing operator and (ii) the sale of the Mexican subsidiary (Fratelli d'Italia SA); both the aforesaid companies reported losses in recent years;
- An agreement was concluded with a major company operating in the energy sector in relation to the contribution of the composting plant located in Nonantola (MO) and related assets to a NewCo, which is 30% owned and will have the objective of constructing a biomethane plant by 2022.

Distribution

- On 5 March 2021 MARR S.p.A. announced that it had signed a binding master agreement to acquire all the quotas of a newly-established company, which will receive as a contribution all the operations of Antonio Verrini & Figli S.p.A. ("Verrini"), including those concerning the processing and sale of seafood products, and of Chef S.r.l. ("Chef") that operates the Chef Seafood business under a lease agreement.

  Verrini, which is based in Genoa, operates with 5 distribution centers along the Ligurian coast and in Viareggio and constitutes a major reference in the sale of seafood products in Liguria and Versilia. In 2020, it recorded revenues of more than Euro 48 million (Euro 58 million in 2019 before the outbreak of the pandemic), with a significant share gained in the field of fresh products (over 2/3 of sales) and the processing of fresh and thawed products. In 2020 Chef Seafood sold products for more than Euro 7 million, mainly to customers operating in the catering sector in the Riviera Romagnola holiday region, which are served by the distribution center in San Clemente (Rimini).

  In addition to its expertise in terms of procurement, Verrini is able to also exploit the purchases through its footprint in the retail and wholesale channels, which are key to product segmentation. Furthermore, its specialisation in the Catering channel, which accounts for more than half of its sales, may create significant synergies on the supply side within the MARR Group, targeted in particular to Street Market customers in the Piedmont, Liguria and Tuscany regions.

  The transaction provides for an evaluation (including debt assumption) of Euro 8 million and partly deferred payments, in addition to an earn-out of up to a maximum of Euro 2 million and subject to the achievement of turnover and profitability targets in 2022. The transaction also provides for the execution of lease agreements with a term of 6 years, plus an additional period of 6 years, for the distribution centers through which the Verrini Group operates. At the meeting held on 23 March 2021 the Competition Authority provided its clearance for the closing of the acquisition.

Catering

- A new agreement was signed with ANAS S.p.A. concerning the operation of catering services in the Magliana Nord (RM) Service Station;
- A sales outlet was opened at the Policlinico Gemelli Hospital in Rome and operations were started for running catering services in the Sile Est (TV) Service Station, while selling the Piave Est (TV) Service Station at the same time;
- The subsidiary Roadhouse S.p.A. closed the outlet at Ascoli Piceno;
- The subsidiary Momentum Ltd. signed the 7-year extension of the contract in place for the operation of services on board Eurostar trains that connect London, Brussels, Paris and Amsterdam;
- The subsidiary C&P S.r.l. closed the "Casa Maioli" brand catering outlets located at the Romagna Shopping Center (FC) and Globo (MB) shopping malls.

Business Outlook

Production

In general, the trend in sales showed a downturn due to the effects of the Covid-19 pandemic since the beginning of the new year, compared with the previous year in which these effects had only appeared in Europe after the beginning of March.
As regards the beef production and marketing sector, profitability continues to be positively affected by livestock prices, showing a reduction compared to the same period of the previous year and for which no significant changes are expected in addition to the cyclic events that are usually reported. Management will continue to be focused on reducing operating costs and pursuing maximum efficiency in production.
The sales at the beginning of the year are expected to be lower than in 2020 as forecast in the budget for the

current year, which also assumes a gradual attenuation of the effects of the pandemic only as from the second half of the year, including as a result of the vaccination campaign.

In the first few months of the year the operations in Russia continued to be adversely affected by both the effects of the epidemic crisis, since the activities are mainly aimed at the production of hamburgers for catering chains and distribution to the foodservice sector, and by the devaluation of the local currency against the Euro. In this case too, a gradual attenuation of the effects caused by the epidemic emergency is expected from the second half of the year.

Although still lower than the peaks reached in previous years, there are clear signs of a gradual recovery in income and profitability in the results of the business activities in Africa, even though the limited spending power of the continent's populations and a fierce competitive scenario, together with difficult social and political conditions in some States, make the recovery of their previous levels of performance on the part of the main companies trading in Africa slower than expected and have imposed a gradual stoppage of operations in Algeria and the Democratic Republic of Congo, which will also continue during the current year.

As regards Inalca Food & Beverage S.r.l., the effects of the spread of the COVID-19 pandemic gave rise to a significant decrease in turnover as from February 2020, which still remains limited, and for the recovery of which the companies remain waiting for tourist flows to resume.

On the other hand, the upward trend in revenues continues for cured meats, which has been underway for some years, net of a reduction in sales of snacks and bacon to foodservice operators. The adverse effects due to an abnormal increase in the prices of raw materials reported at the beginning of 2020 have also disappeared, with a consequent improvement in profitability in the initial phase of the year, compared to the same period in the previous year.

Distribution

Sales in the first two months of 2021 were in line with those recorded in the fourth quarter of 2020, with the benefit of a temporary easing of restrictions in the first part of February, which showed a significant recovery in business volumes with customers in the Catering sector during the period.

The continuation of the uncertainty about the time needed to solve the pandemic do not allow, at this stage, to make forecasts in the short term in relation to the evolution of the emergency's effects on general consumption and, as far as MARR's activities are concerned, on the foodservice market in Italy.

Although the Italian eating out market demonstrated its resilience during the third quarter of 2020 and when conditions allowed, the measures to limit infection put in place by the Government and local Authorities have an impact on consumption in the field of catering, above all in the commercial sector, while also involving collective catering. The duration of these measures could have repercussions, which are, in any case, believed to be temporary; however, it is certain that our country will return to being one of the preferred destinations for world tourism as soon as conditions allow.

In this segment, it should be borne in mind, moreover, that MARR has organisational and distribution facilities throughout Italy, and therefore it is capable of providing the requisite level of service to all its customers and in all areas of business in which food is consumed away from home, including those related to public and healthcare services such as hospitals and care homes.

In relying on its well-established leadership and its distribution network, MARR continues to focus its efforts on adapting organisational measures and service operation that are appreciated by its Customers, who can devote their expertise more effectively to identifying areas for future development with the support of this distribution system.

The Company is also very attentive to the management of trade receivables and operating costs, which have always included a high proportion of variable costs as far as MARR is concerned, with the objective to ensure continuity in the quality, products and service offered to the Market, in order to contribute, where possible, to alleviating the temporary difficulties of its Customers and allow MARR to be ready to return to full activity as soon as the present uncertainties are resolved.

Catering

The year 2021 started under the banner of renewed and profound uncertainty due to the trends in infections during the second wave of the pandemic. The new health emergency, with curfew and early-closure measures involving public establishments, raises uncertainty about market prospects and the effects that may arise, the overall impact of which will depend on the extent of the spread and the prolonged phase of the current emergency.

Good news arrives on the vaccine front and their proven efficacy, as well as on the start of mass vaccination, which suggest that the health emergency is coming to an end and a brighter outlook for the near future.

However, the management is continuing with its stringent policy to reduce operating costs, which has been put in place since the outbreak of the pandemic in order to safeguard profitability. The Group is also retaining strong control over credit management and the substantial cash reserve set aside in order to be able to cope with the continuing pandemic. The fact of having obtained covenant holidays and the constructive support provided by the banking system on an ongoing basis, together with available funds, protect the Group's companies operating in the Catering Sector from any possible financial risk in the coming months.

Moreover, the trends in revenues showed a strong recovery in the third quarter of 2020, thus witnessing to the ability of the Group companies operating in the Catering Sector to seize all the opportunities that will be offered by the overcoming of the pandemic crisis, with the acquisition of new customers and the increase in their market shares in the business areas of operation.

In the complex scenario that has been already described above, the companies operating in the Catering Sector have focused and continue to focus their efforts on adapting organisational measures and service operation to the changed market conditions and finding any possible solution to try to limit the adverse impact on present and future profitability. The companies have also been and are still very attentive to the management of operating costs, with a cost saving policy which was implemented immediately from the beginning of crisis.

In particular, negotiations continued, including through the relevant trade organisations, with the various concession holders (motorways, airports, railways), operators of shopping centres and landlords for a review of the contract terms and conditions with the aim of reducing the impact of concession charges and lease rentals in a considerable manner through (i) the cancellation of the instalments due and payable during the periods of lockdown, and (ii) a significant reduction in present and future costs through a redetermination of benchmarks, including, but not limited to, the elimination of the guaranteed minimum. As at the reporting date the negotiations had already been largely completed.

Atypical and/or unusual transactions

There were no atypical and/or unusual transactions during the course of the year that, for materiality, nature of the counterparties, object of the transaction, method of determination of the transfer price and their occurrence in proximity to the year-end can raise doubts as to the correctness and completeness of these financial statements, conflict of interest, safeguarding of corporate assets.

Reconciliation between the Parent Company's shareholders' equity values and the profit for the year with the corresponding consolidated values

A reconciliation schedule between the shareholders' equity values of the Parent Company and the profit for the year with the Group's share of the corresponding consolidated values at 31 December 2020 is given in the annual report.

Going concern

After taking account of the information provided above with reference to the entire Group and despite considering the complexity of a market scenario that is still evolving, the Group companies consider the principle of going concern as being appropriate and correct, relying on their ability to meet their obligations in the foreseeable future and, in particular, over the next 12 months, including on the basis of the solidity of the Group's financial structure, with reference to which the following information is provided:

- the substantial amount of available funds, equal to more than Euro 380 million at 31 December 2020;
- credit facilities received and not yet used at 31 December 2020 for an amount of not less than Euro 600 million;
- the support from all the relevant banks, which disbursed medium/long- term loans of more than Euro 300 million to the Group companies throughout the 2020 financial year (even and above all during the first priod of lockdown); the support also consisted of promptly granting covenant holiday schemes on the outstanding loans that provided for tests on 30 June and 31 December 2020.

In addition to the factors considered above, the Group also noted the decrees put in place by the government institutions to support any operator and person or entity in the sectors most affected by Covid-19 impact through support and safeguard measures which the Group has already implemented and which may be also applied during the current financial year.

Main risks and uncertainties

The Group Companies are exposed to financial risks in the conduct of their business, such as those described in more detail in the explanatory notes and where these mean: market risk (being the combination of the currency risk for foreign purchases of goods, interest rate and price risks), credit and liquidity risks.
Furthermore, consider that the Group Companies, though operating in the food sector that is characterised by a substantial stability, suffers from the general conditions of the economy and is therefore exposed, even though to a lower extent compared to other sectors, to the uncertainties of the current macroeconomic climate.
As already described in the reports for previous financial years, 2019 was again characterised by volatility in the financial markets and difficulty in access to credit, other than a consumption contraction; this has led the management to maintain high attention to the dynamics of credit management and cost curbing policies to preserve the commercial margin.

As far as concerns the evolution of the Group's financial position, this depends on numerous conditions amongst which are, other than achievement of set targets in terms of commercial working capital management, the trend of the banking and monetary markets that are also influenced by the current economic situation.
As far as concerns the specific risks and uncertainties of the Cremonini and Group business, please refer to the paragraph "Provisions for non-current risks and charges" in the Explanatory Notes.

Anti-corruption policy

The main Group companies have adopted their own Codes of Ethics in the framework of their anti-corruption policy. The professional practices and conduct by which all employees and other persons working with the Group must abide are laid down in this document.
Furthermore, the types of risk to which the Group is exposed (predicate offences) are detailed in the specific

Organisational Models 231/2001 of each company.
The Group Companies have put in place a series of preventive procedures against corruption risks associated with the approval and qualification of suppliers and the management of product nonconformity.
In view of the various types of business the companies conduct, one of the main areas in which the risk of corruption could materialise is participation in public tenders.
Here, if a criminal offence is committed by a director and/or representative of a company, the result may be that the company is banned, under Article 80 of Legislative Decree no. 50/2016 (Public Contracts Code), from taking part in any public tender.
Corruption risk is considered to be recurrent because it arises in the ordinary course of business. Impacts may be reputational or financial (disqualification from the public tender sector with the loss of the revenues from this sales channel).

The aim of the Code of Ethics is to assure an increasingly high degree of corporate governance transparency and efficiency: it contains the rules of conduct and principles of legality, transparency and honesty to apply to the Group Companies' internal and external relations. The Companies themselves see that the Code of Ethics is made known to their stakeholders and to new employees at the time of their engagement. The control bodies audit the compliance with and the adequacy of the Code annually.
A whistleblowing system is in place with a special email address which can be consulted exclusively by the Supervisory Board.

Human resources

The Cremonini Group is aware that its collaborators make up an important resource for the company in order to achieve the success and future of the same company. This is why it pays a large amount of attention to the well-being of all collaborators, to the development of training programmes attentive to individual needs and to fostering a positive corporate climate able to arouse a sense of belonging and commitment to meeting common business objectives.
A total of 13,458 people work in the countries where the Group operates. The majority are in the European Union (87.3%), followed by Russia (8.2%) and Africa (2.6%). The headcount in 2019 was instead 13,573 collaborators.
The breakdown of the organizational structure based on professional designation was 168 executives, 206 middle managers, 2,456 office staff and 10,737 workers or seasonal workers.
In addition to its employees, the Group also uses a large number of salespeople and a network of haulage contractors that collaborate with agency and service agreements.
During the year, sector-based refresher and training courses were held and they also regarded the fields of environmental safety, languages, computers and occupational safety. Despite the uncertainty arising from the macroeconomic scenario, the Group in no case whatsoever reduced its headcount and actually increased it. Please note the agreements with the university or secondary schools as well, which offered students traineeships that in some cases turn into employment.

Furthermore, among the Group's policies for respecting and appreciating its human resources are:

Production

During the year work continued, albeit with the restrictions and according to the methods allowed by the pandemic emergency, on projects for refresher and ongoing training courses reserved for employees, as diversified according to the needs and the sector they belong to. In a context that is characterised by a general fall in business volumes, the Company has been obliged to apply, albeit to a limited extent, the social-shock absorber schemes provided for by the various Wage-support and compensation Decrees, and more intensively at the Ospedaletto Lodigiano plant which, especially in the initial phase, faced the difficulties arising from its location being close to the area from which the pandemic spread in Italy.

Please note, in addition to agreements with the university and secondary schools, the close collaboration with local employment centres, i.e. the set of sources required to procure resources to be intended for traineeships that in some cases turn into employment.

Distribution

through the *Work with us* section of website www.marr.it, MARR addresses competent, dynamic and motivated persons with a disposition to work in a team who would like to contribute to the Company's future with commitment and passion, and receives a large number of applications every day.
By participating in events such as the *Career Day*, an annual Bologna University event conceived with the purpose of having undergraduates and new graduates meet businesses, MARR comes into contact with many young candidates to join the Company and carries out employer branding activities.
The Group also gives internships to undergraduates and new graduates in collaboration with universities. Bologna University particularly submits the names of potential candidates to fill internship vacancies with the Company. These experiences are an opportunity to learn and acquire professional experience that provides students and new graduates with their first chance of becoming acquainted with the world of work and MARR with the opportunity to appreciate these young people in depth, also with a view to the possibility of their subsequent engagement.
MARR gives everybody the same opportunities from the time of the selection procedure, which, in fact, is conducted solely on the basis of the candidates' competencies, experience, expectations, aspirations, potential and personal characteristics, which must be compatible with the principles of rectitude, loyalty and integrity. The selection procedure is also based on positions vacant in the Company, the type of candidate and the qualifications required to fill the position, with the utmost transparency and observing the principle of equal opportunities, refraining from favouritism and discrimination in any form.
In fact, from the time of the recruitment and selection procedure onwards, as also throughout its relations with those who work with it, MARR's conduct is based on the principle of equal opportunities, not making any distinctions of gender, race, language, religion, political opinions or personal and social status; on the contrary, MARR is convinced that differences are a source of richness because they encourage the birth of new ideas and innovation.
MARR considers that these prerequisites are of fundamental importance also to ensure gender equality: indeed, three of the 7 members of the Board of Directors of MARR S.p.A. are women, while 4 are men (in 2015 the Marisa Bellisario Foundation awarded MARR S.p.A. the *Mela Rosa* ("Pink Apple") award for giving recognition to female talent in its top management).
When engaged, new recruits are handed the Code of Ethics (as well as the Procedure for the management of inside and confidential information, the Anti-corruption Policy and the Rules for the management of relations with the media) and they must undertake to comply with the principles and rules of conduct laid down in these documents.

Training: Training, which is an ongoing and constant process in MARR, is one of our basic values: in fact, always abiding by fair and unbiased criteria, MARR sets itself to ensure that those who work for the Company receive suitable professional training that takes their personal characteristics into account consistently with its business strategy and targets. For this reason the MARR Group has created its own academy, the MARR Academy, a virtual and physical "environment" for learning and training and for the development of technical competencies; the Academy also functions transversally, providing remote learning in alternation with traditional "classroom" format sessions during which knowledge, competencies, experiences and values are shared in order to assist in the growth of the Company's People and its Organisation.
Furthermore, MARR fosters a responsible approach to safety among those who work for it because it believes that among its primary objectives are safeguarding its Employees' psychological and physical well-being seeing that its workplaces comply with current regulations and ensuring that they are as healthful and safe as possible.
In order to achieve these objectives, MARR invests large sums on an ongoing basis in training: general training for all workers and supervisors (in accordance with Article 37 of Legislative Decree 81/2008), including training in safety – for example safety courses for forklift users, members of firefighting and first-aid assistants, users of vertical aerial platforms and engineers in charge of running and maintaining refrigerating and air-conditioning plants. In 2020 these activities were necessarily limited due to the restrictions imposed on "in-person" training (which is necessary to carry out practice operations that are mandatorily required for many of these training activities) under the decrees adopted in order to contain and fight the spread of the Covid-19 pandemic.

Professional growth: MARR is profoundly convinced of the importance of the professional growth of its Human Resources as a vital requirement for its development ("Grow to generate growth" - MARR S.p.A.).
Within the scope of the "Let's take care of our future" programme, whose goal is to strengthen motivation and sense of belonging and identify resources, through sessions aimed at deepening knowledge and appraisal, with the potential and background (scholastic and professional) that would enable them to take on greater and greater responsibilities, also with the help of personal growth paths, MARR has seized concrete opportunities for the enhancement and growth of Human Resources.
Indeed, although MARR is aware that bringing in new Human Resources that have gained previous professional experience in other companies is necessary for its further enrichment and so that it can take advantage of their contributions of ideas and innovations, it also believes that it is important to offer the Resources already working in the Company the possibility of expressing their potential and shaping their professional growth that on one hand enhances their personal satisfaction and motivation and on the other hand values the contribution that they are able to make to the Company.

This programme too reported a slowdown in 2020 following the restrictions imposed on in-person meetings under the measures put in place due to the health emergency.

Performance appraisal: MARR appraises the performance of its Human Resources by setting them objectives and measuring results ("management by objectives"). The Resources involved in this process are those with management responsibilities and those who, even not having such responsibilities, fill some roles that are considered to be directly in support of and specific to the attainment of the Company's principal goals.
The process starts from setting objectives for periods that are mainly annual, that are clear and well identified, that are for by far the greatest part quantitative and thus easily measurable and verifiable, that are challenging but attainable and that are agreed with the person being appraised in the initial part of the period concerned; progress is assessed and discussed at intervals afterwards and the process ends with a final evaluation of the results achieved.
Performance appraisal is linked not only to an incentive scheme but to a professional growth objective in the form of the improvement of personal performance. The starting point is to clarify expectations and objectives and there are one or more feedbacks afterwards on what has been achieved in order to establish any possible corrective action that may be necessary and thus make it possible to improve performance.
2020 was a year marked by key critical issues that affected the market, arising from the health emergency, and that had an impact on the Company's business, making it necessary to review the reference targets as the budget data, which are usually used, are no longer consistent with the market trend.

Remuneration system: the principles underlying the management of the development and professional growth of the Human Resources are impartiality, the absence of any type of discrimination whatsoever and merit. These principles constitute guarantees that the management system satisfies equal treatment requirements.
MARR in fact assures that gender, political opinions, religious faith, race and language are of no relevance to the determination of its Workers' pay, as it is profoundly convinced of the right to equal pay for equal duties and results.
To this end, its pay policy is based on the responsibilities vested in the persons concerned, on their professional ability and competencies and on the appraisal of their performance so that their responsibilities, the results they have achieved and their growth potential are all properly recognised.
Indeed, in addition to its annual process of considering increases in fixed pay for personnel who assume increasing responsibilities in the course of their professional growth, MARR has also put a variable incentive scheme in place, linked to the Management By Objectives (MBO) system, for Resources that have management responsibilities or that fill roles that are considered to be directly in support of and specific to the attainment of the Company's principal goals. MARR takes great care with the MBO system setting annual individual or company objectives, for by far the greatest part quantitative, measuring progress periodically and ending with a final evaluation of the results achieved. Incentive bonuses are paid in amounts exactly corresponding to the degree to which objectives have been attained.

Internal communication: Human Resources are also involved in company objectives and everything regarding the Company through a system of internal communication whose purposes are to stimulate participation, develop an increasingly strong sense of belonging and strengthen motivation and solidarity.
"Internal communications" regarding specific themes are sent to all heads of functions and branch managers,

who inform those working under them accordingly (depending on the theme, they are also sometimes put up on the company notice boards that are to be found in all MARR offices). In addition to these forms of internal communication, MARR edits a periodical house organ (InforMARR) available to all workers: this publication gives them the opportunity of sharing in the Company's objectives, actions, activities, projects and results.
Periodic meetings such as the following are also held:
- commercial conferences (attended by all members of the sales organisation and managers of Head office functions;
- operational and commercial conferences (attended by Branch managers, the sales department management and managers of Head office functions);
- *Fucina delle stelle* ("Melting pot of the stars") meetings (involving Branch managers);
- special theme-based meetings attended by the Human Resources concerned according to subject.

Industrial relations: MARR gives all its workers the right to elect their representatives in the manner prescribed by law and the National Collective Labour Agreement (CCNL), with the assurance that these representatives are not subject to any type of discrimination and that they are free to communicate with workers in their workplaces.
MARR meets the Trade Unions several times during the year and in any case a special meeting is normally arranged before the end of April each year to exchange relevant information regarding reorganisations, outsourcing, restructuring, etc..
The Company has also undertaken with the Trade Unions in Rimini to inform the workers concerned and their representatives with 30 days' notice in the event of any outsourcing of departments or services.
Trade Unions are allowed to put up messages in the spaces set aside for the purpose.
Furthermore, MARR puts meeting places at the disposal of workers and their representatives for the conduct of union activities and grants time off for these activities. Union representatives are free to perform their functions as laid down in the National Collective Labour Agreement.
Among the policies applied in order to express respect for human resources and appreciation of their value are Measures for ensuring the observance of human rights: there has been a Company email address since 2009 to which any conduct contrary to MARR Code of Ethics can be reported. This address is restricted exclusively to the Supervisory Board.

National Collective Labour Agreement (CCNL): MARR applies the Agreement for Workers in the Tertiary, Distribution and Services (Trade) sector. The Agreement provides that, as a rule, the entities and Trade Unions meet to provide information on significant reorganisation processes, outsourcing, restructuring, etc. during the first four months of each year. With the Trade Unions operating in the provincial district of Rimini, where the Company has its registered office, an agreement has been in force since 2017, according to which if operational changes are made which involve work outsourcing, MARR shall give notice thereof to its own workers with a prior notice of at least 30 days.

Apprenticeships and internships: MARR pays apprentices and interns observing the minimum wage prescribed in collective labour agreements. To a limited extent, the Group offers apprenticeships to undergraduates and new graduates in cooperation with universities; Bologna University in particular suggests possible candidates for apprenticeship vacancies within the Group.
A training project for twenty pupils of the Rimini Sigismondo Malatesta School of Food and Wine Services and Hotel Management was also created on the occasion of MARR's participation in the *Beer Attraction* fair at Rimini in February 2019 and in the 2020 *Beer & Food Attraction* fair. The students worked in the catering area of MARR's stand and thus had the opportunity of practising serving at table in addition to working with an important professional caterer.

Welfare: the Company complies with company welfare provisions in the relevant collective labour agreement. Additionally, when requests for modifications to working hours are made by employees during the post-maternity period, it gives careful consideration to the possibility of finding organisational solutions in order to be able to grant such requests.

From 2016 to 2020 the Group received applications for reduced working hours (part-time) from 23 female employees (three in 2016, six in 2017, four in 2018, eight in 2019, two in 2020), in some cases for family reasons and in other cases in relation to the post-maternity period. Following its equal opportunities policy, the

Company managed to make the organisational changes necessary in order to respond favourably to these requests by accepting the application in twenty of these cases.

Catering

In 2020, the Company put in place measures to ensure compliance with the guidelines provided by the Government and the health authorities since the beginning in order to specifically cope with the Covid-19 health emergency, by also setting out, together with the Prevention and Protection Service Manager and the coordinating company Doctor, a specific procedure, which was then updated on an ongoing basis in view of the instructions that followed over time.

The necessary information and the measures implemented by the Company (including in terms of cleaning, non-routine sanitisation, work shifts scheduled to ensure lower attendance rates, prohibition on gatherings and obligation to keep a minimum distance between persons of at least one meter, use of personal protective equipment, temperature detection at every access to the company premises, etc.) were communicated to workers through the dissemination of this procedure among employees, as well as through the display of information posters and brochures.
With regard to the personnel area, no serious accidents were recorded and no responsibilities of the Company were recognised in this area.

In 2020, online training sessions were delivered, including by using specific IT platforms, while on-the-job training work was suspended in accordance with the law as a result of the restrictions imposed in order to contain and fight the spread of the Covid-19 pandemic in the workplace.

The Group companies operating in the Catering Sector maintain labour relations both nationally and locally with the most representative unions at national level and have entered into some second-level contracts prepared in compliance with the current Inter-confederal agreements.

In 2020 the Group companies operating in the Catering Sector made use of wage-support schemes and other urgent measures laid down under Decree Law no. 18 of 17 March 2020 and the subsequent rules of law in order to cope with the Covid-19 epidemic emergency, including the recourse to the Supplementary Wage Fund (SWF), guaranteeing anticipated payments of wage subsidies.

Health and Occupational Safety

The Group considers the safeguarding of its employees' psycho-physical integrity to be a primary objective and therefore undertakes to provide workplaces that are as healthy and safe as possible and comply with current health and safety regulations, at the same time encouraging all those who work with the Group to take a responsible approach to safety.

The risks to which the workers of the Company and the Group are exposed in going about their duties are identifiable as: i) work-related stress; ii) risks from noise, vibrations, chemicals, explosive atmospheres and microclimate; (iii) risks from handling loads manually and repetitive movements; and iv) risk of working with display screen equipment.

After careful consideration, the managements of the various Group Companies have drawn up their own specific assessments of worker safety risks and given the heads of the areas concerned authority to act on their behalf, with the aim of making them aware of their responsibilities in the field of safety.

Given the complexity of the Group, reference should be made to the specific detailed policies provided in the financial statements of the subsidiaries.

Environment, Quality and Sustainable Development

In the perspective of safeguarding and respecting the environment, the Group has always been careful about the activities its companies carry out with reference to both its production processes and the optimization of the resources available, with a constant commitment to reduce water and energy consumption and the production of solid and liquid waste.

Production

The business social responsibility and sustainable development themes were further developed and integrated during 2020 through INALCA S.p.A.'s last edition of the sustainability report, prepared in conformity with the GRI Standards guidelines, available at the following link: https://www.Inalca.it/it/bilancio-di-sostenibilita/.

As better described in the sustainability report, to which you are referred for more in-depth analysis, INALCA has identified four main pillars at the base of its policy in this field:

1) Sharing of the values and sustainability principles with the agricultural world;
2) Construction of an integrated chain of production consistent with the principles and practices of sustainable production;
3) Systematic control of the environmental impacts and consumption;
4) Realisation of sustainability governance tools.

INALCA consolidated its energy production from renewable sources during the course of 2020. INALCA today has an organised production system based on the various technologies: biogas production from anaerobic digestion, endothermic combustion of biomasses and photovoltaic systems. In the sector of biogas production from anaerobic digestion, in addition to the system situated at the Ospedaletto Lodigiano (LO) factory, the plants operate at Pegognaga (MN) and Spilamberto (MO), managed by the subsidiary Soc. Agr. Corticella S. r. l.; the first two are supplied by non-food slaughtering scrap, while the third prevalently by livestock effluent. To these must be added the plants of Agricola Marchesina in Rosate Milanese and Azienda Agricola La Torre di Isola della Scala (VR), the latter companies not being consolidated since they are associates. INALCA has a biomasses system in Pegognaga (MN) for energy enhancement from fats, through the investee company UNITEA S.r.l..

Furthermore, work continued on strengthening the network of PV plants concerning the production site of Inalca in Capo d'Orlando (ME) and Fiorani & C di Piacenza, in addition to the plant installed at Agricola Marchesina and installations are in progress at the plants in Ospedaletto Lodigiano (LO), Stienta (RO) and Spilamberto (registered office of Tecno star due S.r.l.), at subsidiary Realbeef in Flumeri (AV) and at the plants in Busseto (PR) and Gazoldo degli Ippoliti (MN) Italia Alimentari. All the aforesaid plants are expected to start operations during the current year.
In addition to the production of energy from renewable sources, the Group operates in the energy efficiency sector through industrial cogeneration adopted at 4 of the Group's factories.

The INALCA Group is able to produce about 90% of its energy requirement itself, over 50% of which from renewable sources. In terms of its contribution to the fight against climate change INALCA's energy system allowed savings of more than 60,000 tons in emissions of Carbon Dioxide during the reporting year.
Thanks to approval of the framework agreement by the Ministry of Agricultural Food Production and Forestry Policies pursuant to arts. 10 and 11 of Legislative Decree no. 102 of 27 May 2005 regarding the construction of agro-energy chains, INALCA S.p.A. has obtained the maxim enhancement of the energy produced by this incentive system.
Consistently with the current transition from the public system of incentives for the production of electricity to biogas, INALCA has started preliminary work on a plan to convert its anaerobic digestion plants to this new type of energy production for the sustainable mobility of its transport fleets. Preliminary technical appraisals will continue with the identification of suitable sites during 2020.

Water resources

Water consumption is one of the areas for action on which the INALCA Group is concentrating its resources. In their factories, INALCA Group companies have optimised complete cycles of effluent water purification and water recovery by means of biological systems. The efficiency indicators of the water cycle are carefully monitored in the environmental management system.
Indeed, INALCA has for some time pursued objectives of improvement of the water resource management, both on the consumption reduction front and an increase in the recovery and reutilisation index.
INALCA does not use surface water in its factories, but groundwater, whose quality is more reliable. Over 90% of the water supply is furthermore directly managed by INALCA, both for the phase of drawdown from the aquifer and the distribution, treatment, usage and purification phases. This integrated cycle ensures efficient management of the water resource as the distribution network is particularly supervised and controlled.
INALCA 's main factories are equipped with modern high-performance purification plants.
Furthermore, for the plants at Castelvetro di Modena and Ospedaletto Lodigiano, some time ago INALCA started to set itself more restrictive water discharge limits than those laid down in the environmental permits for its factories.
INALCA recovers purified process water where allowable under the regulations for the sector. During 2020 INALCA recovered over 95,000 cubic meters per year.

Waste production

As regards waste management, the INALCA Group has long since contributed more than 99% of the waste produced to recovery and recycling systems in replacement of disposal. In this area, through its subsidiary Sara S.r.l., the INALCA Group is carrying out the functional updating and strengthening production of its composting system in line with the most recent sector environmental regulations and, with this, the improvement of the quality of the compost obtained and reused in agriculture in accordance with the principles of a circular economy.

In addition to composting, the objective of waste reduction is pursued through use of the anaerobic digestion systems that allow substantial reductions of production of organic waste, while providing energy and raw materials for the production of fertilisers.
The anaerobic digestion plant network, which is located in a central position with respect to other production plants in Central Northern Italy, enabled Inalca further to rationalise its internal system of transportation of waste and by-products, the reduction in the number of transports and the simultaneous improvement in the transport saturation index.
INALCA has also developed a plan to enhance the sustainability of packaging, specifically:

- it has reduced the grams of its packaging;
- it uses recycled raw materials in its packaging components;
- more of its packaging can be recycled by the end consumer.

On the basis of these activities, during 2020 INALCA used packaging consisting of recycled raw materials: more than 90% for paper packaging, 35% plastic and 56% aluminium: over 6,400 tons of raw materials saved.

Distribution

Environment protection is an extremely important issue for MARR: wherever it is, the Company acts in such a way as to strike a balance between its activities and its surroundings, without spoiling them, minimising the use of resources and doing all it can to increase the use of sustainable products.
About 170 road haulage firms help the MARR Group in its work; as more than 750 vehicles are used, suitable procedures have to be put in place for the optimisation of logistic processes, aimed at reducing emissions into the atmosphere.
It also sells a vast range of products in the various stages of preservation (frozen, fresh, imperishable) with impacts not only on the use of energy resources and waste production but also, particularly as regards fish, on sustainable fishing.
The risks attached to the MARR Group's activities are excessive water or energy consumption with consequences on carbon dioxide emissions, the emission of noxious substances from the trucks that the MARR

Group uses to distribute its products, the emission of polluting substances from refrigeration plant water discharge pipes and gas exhaust vents and the impoverishment of marine resources as a result of unregulated fish supplies.
MARR assesses these risks as being recurrent in that they are inherent in the Group's core business and, in order to foster environmental sustainability (in addition to social sustainability), tries to steer its internal stakeholders towards water and energy saving and atmospheric emission reduction programmes and towards the creation of stable relations with suppliers that satisfy the Group that they share MARR's principles.

As regards the environment, MARR follows a "Control and Management of Environmental Issues" Quality System which describes the methods for managing the operations and activities related to environmental issues that are identified as being of significance, including the oversight and management of environmental emergencies. MARR also fosters pollution prevention and the limitation of the utilisation of available resources by taking preventive measures. As regards waste in particular, it undertakes to:

- cut down the quantity of packing and use recyclable material where possible;
- encourage the use of certified cellulose packaging and materials from responsibly managed resources;
- increase recycling waste and enhance the management of special waste and sub-products of animal origin, such as waste from processing meat and fish;
- gradually implement environmental labelling on Brand products in order to facilitate the disposal and recovery of packaging materials.

With regard to the environmental labelling of branded products, in compliance with the MARR Policy on environmental protection and in line with customers' growing awareness of this issue, the use of plastic packaging made of recyclable material and/or cardboard made of fibres from certified sources that are managed in a responsible manner has been envisaged wherever possible.

MARR S.p.A. also pays attention to other consumer-related aspects and the consequent emission of substances that are harmful to the environment, and, specifically, undertakes to:

- cut the number of vehicles that have a strong impact on the environment. This programme reported a slowdown in 2020 due to the health emergency arising from the Covid-19 pandemic, which heavily hit the target market of MARR, while also having strong repercussions on the carriers' investment capacity. However, the MARR Group intends to resume the process of renewal of its fleet with investments targeted at vehicles with low environmental impact – latest-generation Euro 6 diesel, LNG and CNG, electricity fuelled vehicles -, evaluating from time to time the most suitable technology depending to the particular use of the vehicle or specific constraints and restrictions imposed by local regulations or specific requirements of tender specifications. Finally, another important development is the use of an exclusive TMS (Transport Management System), consisting of a tracking module that monitors distribution in real time and a planning module that checks delivery journeys, pursuing the objective of service quality while making the most efficient possible use of the vehicles;
- reduce the environmental impact of manufacturing processes, fostering the prevention of pollution in ways which include controlling the quality of discharge water by laboratory tests to verify their compliance with the provisions of Italian Legislative Decree 152 of 2006;
- cut the consumption of electricity (above all by means of the proper management of the cold chain), drinking water and gas;
- limit the destruction of foodstuffs, which constitutes a waste of food and corporate resources as well as, indirectly, environmental resources;
- rationalise the consumption of detergents and disinfectants that have a direct impact on the drains, scrupulously observing the methods of use and concentrations indicated in sanitisation procedures;
- managing deliveries to customers and the logistics for transferring products from one MARR Group platform to another as efficiently as possible and seeing that loads are as large as is compatible with the limits imposed by the Italian highway code;
- foster conduct tending to respect for the environment and care for the proper utilisation of natural resources; involving fish product suppliers and asking them to agree to the standards of ethical,

social and environmental responsibility laid down in their contracts;
- manage products, rotation and stocks in such a way as to reduce rejects and destruction, avoiding the waste of foodstuffs and corporate resources.

With specific reference to water management, it should be noted that its use can be divided into four different types of consumption: toilets, washing in working environments, product processing departments and cooling systems where condensation is obtained through evaporative condensers. While in the first three cases, water from municipal aqueducts is required to be used, due to the need to guarantee the supply of drinkable water for the purposes of health certifications, artesian wells are also used, where present, in the case of cooling by means of evaporative condensers.
In order to limit the consumption of water resources at the company premises with a view to essential consumption, a monitoring system has been set up with manual checks, which is aimed at containing consumption, optimising resources and reducing waste, even in the event of breakdowns of both pipelines and systems. The frequency of the survey has been determined on the basis of the level of criticality of each individual user.
The discharges of the water used, except for those for domestic use (toilets), are in fact monitored on an ongoing basis both by means of in-house procedures concerning self-control, and by the bodies responsible for control with reference to authorizations or the Single Environmental Authorisation present at the sites of MARR.
Finally, it should be noted that MARR does not make supplies from hydrographic basins located in water stressed areas.

Also falling within the scope of environmental issues is the monitoring of the fish supply chain procurement process, obtaining the “MARR Sustainable Fish Supply Chain Control Service Certification”, issued by an internationally recognised certification body. As regards sustainable fishing and aquaculture MARR also obtained the MSC and ASC certifications for the chain of custody.

The climate change deserves special mention. The Company's Management pays great attention to this issue, assessing risks and potential opportunities and designing strategies aimed at both reducing its impact on the MARR Group's operations and mitigating its effects.

In particular, it is believed that the climate change in progress and expected in the coming years may have an impact on various fields of MARR’s operations. In particular, rising temperatures may have a direct impact on product refrigeration and preservation costs. Likewise, it may have an impact on the supply chain.

In this case the procurement of seafood products may be affected by a variation in fishing seasons and a different availability of fished products; on the meat side, in some areas, milder winters could lead to greater availability of better quality animals while, in others, longer periods of medium/high temperatures could have an adverse impact on the yield of raw materials (such as milk) and products. The availability of vegetable products is also affected by climate trends as many intensive crops are closely linked to the availability of water resources.

Another activity that is strongly involved is product distribution, with MARR paying increasing attention, as mentioned above, both to the renewal of its own fleet of vehicles (and that of its carriers) and to proper planning and optimisation of loads. On the plant side, it should be noted that for some years now MARR has been implementing an investment programme aimed at renovating and modernising the MARR Group's branches and companies and related facilities.

Catering

Chef Express S.p.A. and other Group companies operating in the Catering Sector follow a constant policy of maintaining its workers’ awareness of energy saving in order to foster the values of respect for the environment and the safeguarding of water and energy resources.
The aforesaid companies abide by the provisions of law governing the disposal of special waste as regards environmental issues.

During the year Chef Express S.p.A. and subsidiary Roadhouse S.p.A. continued to install PV plants on most of their premises, which will meet a part of the energy requirements.
At the same time the PowerSines energy efficiency controller system has been implemented, which allows the monitoring all the electrical loads present within the premises (equipment, air conditioning and lighting systems), as well as the improvement and stabilisation of electrical voltage.

Furthermore, a Building Automation system will be set up in reconstructed or newly built premises that will monitor the functioning of plants and machinery in real time remotely in order to improve efficiency. As this system will monitor energy requirements continuously, the result will be a fall in energy consumption and a financial benefit for the Company.
Furthermore, all the energy that the Company has been acquiring since 2016 is certified as being of 100% renewable origin (Guarantee of Origin).

The Group companies operating in the Catering Sector also endeavour to use recyclable or biodegradable materials, to recycle waste and to use organic foodstuffs and/or foodstuffs coming from fair trade markets, compatibly with the products contained in the recipes used in the catering industry. Work also continued on the campaign to reduce and eliminate food waste, including through donations to the Banco Alimentare organisation, the Italian Food Bank Network, while a circular economy project is being prepared for the recovery of coffee grounds and orange peels.

Chef Express S.p.A. has adopted a HACCP (Hazard Analysis and Critical Control Points) system and a Quality Management System complying with the regulations in force and also operates in compliance with the following International Voluntary Certification Schemes:

- UNI EN ISO 9001:2015 for the design and implementation of a Quality Management System;
- UNI 10854:1999 guidelines for the design and implementation of a self-control system, based on the H.A.C.C.P. method;
- UNI EN ISO 22000:2005 for the design and implementation of a Food Safety Management System;
- UNI EN ISO 14001:2015 for the implementation of an Environmental Management System;
- ISO 50001:2018 for the implementation of an Energy Management System;
- UNI EN ISO 22005:2008 for the implementation of a Traceability System in agri-food supply chains;
- UNI EN ISO 45001:2018 aimed at improving working conditions and allowing the definition of a standard that can be audited by Certifying Bodies;
- Blue Sticker for Catering issued by FIPE (Italian Federation of Public Restaurants and food outlets) and by the Ministry of Health;
- SA8000:2014 Corporate Social Responsibility aimed at creating a mechanism to protect and improve working conditions;
- Technical Document (Service Charter) for Compliance with Standards at Airports.

By May 2021, the Company's registered office will also achieve compliance with the following International Voluntary Certification Schemes: UNI EN ISO 14001:2015 and ISO 50001:2018.

Chef Express S.p.A. also won an international Compassion in World Farming award last year in Brussels (CIWF Italia Onlus is the only Italian non-profit organisation that works exclusively for the protection and welfare of animals bred for food). Chef Express S.p.A. has undertaken to eliminate from its supply chain all systems of cage breeding of hens, including enriched cages and combined systems, by 2024, having achieved, to date, all the intermediate objectives.

In adopting its own dedicated strategy, Chef express S.p.A. aims in fact to use sustainability as a key factor necessary to face the change that is already in progress, as well as to meet the expectations and needs of all stakeholders and, finally, to increase competitiveness and profitability in the long term.

The sustainability path Chef Express S.p.A. has embarked on aims at systematising the projects implemented and reporting the results achieved through the preparation of its Sustainability Report in the near future. This document will allow the reporting of the results in terms of operations, social and environmental issues generated by the Company in conducting its business, as well as their dissemination to a wide audience consisting of all stakeholders. The Sustainability Report will therefore constitute a valid tool in order to acknowledge the Company's ability to design and implement strategies capable of responding to stakeholder expectations and, finally, it may be used as a moment of strategic planning and reporting for the near future.

Health and Safety

During 2020, the subsidiary INALCA conducted over 190,000 internal analytical tests in its laboratory, accredited under ISO 17025:2017, to which must be added 22,425 external analyses involving breeding control. In addition to Italian and European regulations, the INALCA food safety management system also adopts the methods and controls referred to in other regulations, such as the global FAO food safety standard (Codex Alimentarius), or regulations in force in other parts of the world, such as in the USA, Canada, Japan and the Russian Federation. This allows INALCA to bring its food safety management system into line with specific regulations applicable in the numerous countries in which it distributes its products.
An innovative device for a heat-based meat hygiene control, which is capable of further increasing the level of safety of production of particularly sensitive products such as minced meat or products to be eaten raw, i.e. "ready to eat"*,* is also in full operation at the Ospedaletto Lodigiano plant.

Life Cycle of Products and Environmental Disclosure

In order to disclose actual impacts and consumption of its production chain to consumers, the subsidiary INALCA has maintained its present EPD (Environmental Product Declaration) regarding the Montana-branded frozen hamburgers and canned meat (http://www.environdec.com/en/Detail/epd711). The use of this instrument was extended to TV and digital communication for canned meat in 2019, in addition to the information on the product.
The EPD© system is one of the most qualified objective technical references verified by third parties for providing clear and truthful information on the actual impacts and consumption of the food products.
Life cycle-related information makes it possible to identify the potential of environmental improvement of the products, to select the significant environmental performance indicators and to define environmental disclosure strategies. It is an activity of growing interest for targeted environmental disclosure, or for supporting similar initiatives of its customers.

INALCA has also developed stable relations in the major international platforms operating in the sustainability of the beef sector.
Through these research consortia, INALCA plans to acquire updated and scientifically sound information to improve the sustainability of its supply chain in all the markets in which the INALCA Group operates.

Food Health and Safety

The many dietary emergencies and growing concern with personal health and wellbeing have drawn attention to the fact that the safety and quality of the products sold by the Group are fundamentally important aspects. The Group's activity cannot be limited to making and distributing foodstuffs, nor can it be considered in purely economic terms of profit and earnings: it is also a question of ethics and duties which guide Group companies in performing their work taking up clear-cut safety and quality policies. Food safety must not be seen purely as the observance of a prerequisite for a product which confirms that it is fit for consumption, but as part of a broader, more modern vision involving many additional factors, such as origin, traceability, the exclusion of organisms or substances deemed to be suspect and proper information for the consumer through labelling or other means of communication.
The risk factors with a potential effect on the community and the consumer are mainly product hygiene and safety. These vary according to commodity category but, in substance, are represented by contaminants that may be found in a food accidentally as a result of manufacturing processes or contamination of the environment. Contaminating substances may be divided into two types: those from natural and those from man-made sources.
The manifestation of one of the above risk factors may lead to reputational damage for the companies and a loss of trust on the part of consumers with an adverse impact on the Group's profits.

The Group companies have included the analysis of the dangers and risks attached to various commodity categories in the steps in their production and distribution processes in order to ensure food safety as well as in the manufacturing processes that take place in their own operating units. Analysis of dangers and risk assessment are conducted on the basis of the experience of the HACCP (Hazard Analysis and Critical Control Points) Team, a multidisciplinary group of people with specific know-how and competences and the authority necessary to intervene in corporate processes. Risk assessment is conducted according to HACCP criteria, setting down particular procedures for the control of critical points.

Risk factor analysis has always been conducted on the basis of the information gathered regarding the products processed and distributed; product characteristics and origin are considered in particular, as are the relevant domestic and EU regulations.

Supply chain

The Group buys products from a large number of suppliers all over the world in order to provide its customers with a complete range of food products and equipment.
The Group companies have decided to take measures to ensure increasingly careful and purposeful oversight of compliance not only with the law but with MARR's principles on the part of the entire supply chain.
Hence suppliers are subjected to painstaking scrutiny to ensure that they observe the safety and quality requirements that products must satisfy, both those under their exclusive brand names and those under third party brand names.

Production

INALCA's supply chain is wide and well structured, varying according to the type of product and geographical area of production. The acceptance of the code of ethics and the code of business conduct on the part of INALCA's suppliers is a prerequisite to establish the relationship. They constitute the guidelines for the control of suppliers with regard to respect for human rights, the environment and compliance with labour laws.

Suppliers of cattle in Italy - Breeding farms and agricultural practices

Italy has always been characterised by cattle breeding, which is carried out mainly in barns. In fact, our country does not have large pastures, but the Po Valley land is among the most fertile in the world, capable of producing food of high nutritional value. More of 60% of the national cattle population is concentrated in this region, which is the area where the main production plants of INALCA are located.
The cattle breeding farms that are part of INALCA's Supply Chain mainly come from this fertile land, and they are basically of two types: dairy cattle breeding (cows) and beef cattle breeding (bullocks, heifers, calves). Dairy cattle is bred entirely in barns and INALCA can rely on more than 18,000 Italian farms in this chain. In order to pursue its relevant policies, INALCA avails itself of the contribution given by the agricultural organisations that operate directly in this wide and fragmented channel.
These agreements have taken the form of the "Sustainable breeding" project, which has been developed in partnership with Coldiretti, the Italian Farmers' Association, and constitutes the main tool for the integration in terms of production between the milk supply chain (to which these farms directly refer) and the meat supply chain.
In beef cattle breeding farms, the animal is raised on pasture until weaning and then in barns. INALCA can rely on about 350 controlled farms in this chain, including farms owned by the Company under agistment agreements and by third parties, all of which are subject to direct control on the part of INALCA for issues concerning safety, quality and sustainability, with company technical staff on site to supervise every aspect and phase. For INALCA this channel constitutes a direct supply chain without intermediaries, covering, on average, 30% of its requirements.

Suppliers of cattle in the Russian Federation

Major breeding operations have been started as part of an integrated and sustainable local supply chain in the Russian Federation. Cattle are supplied exclusively through local suppliers. In 2018, production operations were started for the Group's first breeding farm.

Meat suppliers

INALCA is a global operator in the food sector and its meat suppliers are selected from every continent and country that are suitable for the export of this product. Our meat suppliers have various geographical origins and provide products with different quality characteristics depending on the type of animals and the farming systems that are used. Various categories of producers can be identified:

- for the production of meat intended for industrial processing, such as, for example, canned meat produced in Italy, INALCA makes use of its own slaughtering facilities, as well as of other local small-sized plants in order to exploit the national beef supply chain used in a typical Italian product, such as jellied meat;
- for the production of frozen hamburgers and cuts of meat intended for domestic and foreign markets, INALCA uses raw materials from Italian farms, which are produced directly at its own domestic plants, as well as meat obtained from other Italian and EU suppliers. Solid and well-established relationships have been maintained with these suppliers over time, which have allowed for a gradual integration and alignment of voluntary certification systems in terms of quality and food safety in line with Inalca's evaluation and approval systems;
- for fine cuts of meat intended for the Ho.Re.Ca. channel, INALCA imports the material from various non-EU countries; these are products obtained from animals of Anglo-Saxon origin in terms of genetics, such as the well-known Angus and Hereford breeds, which are imported fresh. These are high quality cuts that are mainly targeted at specialist catering, the typical example of which is the US T-Bone steak, which is produced in the major US plants concentrated in the state of Nebraska. To these are added the famous Argentine, Australian and Uruguayan meats with both Grass-Fed (literally "grass-fed" is the breeding system that allows cattle to remain on the pasture for their entire life cycle) and Grain-Fed lines. In this case INALCA carries out distribution activities on an exclusive basis. The control of this type of supplier focuses not only on food safety, but also on a wider procurement system aimed at setting quality parameters and ethical and social commitments, from breeding in feedlots, to processing and labelling procedures at suppliers' plants, up to checks during the phase of final sale. In addition to control, INALCA's operations support overseas suppliers in bringing quality standards into line with the specific regulatory requirements of the countries to which the products are destined;
- as far as the pork meat sector is concerned, in Italy the Group gives preference to national suppliers of fresh meat that meet the PGI (Protected Geographical Indication) and PDO (Protected Designation of Origin) requirements for the production of high quality charcuterie, mainly intended for the domestic market. On the other hand, Italian and EU origin meats are used in the case of other pork products intended for EU or non-EU commercial circuits, such as bacon. In the pork meat sector too, INALCA has planned investments in dedicated plants for greater industrial efficiency and production integration into the supply chain.

Packaging suppliers

INALCA uses various types of packaging, among which the most important are plastic, paper, cardboard intended for the packaging of fresh and frozen meats; tinplate and aluminium are instead used for canned meats. In this field the INALCA Group makes use of more than 70 suppliers in Italy. The criterion applied to select packaging suppliers is based on 3 principles:

- technical expertise;
- ability to provide assistance and technological innovation;
- long-established experience with large industrial groups.

In order to deliver their services, packaging suppliers must register their details on the new INALCA portal to enter the technical data and information required for the validation process, concerning the supplier itself and each individual category of material it delivers to each Group plant.

Packaging is an integral part of the product and is responsible for its protection. Small defects in plastic or metal materials can in fact reduce this level of protection and compromise the safety of the product: for this reason, it is essential for the packaging to be checked systematically, both upon receipt and during use. The correct packaging process always entails a combination with a dedicated technology; checking the suitability and integrity of the materials is therefore not sufficient and the control must be extended to the packaging technologies and systems that must be perfectly adapted to the materials that have been purchased for this purpose.

Suppliers of food ingredients

INALCA uses various types of ingredients in addition to meat. For this purpose, in Italy it makes use of more than 150 suppliers of food ingredients, such as flavourings, vegetables, cereal flours. In this case, in addition to selecting ingredients from local suppliers, which can be easily recognised by the consumer, the selection criterion is based on the expertise of the firm concerned, the food safety management system, the absence of allergens, the presence of certified standards, the technical characteristics of the substances that are used. All suppliers of ingredients are systematically subjected to preliminary approval, while those of particular importance are also involved in periodic inspections on the part of INALCA's technicians; furthermore, all suppliers are subject to continuous monitoring of products carried out on each delivery. In order to improve the collection of information, suppliers of food ingredients must also use the dedicated portal of INALCA, which is shared between the purchasing department and the quality department, where all the information required for supplier approval and evaluation must be uploaded.
The company policy on the selection of providers of supplies has a clear focus on domestic procurement. INALCA, in fact, prefers local suppliers, which are located in the areas surrounding its production plants.
This has allowed the Company to have an increasingly integrated supply chain over the years, as well as a well-established relationship of loyalty with its historical suppliers. More than 50% of providers of supplies are located between Emilia Romagna and Lombardy regions where the two main and historical plants of the group are located. The proximity between INALCA and its suppliers at a local level allows the sharing of best practices and technological innovation for manufacturing and supply chain improvement on an ongoing basis.

Distribution

Product suppliers belonging to MARR's procurement chain and service providers are selected, evaluated and approved in the manner and in accordance with criteria laid down in the relative Quality System procedures, in accordance with ISO 9001. The Company has decided to put measures in hand whose aim is to ensure increasingly accurate oversight of compliance on the part of the entire supply chain not only with the law but with its own principles.

The "Supplier Evaluation and Approval" procedure in MARR's Quality System requires the Company to check suppliers' system and product certifications, including certification SA 8000 regarding Social Responsibility. This standard covers protection of workers' rights, occupational health rights and the respect of rights in general and extends to the entire supply chain. When signing a supply contract, the contractor is also asked to sign a specific "Declaration of Commitment to Social Responsibility", whereby it warrants that it will respect all the principles in SA 8000.

Supplier performance is appraised periodically in order to verify that the required quality and service standards are maintained. A number of elements are considered in this appraisal, including the results of close testing inspections of the products acquired, evidence of the accuracy and regularity of deliveries and Customers' complaints and goods returns for which the supplier is to blame. During the period of supply, products that have been bought are inspected at reception and when processed and/or stored in MARR factories and platforms. Inspections at reception are conducted by competent personnel who have been trained in applying testing instructions and special control plans for carrying out these inspections. The main checks include:

1) Visual control to verify the state of preservation, packaging of the product and the hygienic conditions of the vehicle;
2) Random labelling checks on packaged products to verify the information required by consumers;

3) Temperature control on perishable, frozen and deep-frozen products; the reference temperatures and the limits of acceptability are set out in special self-control instructions;
4) Control of conformity to order requirements and compliance of accompanying documents;
5) Analytical, microbiological and chemical controls on the basis of specific sampling plans for each type of product.

For a thorough supplier appraisal, any complaints by suppliers and/or goods returned by Customers are examined to comprehend the reasons for non-conformity and determine the responsibility for it.

"Supplier Evaluation Questionnaire" data, supply non-conformities and complaints by Customers are used in drawing up the "List of MARR Approved Suppliers", which is updated periodically. Any suppliers that are not given an entirely favourable rating are asked by MARR to take steps and corrective action in order to remedy the shortcomings that have been found. If a serious issue arises during the supply relationship, the competent functions take immediate action with respect to the supplier (letters of complaint, audits at production facilities, sampling and analytic tests of products and even the suspension of purchases) in order to remove the problems that have arisen and ensure product conformity.

Catering

Similarly to other Sectors, the issue of guidelines to assess supplies, including on the basis of sustainability indicators and criteria, is expected in the Group's Catering Sector too.
The main objective is to reduce the environmental impact of the products, as well as the use of disposable items mainly made of plastic and to replace them with corresponding items but with non-plastic or more sustainable packaging.
The companies operating in the Catering Sector will continue their work to strengthen partnerships in innovative and wide-ranging projects as it already occurs with the major partners with which the Group has been working for years in order to strengthen the virtuous circle it has established.

Data protection and Cyber Risk

In compliance with Regulation (EU) 679/2016 (General Data Protection Regulation - "GDPR") as transposed into the Italian legal system under Legislative Decree 101 of 10 August 2018, the Group has adopted a policy for the management of sensitive information and data, following the appropriate procedures for minimising the risk of breaching privacy and data protection as required by the current regulations.

Covid-19 emergency

After the first emergency measures for the municipalities in the Lodi area on 21 February, even if the Group did not carry out any production or distribution activity in the exclusion zone (referred to as the "Red zone"), it had to deal immediately with an operational difficulty: low attendance by its staff at its Ospedaletto Lodigiano factory, on the edge of the exclusion zone, because many workers lived in municipalities in which movement was banned. The Group immediately solved this problem by re-allocating a part of its production work to other Group factories, in particular Castelvetro di Modena and Pegognaga (Mantua). This enabled production to continue entirely as normal and in compliance with regulations: measures necessary to safeguard the workers in the factory concerned were taken at once. The production organisation, with a network of integrated factories a short distance from each other and with similar production technologies, proved extremely effective in countering the effects of the emergency.

Subsequently, after restrictions were extended to the entire country, the Group formed an ad hoc working team that strengthened the protective measures concerning its workers and widened their scope to all the factories, distribution platforms, head and local offices and retail outlets managed by the various Group Companies. With the experience gained from the time of the commencement of the emergency, the Group's preventive measures complied and were in line with those that gradually succeeded each other in the numerous decrees and orders issued by the competent authorities. Among these, the main measures were:

- informing all employees on action to take to protect themselves against infection, how to behave in order to avoid contagion and how to behave in the workplace;
- measuring the personnel's body temperature on their entry to their place of work;
- special cleaning and disinfection protocols at all levels and in all production departments, offices and common areas;
- arrangements at office and factory gates for the control of the state of health of outside personnel and use of personal protection equipment;
- organisational measures for limiting and regulating flows of persons in the Company in order to manage the risk of gatherings and facilitate monitoring;
- widespread adoption of remote working tools and other organisational measures to reduce the numbers of personnel in workplaces, if applicable;
- restriction of access to common areas such as refreshment areas, dressing rooms and company canteens;
- segregation of flows of outside personnel such as lorry drivers and providers of essential services;
- all employees were prohibited from travelling, making business trips and holding physical meetings;
- amending biohazard assessment documents in order to ensure compliance with an inter-personal distance of one metre and identification of the particular workstations at which individual measures to protect workers have to be taken;
- adopting, through the company doctor, diagnostic screening for personnel such as molecular and rapid swabs;
- ensuring coordination of prevention and contrast activities with the Committee on an ongoing basis, for the application and audits of the Workplace Safety Protocol, as well as adopting specific operating procedures and exchanging flows of information with the Management on the measures adopted and the trend in infections.

These activities are being continually updated, also depending on the provisions issued from time to time both in Italy and in any other country in which the Group operates, and are allowing production to continue in all the Group's factories and major distribution platforms in Italy and abroad in a sector, the food production and distribution industry, that is so highly essential.

The Parent Company Cremonini S.p.A.

Shown below are the summarised results of the Parent Company prepared in conformity with the IAS/IFRS International Accounting Standards.

Income statement of the Parent Company Cremonini S.p.A.

Euro/000	Year 2020	Year 2019	Change %
Total revenues	**7,749**	**8,111**	*(4.46)*
Changes in inventories of work in progress, semi-finished and finished goods	-	-	
Value of production	**7,749**	**8,111**	*(4.46)*
Cost of production	(4,376)	(5,820)	
Value added	**3,373**	**2,291**	**n.a.**
Personnel costs	(2,608)	(2,570)	
Gross operating margin (a)	**765**	**(279)**	*(374.19)*
Amortization, depreciation and write-downs	(3,135)	(2,948)	
Operating income (b)	**(2,370)**	**(3,227)**	*(26.56)*
Net financial income (charges)	(410)	(399)	
Profit from ordinary activities	**(2,780)**	**(3,626)**	**n.a.**
Net income (charges) from investments	(778)	26,656	
Net extraordinary financial income (charges)	-		
Result before taxes	**(3,558)**	**23,030**	**n.a.**
Income taxes for the financial year	578	446	
Net profit (loss)	**(2,980)**	**23,476**	**n.a.**

Balance Sheet of the Parent Company Cremonini S.p.A.

Euro/000	Year 2020	Year 2019	Change %
Intangible assets	18	56	
Tangible assets	82,676	84,518	
Equity investments and other financial assets	258,616	258,139	
Total fixed assets	**341,310**	**342,713**	*(0.41)*
Trade net working capital			
- Trade receivables	3,142	4,189	
- Inventories	-	-	
- Trade payables	(4,652)	(5,648)	
Total trade net working capital	**(1,510)**	**(1,459)**	
Other current assets	25,958	7,759	
Other current liabilities	(17,542)	(3,876)	
Net working capital	**6,906**	**2,424**	*n.a.*
Staff Severance Indemnity Provision and other m/l term provisions	**(4,316)**	**(4,307)**	
Net invested capital	**343,900**	**340,830**	*0.90*
Total Shareholders' Equity	**293,403**	**296,367**	*(1.00)*
Net medium/long-term debt	19,979	27,507	
Net short-term debt	30,518	16,956	
Net debt	**50,497**	**44,463**	*13.57*
Net equity and net debt	**343,900**	**340,830**	*0.90*

a – EBITDA (Gross operating margin) is an economic indicator not defined in the International Accounting Principles and the IFRS. EBITDA is the measurement used by the company's management to monitor and evaluate its operations. The managements retains that EBITDA is an important indicator for measuring the Group performance as it is not affected by the volatile nature of the effects of the various criteria of calculating taxable income, the amount and characteristics of the invested capital as well as the relative depreciation criteria. At present, subject to a later in depth study regarding the evolution of the IFRS accounting practices, EBITDA is defined by the Cremonini Group as the Profit/Loss gross of the depreciation or amortization of tangible and intangible assets, allocations and write-downs, financial expenses and income and income taxes.
b – The operating profit (EBIT) is defined by the Cremonini Group as the Profit/Loss for the year gross of financial charges and income, non-recurring items and income taxes.

Net debt of the Parent Company Cremonini S.p.A. (c)

(Euro/000)	**31.12.2020**	31.12.2019
Payables to banks, bonds and other financial institutions		
- due within 12 months	(12,854)	(8,284)
- due between 1 and 5 years	(19,979)	(17,507)
- due beyond 5 years	-	(10,000)
Total payables to banks, bonds and other financial institutions	**(32,833)**	**(35,791)**
Liquidity		
- cash and cash equivalents	1,610	80
- other financial assets	-	-
Total liquidity	**1,610**	**80**
Internal treasury current accounts	**(19,274)**	**(8,752)**
Total net debt	**(50,497)**	**(44,463)**

Property services

Cremonini S.p.A. directly manages both property units that are destined for civil use and property destined for specific activities in the Catering Sector.

The direct services

The transactions and services rendered, carried out mainly in relation to Group companies, generally concern the following operational areas:

Finance: management of the centralized treasury and planning of structured and medium to long-term loans;

Guarantees and advisory services: issuing of guarantees (bank and insurance) and general assistance concerning accounting, corporate law, taxes, legal and contractual services;

Fiscal consolidation: as the consolidator, Cremonini S.p.A. has adhered to Article 117 of the T.U.I.R. (Consolidated Tax Code), the preparation of the "national tax consolidation". All the Group's subholding companies and all the other entities controlled by them have adhered to this rule.

c – The Net Debt, utilized as a financial indicator of the indebtedness, is shown as a summary of the following positive and negative components of the Statement of Assets and Liabilities. Positive components: cash and cash equivalents; current securities due for sale; short-term financial receivables; derivative instruments. Negative components: due to banks; due to other financiers, leasing and factoring companies; derivative instruments and bonds.

Relationships with Group and related companies

With particular reference to its own activities and the specific financial and service relationships with the subsidiaries and related companies it should be noted that Cremonini S.p.A.'s relationships involved the type of costs and revenues summarised in the following table. The economic and financial data by type of relationship for each company is indicated in the specific annexes to the explanatory notes. It should further be noted that the relationships with related companies are of a minor entity.

Euro/000	Parent Company	Subsidiaries	Associated companies	Related companies
Revenues				
Financial income	-	50	-	-
Services	-	6,312	3	-
Sales of goods	-	-	140	-
Other income (a)	-	475	-	-
Total revenues	**-**	**6,837**	**143**	**-**
Costs				
Financial charges	17	55	-	-
Services	-	432	-	-
Purchase of goods	-	19	-	-
Other charges	-	856	-	-
Total costs	**17**	**1,362**	**-**	**-**
Receivables				
Financial	-	-	-	-
Trade	-	2,892	13	-
Other (b)	-	12,674	-	-
Total Receivables	**-**	**15,566**	**13**	**-**
Payables				
Financial	2,178	17,096	-	-
Trade	-	3,721	-	-
Other (b)	-	16,350	-	-
Total Payables	**2,178**	**37,167**	**-**	**-**

(a) mainly dividends.
(b) mainly relevant to tax receivables and payables under the national tax consolidation.

The powers granted to the Directors

The powers granted to the individual directors are those specified below:

- to the Chairman Claudia Cremonini, in addition to the legal representation mentioned in Art. 21 of the By-laws, the necessary powers were conferred for the completion of acts relating to the company's business, to be exercised with an individual signature, in connection with powers attributed with a Board of Directors resolution on 23 April 2021;
- to the Chief Executive Officer Paolo Boni, in addition to the legal representation mentioned in Art.21 of the By-laws, the necessary powers were conferred for the completion of acts relating to the company's business, to be exercised with an individual signature, in connection with powers attributed with a Board of Directors resolution on 23 April 2021.

An Executive Committee and a General Manager have not been appointed in the current corporate bodies' structure.
Both the Chairman and the Chief Executive Officer use their powers only for the normal management of the company's business, while significant transactions by typology, quality and value, are submitted to the examination of the Board of Directors.

Castelvetro di Modena, 6 May 2021

THE CHAIRMAN
OF THE BOARD OF DIRECTORS
(Claudia Cremonini)

FINANCIAL STATEMENTS AT 31 DECEMBER 2020

CREMONINI S.P.A.

Financial statements at 31 December 2020

Statement of Financial Position – Assets

(Euro)	Note	**31.12.2020**	31.12.2019
Non-current assets			
Tangible assets	1	82,676,282	84,518,269
Goodwill		-	-
Other intangible assets	2	17,623	56,222
Investments in subsidiaries and associated companies	3	257,552,735	257,106,934
Investments in other companies	4	1,029,592	1,031,093
Financial instruments / Derivatives		-	-
Financial assets held for sale		-	-
Deferred tax assets	16	-	-
Other non-current assets	5	72,595	39,461
Total non-current assets		**341,348,827**	**342,751,979**
Current assets			
Inventories		-	-
Current financial receivables	6	12,673,600	7,584,442
relating to related parties		*12,673,600*	*7,584,442*
Current trade receivables	7	3,147,810	4,188,680
relating to related parties		*2,904,962*	*3,831,529*
Current tax assets	8	12,991,110	5,217,042
Financial assets held for sale	4	174,516	195,537
Financial instruments / Derivatives		-	-
Cash and cash equivalents	9	1,610,444	79,761
Other current assets	10	150,289	160,391
relating to related parties			
Total current assets		**30,747,769**	**17,425,853**
Total assets		**372,096,596**	**360,177,832**

Statement of Financial Position - Liabilities

(Euro)	Note	31.12.2020	31.12.2019
Shareholders' Equity			
Share capital	11	67,073,932	67,073,932
Reserves	12	(41,226,187)	(41,242,610)
Retained earnings		270,535,146	247,058,833
Result for the period		(2,980,129)	23,476,313
Total Shareholders' Equity		**293,402,762**	**296,366,468**
Non-current liabilities			
Non-current financial payables	13	19,964,686	27,436,907
relating to related parties		*25,663*	*25,663*
Financial instruments / Derivatives		40,189	95,421
Employee benefits	14	373,220	365,976
Non-current provisions for risks and charges	15	101,536	151,536
Deferred tax liabilities	16	3,840,991	3,789,940
Other non-current liabilities		473	473
Total non-current liabilities		**24,321,095**	**31,840,253**
Current liabilities			
Current financial payables	17	48,452,694	24,575,523
relating to related parties		*35,598,344*	*16,292,695*
Financial instruments / Derivatives		-	-
Current tax liabilities	18	295,920	514,747
Current trade liabilities	19	4,722,485	5,720,800
relating to related parties		*3,720,702*	*4,213,241*
Other current liabilities	20	901,640	1,160,041
relating to related parties			-
Total current liabilities		**54,372,739**	**31,971,111**
Total liabilities		**372,096,596**	**360,177,832**

Financial statements at 31 December 2020

Income statement

(Euro)	Note	31 December 2020	31 December 2019
Revenues	21	6,990,181	7,089,605
relating to related parties		*6,314,753*	*6,276,484*
Other revenues	22	759,082	1,021,727
relating to related parties		*615,230*	*927,410*
Costs for purchases	23	(62,962)	(78,892)
relating to related parties		*(19,448)*	*(10,232)*
Other operating costs	24	(4,313,465)	(5,740,680)
relating to related parties		*(433,751)*	*(480,704)*
Personnel costs	25	(2,608,056)	(2,569,847)
Amortization and depreciation	26	(3,035,913)	(2,845,008)
Write-downs and provisions	26	(98,769)	(103,000)
Income/(charges) from equity investments	27	(778,278)	26,656,614
relating to related parties		*(854,199)*	*26,511,845*
Financial (Income)/Charges	28	(410,518)	(400,120)
relating to related parties		*(30,063)*	*(5,202)*
Result before taxes		**(3,558,698)**	**23,030,399**
Income taxes	29	578,569	445,914
Result for the period		**(2,980,129)**	**23,476,313**

Statement of comprehensive income

(Euro)	31 December 2020	31 December 2019
Result for the period	**(2,980,129)**	**23,476,313**
Items to be reclassified to profit or loss in subsequent periods:		
Measurement of financial assets available for sale	(21,020)	883,435
Effective part of profits/(losses) on cash flow hedge instruments	55,233	(16,857)
Income taxes	(13,256)	4,046
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gain (losses)	(5,966)	(12,371)
Income taxes relating to other comprehensive income	1,432	2,969
Total Comprehensive Income (Expense)	**(2,963,706)**	**24,337,535**

Statement of changes in the shareholders' equity

(Euro)	Share capital	Nominal value of treasury stock in portfolio	Total Share capital	Share premium reserve	Legal reserve	Merger Deficit	Merger Surplus	Other reserves: Reserve for IAS adjustments	Other reserves: Reserve for Actuarial Gains (Losses)	Other reserves: Cash flow hedge reserve	Other reserves: Fair value reserve	Total Reserves	Profits (Losses) carried forward	Result of the year	**Total Shareholders' Equity**
Balances at 31 December 2018	**67,073,932**	**0**	**67,073,932**	**78,279,705**	**14,749,280**	**(146,379,437)**	**94,514**	**12,787,578**	**(59,113)**	**(59,709)**	**(1,516,650)**	**(42,103,832)**	**225,588,312**	**24,566,242**	**275,124,654**
Allocation of the results for the previous year:															
- retained earnings reserve													24,566,242	(24,566,242)	**0**
- dividend distribution													(3,095,721)		**(3,095,721)**
Comprehensive income															
- Net profit (loss) for the period														23,476,313	**23,476,313**
- Other Profits/(losses), net of taxes									(9,402)	(12,811)	883,435	861,222			**861,222**
Balances at 31 December 2019	**67,073,932**	**0**	**67,073,932**	**78,279,705**	**14,749,280**	**(146,379,437)**	**94,514**	**12,787,578**	**(68,515)**	**(72,520)**	**(633,215)**	**(41,242,610)**	**247,058,833**	**23,476,313**	**296,366,468**
Allocation of the results for the previous year:															
- retained earnings reserve													23,476,313	(23,476,313)	**0**
- dividend distribution															**0**
Comprehensive income															
- Net profit (loss) for the period														(2,980,129)	**(2,980,129)**
- Other Profits/(losses), net of taxes									(4,534)	41,977	(21,020)	**16,423**			**16,423**
Balances at 31 December 2020	**67,073,932**	**0**	**67,073,932**	**78,279,705**	**14,749,280**	**(146,379,437)**	**94,514**	**12,787,578**	**(73,049)**	**(30,543)**	**(654,235)**	**(41,226,187)**	**270,535,146**	**(2,980,129)**	**293,402,762**

Cash flow statement (indirect method)

(Euro/000)	31.12.2020	31.12.2019
Profit for the period	**(2,980,129)**	**23,476,313**
Amortization and depreciation	3,035,913	2,845,008
Impairment	-	-
Net change in other provisions and non-monetary income items	1,081,044	1,381,855
Net change in Staff Severance Provision	(130,738)	(151,371)
Changes in working capital		
(Increase) decrease in trade receivables	960,151	(2,014,269)
(Increase) decrease in inventories	-	-
Increase (decrease) in trade payables	(995,962)	(3,131,660)
(Increase) decrease in other items of the working capital	(4,532,333)	6,234,346
Cash-flow from operating activities (A)	**(3,562,054)**	**28,640,222**
Net (investments) in intangible assets	(11,076)	(16,574)
Net (investments) in tangible assets	(1,144,250)	(5,283,698)
Net change in other non current assets	(1,333,134)	(1,099,891)
Acquisition net of Cash and cash equivalent	-	-
Cash-flow from investment activities (B)	**(2,488,460)**	**(6,400,163)**
Increase (Decrease) in medium-long term borrowings	(7,472,221)	(7,465,975)
Increase (Decrease) in medium-long term liabilities for derivatives	(55,232)	16,857
Increase (Decrease) in short-term borrowings	15,092,227	(12,638,880)
Increase (Decrease) in short-term liabilites for derivatives	0	0
Cash-flow from distribution of dividends	0	(3,095,720)
Capital increase and other changes in equity	16,423	861,221
Cash flow from financing activities (C)	**7,581,197**	**(22,322,497)**
Cash Flow of the year (D=A+B+C)	**1,530,683**	**(82,438)**
Cash and cash equivalents at the beginning of the year (E)	79,761	162,199
Cash and cash equivalents at the end of the year (F=D+E)	**1,610,444**	**79,761**

Cremonini S.p.A. Financial Statements at 31 December 2020

Notes to the financial statements

Form and content of the financial statements

The financial statements as at 31 December 2020 were prepared in accordance with the accounting standards and measurement criteria laid down by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union according to the procedure referred to in Article 6 of the (EC) Regulation No. 1606/2002 of the European Parliament and Council of 19 July 2002, as adopted by Legislative Decree no. 38 of 28 February 2005, as amended, and resolutions and ordinances promulgated in implementation of Art. 9 of Legislative Decree 38/2005.
The financial statements for the year were authorised for publication by the Board of Directors meeting held on 6 May 2021.

The section on "Accounting standards" illustrates the international accounting standards adopted in the preparation of the Cremonini S.p.A. statement of assets and liabilities as at 31 December 2020.

The Cremonini S.p.A. financial statements as at 31 December 2020 were prepared in accordance with the cost method, with the exception of the following postings in the statement of assets and liabilities:

- land and buildings for which the fair value as at 1 January 2004 was adopted, as "deemed cost" as provided for by IFRS 1;
- derivative contracts entered at the fair value.

For the purposes of comparison, the financial statements at 31 December 2020 show the figures for the financial year ended at 31 December 2019.

The following classifications have been used:

- Statement of Financial Position for current/non-current items;
- Income Statement by nature;
- Cash flow statement (indirect method).

It is considered that these classifications provide information that better responds to representing the company's equity, economic and financial situation.
The functional and presentation currency is the euro.

With regard to the schedules contained in these financial statements, the Statement of Assets and Liabilities, Income Statement and Cash Flow Statement are shown in units of euro. If not otherwise indicated, the tables contained in these financial statements are shown in thousands of euro.

Changes in accounting standards

The new IFRS and IFRIC standards adopted by the European Union, applicable from 1 January 2020 are reported below with a brief description. The adoption of these revised standards and interpretations has not had any significant impact on the financial statements but has resulted, in some cases, in additional information only. Please also refer to the description in the Directors' Report.

New accounting standards, amendments and interpretations applicable in 2020

The valuation criteria used in preparing the consolidated financial statements at 31 December 2020 do not diverge from those used to draw up the consolidated financial statements for the financial year ended 31 December 2019, with the exception of the accounting standards, amendments and interpretations applicable as of 1 January 2020, which are described below.

Amendments to IAS 1 and to IAS 8. These amendments, which were published by the IASB on 31 October 2018, provide for a different definition of "material", i.e.: "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 adds the concept of "obscured information" to those of omitted or misstated information that are already provided in the two standards subject to amendments. The amendment clarifies that information is "obscured" if it has been described in such a way as to produce for the primary users of the financial statements an effect similar to that which would have been produced if such information had been omitted or misstated. The adoption of this amendment has not had any impact on the Company's financial position, results of operations and cash flows.

Amendments to the *Conceptual Framework* for *Financial Reporting*, published by the IASB on 29 March 2018. The document defines the basic concepts for financial reporting and guides the Board in developing the IFRS. The main amendments to the 2010 version are (i) a new chapter on measurement; (ii) better definitions and guidance, in particular with reference to the definition of liabilities; and (iii) the clarification of important concepts such as stewardship, prudence and measurement uncertainty. The adoption of this amendment has not had any impact on the Company's financial position, results of operations and cash flows.

Amendments to IFRS3 - Business Combinations. The purpose of these amendments, which were issued by the IASB on 22 October 2018, is to resolve the difficulties that arise when a reporting entity determines whether it has purchased a business or a group of assets. Specifically, the amendment clarifies that while a business usually produces an output, the presence of an output is not strictly necessary to identify a business when there is an integrated set of activities/processes and assets. However, in order to meet the definition of a business, an integrated set of activities/processes and assets must include, at least, an input and a substantial process that together contribute significantly to the ability to create an output. For this purpose, the IASB has replaced the term "ability to create output" with "ability to contribute to the creation of outputs" in order to clarify that a business can exist even without the presence of all the inputs and processes needed to create an output. Furthermore, the amendment provides for an optional concentration test to rule out the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The adoption of this amendment has not had any impact on the Company's financial position, income statement or cash flows.

Covid-19-Related Rent Concessions (Amendment to IFRS 16), published on 28 May 2020. The document provides an option for the lessees to account for Covid-19-related rent concessions without having to assess, by analysing the related contracts, whether the definition of lease modification is met under IFRS 16. Therefore, lessees that apply this option may account for the effects of rent concessions directly in the income statement as at the effective date of the reduction. The application of this amendment has not had any impact on the Company's income statement.

Accounting standards, amendments and interpretations applicable to the financial statements for the financial years commencing on a subsequent date

Below are the standards and interpretations which, as at the reporting date of these financial statements, had already been issued but were not yet applicable.
These standards will be applicable from the subsequent financial periods; on a preliminary basis, the Group believes that they will have no significant impact on its consolidated financial position, results of operations and cash flows.

- *Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform*. These amendments focus on accounting for hedging transactions in order to clarify the potential effects arising from uncertainties caused by the Interest Rate Benchmark Reform. Furthermore, these amendments require the entity to provide investors with additional information concerning their hedging relationships that are directly affected by these uncertainties.

Below are the Accounting standards, amendments and interpretations published by the IASB but for which the endorsement process has not yet been completed.

- *Amendments* to IAS 1 *Presentation of Financial Statements*: *Classification of Liabilities as Current or Non-current*. The document has the objective of clarifying the method to be used to classify payables and other liabilities among short- or long-term items. The amendments will be applicable from 1 January 2023.

On 14 May 2020 the IASB published the following amendments, which will be applicable as from 1 January 2022:

- *Amendments to IFRS 3 - Business Combinations*, published on 14 May 2020: the amendments are aimed at updating the reference to the Conceptual Framework in the revised version of IFRS 3, without this entailing amendments to the provisions of IFRS 3.
- *Amendments to IAS 16 - Property, Plant and Equipment*: the purpose of the amendments is not to allow the amount received from the sale of goods produced during the test phase of the asset itself to be deducted from the cost of tangible assets. These revenues from sales and related costs will therefore be recognised through profit or loss.
- *Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets*: the amendment clarifies that the assessment of whether a contract is onerous must include all costs that are directly attributable thereto. Accordingly, the assessment of whether a contract is onerous must include incremental costs (such as, for example, the cost of direct material used in the work), as well as all costs that the entity cannot avoid because it has entered into the contract (such as, for example, the amount of personnel costs and of depreciation of machinery used to perform the contract).
- *Annual Improvements 2018-2020*: the amendments were made to IFRS1 - *First-time Adoption of International Financial Reporting Standards*, IFRS 9 - *Financial Instruments*, IAS 41 - *Agriculture* and to the *Illustrative Examples of IFRS 16 - Leases*.

Valuation criteria

The valuation criteria used in the drafting of the financial statements for the period ended 31 December 2020 are the same as those used for the drafting of the financial statements at 31 December 2019, with the possible exception as reported in the section above. The most significant valuation criteria adopted for the drafting of the financial statements are indicated below.

Property, plant and equipment

Property, plant and equipment are recognised at their acquisition price or production price including any ancillary costs which are directly attributable to the asset and connected with its use.
As allowed by IFRS 1, upon transition to the International Accounting Standards, the Company carried out the initial valuation at fair value of certain lands and buildings it owned, and used this fair value as the new cost subject to depreciation.
Except as indicated above, revaluations are not allowed, even in application of specific laws. Assets under finance leases are recognised under property, plant and equipment as offsetting entries to the financial debt to the lessor and depreciated according to the criteria indicated below.
Property, plant and equipment are depreciated systematically on a straight-line basis throughout their useful life, which is the estimated time in which the asset will be used by the company. When the Property, plant and equipment consist of several significant components, each having a different useful life, depreciation is carried out separately for each component. The value to be depreciated is represented by the book value reduced by the presumable net disposal value at the end of its useful life, if significant or if it can be reliably determined. Land is not depreciated (elements with an indefinite useful life), even if purchased jointly with a building, similarly to property, plant and equipment held for sale which are valued at the lower of the book value and their fair value net of disposal expenses.
Costs for improvements, updating and transformation which add value to the property, plant and equipment are allocated to the balance sheet assets. Any other repair and maintenance costs are recognised in the income statement when they are incurred.
The recoverability of the book value of intangible fixed assets is verified by adopting the criteria indicated under "Impairment of assets".
Depreciation reflects the economic and technical deterioration of the asset and begins when the asset becomes available for use. It is calculated according to the linear model of the asset's estimated useful life.

The rates applied are:

- Buildings	2% - 4% (useful life)
- Plant and equipment	8% - 20%
- Industrial and trade equipment	15% - 25%

Other assets:

- Furniture and furnishings	10% - 15%
- Electronic office equipment	20%
- Vehicles and internal means of transport	20%
- Automobiles	25%
- Other minor assets	10%-40%

An asset is eliminated from the balance sheet at the time of sale or when the future economic benefits expected from its use or disposal no longer apply. Any losses or profits (calculated as the difference between net proceeds of the sale and book value) are included in the income statement upon said elimination.

Goodwill and other intangible assets

Intangible assets refer to assets without an identifiable physical consistency, which are controlled by the company and able to produce future economic benefits, as well as goodwill when purchased against payment of consideration.
An intangible asset is identifiable if it can be separated from goodwill; the identifiability requirement is usually

satisfied when:

I. the intangible asset essentially consists of a legal or contractual right, or
II. the asset can be separated, that is, it can be sold, transferred, rented or exchanged autonomously from or as an integral part of other assets. Control means the company's ability to use the future economic benefits arising from the asset and the possibility of limiting access to the asset by others.

Intangible assets are recognised at cost, determined according to the criteria indicated for property, plant and equipment. Revaluations are not allowed, even in application of specific laws.

Intangible assets with a definite useful life are systematically amortised throughout their useful life, which is the estimated period in which the assets will be used by the company; the recoverability of their book value is verified by adopting the criteria indicated under "Impairment of assets".

Goodwill and other intangible assets with an indefinite useful life, where present, are not amortised; the recoverability of their book value is verified at least annually and in any case whenever events take place that could indicate impairment. Regarding goodwill, verification takes place at the lowest aggregate level on the basis of which the company Management assesses, directly or indirectly, the return on the investment including goodwill (cash generating unit). Write-downs are not used for reversing an impairment loss.

Other intangible assets are amortised according to the following criteria:

- Industrial patents and intellectual property rights	5 years
- Concessions, licences, trademarks and similar rights	5 years / 20 years
- Other	5 years / duration of the contract

The amortisation period and the amortisation criteria of intangible assets with a definite useful life are reviewed at least upon each closing date and adjusted prospectively if necessary.

Investments in subsidiaries, associated and other companies

Investments in subsidiaries and associated companies are valued at their acquisition cost, subscription cost or conferral cost, as possible written down in the case of permanent impairment losses; the initial value is reinstated in subsequent financial periods if the reasons for the write-down no longer apply.
The investments in other companies that are classified, according to IAS 39, as available for sale are initially stated at their fair value; subsequently, where it is not possible to determine a reliable fair value, they are maintained at cost, as possibly written down in the case of permanent impairment losses. The initial value will not be reinstated in subsequent years, even when the reasons for the write-down no longer apply.

Cash and cash equivalents

The item relating to cash and cash equivalents includes cash, current bank accounts, demand deposits and other high-liquidity short-term financial investments, which are easily converted into cash and are subject to an insignificant risk of value fluctuation.

Receivables and other short-term assets

Trade receivables and other short-term assets are initially recognised at their nominal value, which is representative of their fair value, and subsequently valued at their amortised cost, net of any write-downs. Due to the short duration of trade receivables, they are not discounted as the effect of the discounting of cash flows is irrelevant, therefore application of the amortised cost does not produce significant effects. The bad debt provision on that date represents the difference between the book value of the receivables and the cash flows reasonably expected from collection thereof.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is eliminated from the balance sheet when:

i. the rights to receive cash flows from the asset have been extinguished;
ii. the right to receive cash flows from the assets is maintained, but there is a contractual obligation to pay them in full and without delay to a third party;
iii. the Company has transferred the right to receive cash flows from the asset and (a) has essentially transferred all the risks and benefits of ownership of the financial asset or (b) it did not transfer or essentially retain all the risks and benefits of the asset, but transferred control of the asset.

In the cases in which the Company transferred the right to receive cash flows from an asset and did not transfer nor essentially maintain all the risks and benefits or did not lose control of the asset, the asset is recognised in the Company balance sheet to the extent of the latter's residual involvement in the asset itself.
In this case, the Group also recognises an associated liability. The asset which is transferred and the associated liabilities are valued so as to reflect the rights and obligations that the Group has retained. Residual involvement which for example takes the form of a guarantee on a transferred asset, is valued at the lower of the asset's initial book value and the maximum value of the consideration that the Company may be required to pay.

Impairment of financial assets

The Company verifies on each balance sheet date whether a financial asset or group of financial assets has become impaired. A financial asset or group of financial assets is considered to have undergone impairment if, and only if, there is objective evidence of impairment as a result of one or several events that took place since the initial recognition (when a "loss event" occurs) and this loss event has an impact that can be reliably estimated on the estimated future cash flows of the financial assets or the group of financial assets. Proof of impairment can be given by indicators such as financial difficulties, inability to fulfil obligations, insolvency with regard to the payment of interest or significant payments, which the debtors or a group of debtors are going through; the probability that the debtor will be bankrupt or become subject to another form of financial reorganisation, or where observable information indicates that there exists a measurable decrease in estimated future cash flows, such as a change in the economic environment or the terms and conditions of the obligations.

For financial assets recognised at amortised cost, the Company has first of all assessed whether there is objective evidence of impairment for each financial asset that is individually significant, or collectively significant for those financial assets that are not significant individually. If the Company determines that there is no evidence of impairment for a financial asset, it includes the asset in a group of financial assets with credit risk characteristics that are similar and assesses it collectively for the purpose of verifying the impairment. Assets that are not evaluated individually for a write-down and for which impairment has been recognised or continues to be recognised, are not evaluated on a collective basis for impairment.
If there is objective evidence of impairment, the amount of the loss is measured as a difference between the book value of the asset and the current value of the estimated future cash flows (excluding credit losses expected in the future that have not yet occurred).
The book value of the asset is reduced through the use of an allowance for bad debt and the amount of the loss is recognised in the income statement.
If in subsequent years the amount of the write-down is estimated to have increased or decreased as a consequence of an event that took place after the write-down was recognised, the previous write-down must be increased or decreased by adjusting the provision as an offsetting entry in the income statement.

For available for sale financial assets, the Company measures on each balance sheet reference date whether there is objective evidence that an asset or a group of assets has become impaired.

Impairment of non-financial assets

On each balance sheet closing date, the Company assesses whether there are any indicators of impairment of non-financial assets. When events take place that indicate a reduction in the value of an asset or in cases where annual verification of impairment is required, recoverability is verified by comparing the book value with the relevant recoverable value, the latter being the higher of fair value, net of disposal expenses, and value in use.
If there is no binding selling agreement, fair value is estimated on the basis of the values expressed by an active market, recent transactions or on the basis of the best available information in order to reflect the amount that the company could obtain from the sale of the asset.
Value in use is determined by discounting the expected cash flows from use of the asset and, if significant and reasonably determinable, from its disposal at the end of its useful life. Cash flows are determined on the basis of reasonable and documented assumptions which represent the best estimate of future economic conditions that will take place in the remaining useful life of the asset, with greater weight given to indications from outside the company. Discounting takes place at a rate that takes into account the risk inherent in the business area.
Valuation takes place for each individual asset or for the smallest identifiable group of assets that generates autonomously incoming cash flows from continuing use (cash generating unit). When the reasons for the write-downs cease to exist, the assets, except for goodwill, are revalued and the adjustment is allocated to the income statement as a write-back (reversal of an impairment loss). The write-back is made at the lower between recoverable value and gross book value of previous write-downs, decreased by the amortisation rate at which they would have been recognised if the write-down had not taken place.

Share capital

The costs for the issuing of shares or options are classified in shareholders' equity (net of the physical benefit connected to them) as a deduction of profits deriving from the issuing of these instruments.
For buybacks of treasury shares, the price paid, including any directly attributable ancillary expenses, is deducted from the group shareholders' equity until the time of elimination, reissuing or sale of the shares. When treasury shares are resold or reissued, the price collected, net of any directly attributable ancillary expenses and the relevant tax effect, is recognised as group shareholders' equity.

Earnings per share

Basic earnings per share are calculated by dividing the Company's net profit by the weighted average of the ordinary shares outstanding during the financial year, excluding treasury shares.
For the purpose of the calculation of diluted earnings per share, the weighted average of outstanding shares is modified assuming the conversion of all the potential shares having a dilution effect, while the Company's net profit is adjusted to take account of the effects, net of tax, of the conversion.

Financial liabilities

Financial liabilities that fall within the scope of application of IAS 39 are classified as financial liabilities at fair value recognised in the income statement, or as financial payables or derivatives designated as hedging instruments, as the case may be. The Company's financial liabilities include trade payables and other payables, loans and derivative financial instruments. The Company determines the classification of its financial liabilities at the time of initial recognition.

Financial liabilities are initially carried at fair value, which is equal to the consideration received on the settlement date to which are added, in the case of financial payables, directly attributable transaction costs.

Subsequently, non-derivative financial liabilities are measured on the basis of the depreciated cost criterion using the effective interest rate method.
Amortised cost is calculated by recognising every discount or premium on the acquisition and the fees and costs that are an integral part of the effective interest rate. Amortisation at the actual interest rate is included among financial expenses in the income statement.

Profits and losses are recognised in the income statement when the liability is extinguished, as well as through the amortisation process.

Derecognition of financial liabilities

Financial liabilities are derecognised from the balance sheet when the obligation underlying the liability has been extinguished, cancelled or fulfilled. When an extinguished financial liability has been replaced by another from the same lender, at terms and conditions that are essentially different, or the conditions attached to a liability in existence are essentially modified, this exchange or modification is treated as a derecognition of the original liability and recognition of a new liability, with a consequent recognition in the income statement of any differences between book values.

Accounting treatment for derivatives contracts

Cremonini S.p.A. uses derivative financial instruments to hedge interest rate risk. These derivative financial instruments are initially recognised at fair value on the date on which they are concluded; subsequently this fair value is periodically remeasured; they are accounted for as assets when fair value is positive and as liabilities when it is negative.

Fair value is the price that would be received for the sale of an asset or which would be paid for the transfer of a liability, in an arm's length transaction on the valuation date.

The fair value of the derivative financial instruments used is determined with reference to the market value whenever it is possible to identify an active market for them. If on the other hand the market value of a financial instrument cannot be readily identified, but can be identified through its components or for a similar instrument, market value is determined through assessment of the individual components of the instrument or the similar instrument. Furthermore, for instruments for which it is not possible to readily identify an active market, valuation is determined by using the value from generally accepted valuation models and techniques, which ensure a reasonable approximation of market value.

The accounting methods are the following:

- fair value hedge: changes in fair value of the hedging instrument are in the Income Statement together with changes in fair value of the transactions that are the subject of the hedge.
- cash flow hedge: the "effective" portion of the change in fair value of the derivative is recognised in Equity and subsequently allocated to the Income Statement when the transaction which is the object of the hedge produces its effects; the ineffective portion is allocated directly to the Income Statement.
- financial instruments that do not qualify as hedge: the changes are posted to the income statement.

Derivatives are classified as hedges when the relation between the derivative and the subject of the hedge is formally documented and the hedge effectiveness, which is periodically verified, is high. When hedging derivatives cover the risk of changes in fair value of the instruments which are the subject of the hedge (fair value hedge; e.g. hedging of the change in fair value of fixed rate assets/liabilities), the derivatives are recognised at fair value without allocation of the effects to the income statement; consistently, hedged instruments are adjusted to reflect the changes in fair value associated with the hedged risk. When the derivatives hedge the risk of changes in cash flows of the hedged items (cash flow hedge; e.g. hedging of fluctuations in cash flows of assets/liabilities due to exchange rate fluctuations), fluctuations in fair value of derivatives are initially recognised in equity and subsequently allocated to the income statement consistently with the economic effects produced by the hedged transaction. Changes in the fair value of derivatives that no longer qualify as hedges are recognised in the income statement.

Employee benefits

Employee Severance Indemnity is part of what IAS 19 defines as defined benefit plans, as part of benefits after employment termination. The accounting treatment provided for these types of remuneration requires an actuarial calculation that makes it possible to project into the future the amount of the already accrued employee severance indemnity and discount it to take into account the time that will elapse prior to actual payment. The actuarial calculation considers variables such as average permanence of employees, level of inflation and expected interest rates. Liabilities are measured by independent actuaries. Following the amendments to IAS 19, which were applicable for the financial years commencing on or after 1 January 2013, the profits and losses from the actuarial calculation of defined benefit plans are recognised in the comprehensive income statement entirely in the period they refer to. These actuarial profits and losses are classified directly in retained earnings and are not reclassified in the income statement in subsequent reporting periods. Past service cost is recognised on the earliest of the following dates:

- date on which an amendment or reduction of the plan takes place;
- date on which the Group recognises the related restructuring costs.

The Group recognises the following changes in the net obligations for defined benefit plans in the statement of profit/(loss) for the reporting period by nature:
- costs for work provided, including costs for current and past work provided, profits and losses on non-routine reductions and extinctions; and
- net interest income or interest expenses.

The asset or liability relating to defined benefits includes the present value of the defined benefit obligation after the fair value of the asset servicing the plan is deducted.

Provisions for risks and charges

Provisions for risks and charges are costs and expenses of a definite nature that are certain or likely to be incurred but which at the end of the year could not be quantified or timed. Provisions are recognised when: (i) the existence of an actual, legal or implicit obligation deriving from a past event is probable; (ii) it is probable that the fulfilment of an obligation will be onerous; (iii) the amount of the obligation can be reliably estimated. Provisions are recognised at the amount representing the best estimate of the total that the company would reasonably pay to settle the obligation, or transfer it to third parties at year-end. When the financial effect of time is significant and the payment dates of the obligations are estimated reliably, the provision is discounted; the increase of the provision linked to the passing of time is allocated to income statement under "Financial income (expenses)". The supplementary client indemnity provisions have been set aside on the basis of reasonable estimates, as have other provisions for risks and charges, taking into consideration the available elements for the probable future liability.

Income taxes

Current taxes are determined on the basis of a realistic forecast of the charges to be settled in application of applicable tax laws or which have been essentially approved on the period closing date. The relevant payable is recorded net of any deferred tax assets, withholdings made and tax credits which can be offset, under the item "Tax payables". In the event of a receivable, the amount is recorded under "Receivables from others" of current assets.

Deferred tax assets and liabilities are calculated on the temporary differences between the values of the assets and liabilities recognised in the balance sheet and the corresponding amounts recognised for tax purposes.
Deferred tax liabilities are recognised against all temporary taxable differences, with the following exceptions:
- the deferred tax liabilities originate from the initial recognition of goodwill of an asset or liability in a

transaction that is not a business combination and, at the time of the transaction itself, does not have any effects either on balance sheet profits or the profit and loss calculated for tax purposes;
- the reversal of taxable temporary differences, associated with equity investments in subsidiaries, associated companies and joint ventures, can be controlled and it is probable that this will not take place in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and for tax credits and losses which are unused and carried forward, to the extent that there will be adequate future tax profits that could make possible the use of deductible temporary differences and tax credits and losses carried, except if:

- deferred tax assets connected to deductible temporary differences arise from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, does not affect either balance sheet results or profit or loss for tax purposes;
- taxable temporary differences associated with equity investments in subsidiaries, associated companies and joint ventures and deferred tax assets are recognised only to the extent that temporary deductible differences will be reversed in the foreseeable future and there are adequate tax profits against which the temporary differences can be used.

Recognition of deferred tax assets takes place when their recovery is probable. The value of deferred tax assets is re-examined on each closing date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available. Deferred tax assets and deferred tax liabilities are classified among non-current assets and liabilities and are netted if they refer to taxes that can be offset. The balance of the netting, if it is an asset, is recognised under the item "Deferred tax assets"; if it is a liability it is recognised under the item "Deferred tax liabilities". When the results of transactions are recognised directly in equity, current taxes, deferred tax assets and deferred tax liabilities are also recognised under equity or in the statement of comprehensive income consistently with the recognition of the element to which they refer.
Deferred tax assets or deferred tax liabilities are calculated on the basis of the tax rate that is expected to be applied in the year in which these assets will be realised or these liabilities will be extinguished.

Criteria for converting foreign currency items

Transactions in a foreign currency are initially recognised in the functional currency, applying the spot exchange rate on the transaction date. Monetary assets and liabilities denominated in a foreign currency are converted into the functional currency at the exchange rate applicable on the balance sheet date.
Foreign exchange differences are recognised in the income statement including foreign exchange differences realised upon collection of the receivables and payment of payables in a foreign currency.
Non-monetary items valued at their historical cost in a foreign currency are converted using the exchange rate applicable on the initial recognition date of the transaction. Non-monetary items recognised at fair value in a foreign currency are converted using the exchange rate applicable on the date that value was determined. Profit and loss from the reconversion of non-monetary items is handled in line with the recognition of profits and losses relating to changes in fair value of these items (conversion differences on items the fair value of which is recognised in the statement of comprehensive income or the income statement are recognised in the comprehensive income statement or the income statement, respectively).

Recognition of revenues

Revenues from the sale of products are recognised at the time that all the risks and expenses deriving from ownership of the assets are transferred, this coinciding with the delivery or shipment thereof.
Revenues from services are recognised on the basis of their degree of completion.
Income of a financial nature is recognised on an accruals basis. For all financial instruments measured at amortised cost, interest income is recognised using the actual interest rate, which is the rate that exactly discounts future payments and collections, estimated on the basis of the expected life of the financial instrument.

Dividends

Dividends are recognised when their allocation is certain, which usually coincides with the distribution resolution passed on the part of the investee, or authorisation by the local monetary authority which approves expatriation thereof, if received from abroad.

Recognition of costs

Costs are recognised when they refer to goods and services which are acquired and/or received during the reporting period.
Rents payable for operating leases are allocated to the income statement according to the accruals principle.
Finance lease payments are allocated, as to the principal amount, to reduction of the financial debt, and as to interest to the income statement.
Expenses for services are recognised on an accruals basis.
For all financial instruments measured at amortised cost, interest expense is recognised using the actual interest rate, which is the rate that exactly discounts future payments and collections, estimated on the basis of the expected life of the financial instrument.

Major assumptions adopted by Management and discretionary valuations

The application of generally accepted accounting principles to the preparation of financial statements and interim financial reports requires that the management make accounting assumptions based on complex and/or subjective judgements, estimates based on past experience and assumptions which are considered reasonable and realistic based on the information which is known at the time the estimate is made. The use of these accounting assumptions influences the carrying value of assets and liabilities and the disclosures on contingent assets and liabilities as at the balance sheet date, as well as the amount of revenues and costs in the reporting period. The actual results may differ from the estimated ones due to the uncertainty that characterises the assumptions and conditions on which the estimates are based. Below are accounting assumptions made during the drafting of the financial statements and interim reports, which are critical because they are based on highly subjective assumptions and estimates with regard to issues which by their very nature are uncertain. If these estimates and assumptions, which are based on the best valuation on the part of the management, should differ from the actual circumstances in the future, they would be modified in an appropriate manner during the period in which these circumstances vary. Changes in the conditions on which the adopted judgements, assumptions and estimates are based may have a significant impact on subsequent results.

Below are the main estimates and assumptions adopted by the Management for the preparation of these annual statements; any changes thereto, which cannot be anticipated at this time, may affect the income and equity.

- <u>Estimates adopted for the measurement of asset impairment</u>

For the purpose of verifying any impairment of the equity investments recognised in the account, the Company has adopted the methodology described in the paragraph "Impairment of assets".

The discount rate used was the weighted average cost of capital (WACC), equal to 8.1%. The measurement of any asset impairment (goodwill impairment test) was carried out on an annual basis with reference to 31 December 2020.

- <u>Estimates made in actuarial calculation for the determination of defined benefit plans as part of termination benefits</u>

The measurement of employee severance indemnity liabilities was carried out by an independent actuary based on the following assumptions:
  - the anticipated inflation rate is 0.80%;

- discounting rate[1] utilised is equal to 0.02%;
- the anticipated annual rate of increase in post-employment benefits is 2.1%;
- the annual rate of frequency of post-employment benefits advances is anticipated as 3.00%;
- employee turnover is equal to 6.5%.

• <u>Estimates adopted in the calculation of deferred taxes</u>

The directors are required to make a significant discretionary assessment to determine the amount of deferred tax assets that can be recognised. They are required to estimate the probable time and amount of future taxable profits.

• <u>Others</u>

The following financial statement elements are affected by estimates and assumptions made by Management:
- inventory obsolescence
- depreciation and amortisation
- valuation of other assets.

Financial risk management

The main risks identified, monitored and actively managed by Cremonini S.p.A. are the following:

- Market risk: arising from the Company's exposure to interest rate and exchange rate fluctuations and to price volatility of the products and services sold;
- Credit risk: arising from the possibility of insolvency of a debtor counterparty;
- Liquidity risk: arising from the lack of financial resources with which to cover short-term financial commitments.

Cremonini S.p.A. uses derivative financial instruments to hedge the exposure to interest rate risk. Nevertheless, in the cases where the derivative financial instruments do not meet all the conditions provided for the accounting treatment of the hedging derivative financial instruments (hedge accounting), these are booked at the fair value with a contra entry to the income statement.

Market risk

Market risk consists in the possibility of changes in exchange rates, interest rates or the prices of products adversely affecting the value of assets, liabilities or estimated cash flows.

Exchange Rate Risk

Cremonini S.p.A., operating mainly nationally, is marginally exposed to changes in exchange rates that therefore have little effect on the financial flows that originate from operations and loan transactions in currencies other than the European currency (euro).
At 31 December 2020 the company did not have an exchange rate risk.

[1] Curve of average returns that arises from the IBOXX Eurozone Corporates AA index (7 years).

Sensitivity analysis

In consideration of the above comments, the changes in exchange rates with respect to the euro should not have influenced Cremonini S.p.A.'s result for the period in any manner.

Interest rate risk

Cremonini S.p.A., as is evident from the net debt, is exposed to the risk of fluctuation in interest rates that affect the market value of financial assets and liabilities, and the amount of financial charges.

The medium/long-term loans are, of about 60%, stipulated with variable interest rates exposing the company to the risk of a change in future cash flows while the fixed rate loans expose the company to the risk of a change of the fair value of the loans themselves. There are also some loans originally at variable interest rates for which hedging "interest rate swap" contracts were signed by means of which the variable EURIBOR rate was substituted with a fixed rate.

Sensitivity analysis

As at 31 December 2020, a hypothetic increase of 1% of the EURIBOR, as with all the other variables, would have determined a higher pre-tax charge (and therefore a corresponding reduction of the shareholders' equity) of about Euro 200 thousand on an annual basis (Euro 225 thousand at 31 December 2019).

Credit risk

The credit risk represents the company's exposure to potential losses deriving from the counter party's failure to meet obligations assumed and is evaluated both in commercial terms, i.e., correlated to the customer typologies and to the contractual terms and concentration of the sales, and in financial terms connected to the typology of the counter parties utilised in financial transactions.

Management of trade credit is the responsibility of the Customers Office, Debt Recovery Office and Disputes Management on the basis of formalised valuation procedures for commercial partners' credit lines. This procedure permits the definition of those rules and operational mechanisms that ensure the generation of a payments flow such as to guarantee Cremonini S.p.A. customer solvability and the profitability of the relationship.
The monitoring of the customer is based on collection of data and information on the new customers (to permit a complete and correct evaluation of the risks that a new customer can contribute) and supervision of the evolution of individual credit positions. Furthermore, the receivables balance is monitored during the financial year so as to ensure that the outstanding positions are never significant.
The company's operating practices allow control of the credit risk, through a procedure that monitors the merit classes of the customers that request deferment of payments, thus limiting sales of products and/or services to customers without an adequate level of credit line and guarantees.

The credit risk is also mitigated by the fact that there are no major expositions due to a concentration of positions, in view of the multiple numbers of customers and particularly distributed turnover. With regard to the financial counterparty risk deriving from the use of liquidity, the company implements policies that limit the loan exposure with the individual financial institutions.

At the reference date of the financial statements, the maximum exposure to the credit risk is equal to the value of each category of the receivables indicated below:

(Euro/000)	31.12.2020	31.12.2019
Current trade receivables	3,148	4,189
Other non-current assets	73	39
Other current assets	150	160
Total	**3,371**	**4,389**

The fair value of the above categories is not indicated as the carrying value represents a reasonable approximation. The value of the Trade receivables, Other non-current assets and Other current asset items are classifiable as "Level 3" financial assets, or rather those where the inputs are not are based on observable market data.

Please refer to point 8 of the explanatory notes to the financial statements for information regarding the maximum exposure to credit risk.

Liquidity risk

The liquidity risk represents the risk that, due to the incapacity of raising new funds or liquidate assets in the market, the company cannot meet its payment obligations, determining an impact on the economic result in the case where the company is obliged to sustain additional costs to meet its commitments or, as an extreme consequence, a situation of insolvency that places the company's activities at risk.
Cremonini S.p.A. systematically respects the maturities of its commitments, a conduct which allows to operate in the market with the necessary flexibility and reliability for the purpose of maintaining a correct balance between the supply and use of financial resources.
Cremonini S.p.A. manages the liquidity risk through prudent control of the necessary cash and cash equivalents for the normal conduct of operations and availability of credit lines that guarantee a satisfying level of resources sufficient to cover any financial necessities. These controls mainly take place through the constant monitoring by the centralised treasury of the receipts and payments flows of all directly or indirectly wholly-owned subsidiaries, pursuing the maintenance of a balance in terms of duration and composition of the payables. This specifically allows the monitoring of the resources flows generated and absorbed by normal operations. With regard to management of the resources absorbed by the investment activities, it is generally preferred to find sources through specific long-term loans.

The table below analyses the financial liabilities and derivative financial liabilities on the basis of the contractual maturities as at the date of the financial statements. It is noted that the amounts indicated do not reflect the carrying values (with the exception of the balances within 12 months, for which the book balances reflect reasonable estimates of the financial flows, given the insignificance of the discounting effect) as they are not discounted. The financial flows from variable rate loans were estimated utilising the average rate of indebtedness at the reference date of the financial statements.

(Euro/000)	Within 12 months	1-5 years	Over 5 years	Total
31 December 2020				
Financial payables	48,453	19,965	-	68,418
Financial instruments / Derivatives	-	40	-	40
Trade Liabilities	4,722	-	-	4,722
	53,175	**20,005**	**-**	**73,180**
31 December 2019				
Financial payables	24,576	17,437	10,000	52,013
Financial instruments / Derivatives	-	95	-	95
Trade Liabilities	5,721	-	-	5,721
	30,297	**17,532**	**10,000**	**57,829**

Classes of financial instruments

The following elements are recognised in conformity with the accounting standards relating to financial instruments:

Balance Sheet Assets 2020	Loans and receivables	Assets at FVPL	Assets at FVOCI	Total
Other non-current assets	73	-	-	**73**
Current financial receivables	12,674	-	-	**12,674**
Current trade receivables	3,148	-	-	**3,148**
Current financial assets available for sale	175	-	-	**175**
Current derivative financial instruments	-	-	-	**-**
Current tax receivables	12,991	-	-	**12,991**
Cash and cash equivalents	1,610	-	-	**1,610**
Other current assets	150	-	-	**150**
Total	**30,820**	**-**	**-**	**30,820**
Balance Sheet Assets 2019				
Other non-current assets	39	-	-	**39**
Current financial receivables	7,584	-	-	**7,584**
Current trade receivables	4,189	-	-	**4,189**
Current financial assets available for sale	196	-	-	**196**
Current derivative financial instruments	-	-	-	**-**
Current tax receivables	5,217	-	-	**5,217**
Cash and cash equivalents	80	-	-	**80**
Other current assets	160	-	-	**160**
Total	**17,465**	**-**	**-**	**17,465**

Balance Sheet Liabilities 2020	Other financial liabilities	Liabilities at FVPL	Liabilities at FVOCI	Total
Non-current financial liabilities	19,965	-	-	**19,965**
Non-current derivative financial liabilities	-	-	40	**40**
Current financial payables	48,453	-	-	**48,453**
Total	**68,417**	**-**	**40**	**68,458**
Balance Sheet Liabilities 2019				
Non-current financial laibilities	27,437	-	-	**27,437**
Non-current derivative financial liabilities	-	-	95	**95**
Current financial payables	24,576	-	-	**24,576**
Total	**52,012**	**-**	**95**	**52,108**

In conformity with the requirements of the changes introduced to IFRS 13, we indicate that the derivative financial instruments, constituting hedging contracts on exchange and interest rates, are classifiable as "Level 2" financial assets, as the input having a significant effect on the fair value recorded are figures directly observable on the market[2].

[2] The company identifies as "Level 1" financial assets/liabilities those where the input has a significant effect on the fair value recorded, represented by prices quoted on an active market for assets or liabilities and as "Level 3" financial assets/liabilities those where the input is not based on observable market figures.

In the same manner, with regard to the non-current financial payables, the recognition of which at fair value is indicated in paragraph 14 of these explanatory notes, financial assets are also classifiable as "Level 2" as the inputs that influence the fair value are directly observable market figures.
With regard to the "Other current and non-current assets" items, you are referred to the indications in paragraphs 5 and 10 of these explanatory notes.

Capital management policy

The Company's primary aim, regard capital management, is to obtain an appropriate level of entity in relation to debt, with the purpose of maintaining equity solidity and achieve a functional debt/equity ratio for the purpose of adequate management of the financial leverage.

For the purpose of reaching these objectives, the Company, in addition to the pursuit of satisfactory economic results and the generation of cash flows, can intervene on the dividends policy and configuration of the Company's capital.

The main indicators that the Company uses for capital management are:

1) R.O.S. (Return on sales);
2) R.O.I. (Return on investments);
3) R.O.A.C.E. (Return on Average Capital Employed);
4) R.O.E. (Return on equity);
5) Net Debt / Equity;
6) Net Debt /EBITDA.

Presentation of the financial statements

The Statement of Assets and Liabilities, Income Statement and Statement of Changes in Shareholders' Equity have been drawn up in Euro, while the Financial Statements and the Explanatory Notes have been drawn up in thousands of euro in order to facilitate their presentation and interpretation.

Information included in the Directors' Report

With respect to the nature of the Group's business activities, the events of significance occurring after the end of the financial year, relationships with associated and related companies together with other information relating to the different business sectors in which the Group operates, please refer to the Directors' Report.

Details of the main items of the statement of assets and liabilities

ASSETS

Non-current assets

Specific statements have been prepared for the two categories of non-current assets (tangible and intangible) which have been respectively attached in annex 3 and 4 that indicate for each item the historic cost, previous amortization and depreciation, changes over the period and final balances.

1. Tangible assets

(Euro/000)	Balance at 31.12.2019	Purchases	Decreases	Other	Depr.	**Balance at 31.12.2020**
Land and buildings	79,167	604	-	-	(1,648)	78,123
Plant and machinery	3,212	359	-	-	(878)	2,693
Other assets	2,039	183	(3)	-	(459)	1,760
Fixed assets under construction and advances	100	-	-	-	-	100
Total	**84,518**	**1,146**	**(3)**	**0**	**(2,985)**	**82,676**

Land and buildings

The increase in the year, amounting to Euro 604 thousand, related for Euro 467 thousand to works for the refurbishment of the company-owned buildings located in Rome and for Euro 129 thousand to works at the Castelvetro premises (MO).

Land and buildings are encumbered by mortgages, against the loans obtained, for an amount of Euro 50 million.

Plant and machinery

The investments concerned mainly the purchase of specific facilities for the head office in Castelvetro di Modena.

Other assets

The change for the year mainly refers to increases connected with the purchase of furniture and fittings for the company-owned properties in Rome (video projectors) and Castelvetro (retractable forklift, tablets, PCs and smartphones).

2. Other intangible assets

(Euro/000)	Balance at 31.12.2019	Purchases	Decreases	Other	Amort.	**Balance at 31.12.2020**
Patents and intellectual property rights	49	7	-	-	(47)	9
Concessions, licences, trademarks and similar rights	7	5	-	-	(3)	9
Total	**56**	**12**	**0**	**0**	**(50)**	**18**

3. Investments in subsidiaries and associated companies

The main changes that took place in the financial year and the additional information list regarding the subsidiary companies are deductible, in detail, in Annexes 5 and 6.

Equity investments in subsidiaries

The main changes during the year 2020 regarded shareholdings in:

- Interjet S.r.l. for a future capital increase payment of Euro 1.3 million and a write-down of Euro 497 thousand;
- Imprenditori per E-Marco Polo S.r.l. in liquidation for a write-down of Euro 357 thousand.

The surplus of the residual carrying value of the single equity investments in subsidiaries compared to the measurement made with the shareholders' equity method (appendix 6) is not due to enduring impairment since it is attributable to the greater value of the assets held by the subsidiary or to the potentials and goodwill of the industrial and commercial assets they manage.
More specifically, all equity investments presenting impairment indicators were tested for impairment, and the results were positive.

4. Investments in other companies and Financial assets held for sale

(Euro/000)	**31.12.2020**	31.12.2019
Equity investments in other companies	1,030	1,031
Financial assets held for sale	175	196

The reduction in the balance of the "Financial assets held for sale" is attributable to the fair value measurement of the investment in Banco BPM S.p.A..

Please refer to "Equity investments in other companies" in Appendix 5 for more details.

5. Other non-current assets

(Euro/000)	**31.12.2020**	31.12.2019
Tax receivables	72	38
Other receivables	1	1
Total	**73**	**39**

Tax receivables mainly refer to the remaining credit of a request for IRES (Corporate Income) tax refund submitted by Cremonini S.p.A. for itself and the companies that joined the tax consolidation scheme in the years 2007 to 2011.
The amount that was initially claimed for refund had been calculated on the IRAP (Regional Business Tax) with reference to the cost of labour and workers collaborating with the Company.

Current assets

6. Current financial receivables

(Euro/000)	**31.12.2020**	31.12.2019
Receivables from subsidiaries	12,674	7,584
Receivables from parent companies	-	-
Total	**12,674**	**7,584**

Details of the receivables from subsidiaries are given below; you are referred to Annex 1 for further details:

(Euro/000)	**31.12.2020**	31.12.2019
Financial receivables from subsidiaries	**0**	**50**
E-Marco Polo S.p.A.	-	50
Provision for bad debts	-	-
Loans for dividends distribution	**0**	**0**
Receivables from subsidiaries for transferred tax payables	**12,674**	**7,534**
As.Ca. S.p.A.	545	-
Avirail Italia S.r.l. in liquidation	2	-
Chef Express S.p.A.	-	5,314
Cibo Sapiens S.r.l.	10	-
Ges.Car. S.r.l.	2,797	-
Global Service S.r.l.	180	-
Guardamiglio S.r.l.	1,779	-
Inalca S.p.A.	5,748	-
Italia Alimentari S.p.A.	1,388	-
MARR S.p.A.	-	2,213
New Catering S.r.l.	225	7
Total	**12,674**	**7,584**

Financial receivables from subsidiaries refer to the financial relationships settled through the ordinary treasury current account, the terms and conditions of which are aligned to the conditions normally applied by the banks. Specifically, the EURIBOR is used as the benchmark interest rate, increased by a spread.

7. Current trade receivables

Trade receivables are broken down as follows:

(Euro/000)	**31.12.2020**	31.12.2019
Receivables from customers	**243**	**357**
Due within 12 months	258	483
Provision for bad debts	(15)	(126)
Receivables from subsidiaries	**2,892**	**3,831**
As.Ca. S.p.A.	5	84
C&P S.r.l.	-	10
Chef Express S.p.A.	1	3
Cremonini Restauration S.a.s.	1	1
Fiorani & C. S.p.A.	712	228
Ges.car S.r.l.	865	821
Global Service S.r.l.	29	96
Guardamiglio S.r.l.	346	231
INALCA S.p.A.	391	1,770
Italia Alimentari S.p.A.	-	1
MARR S.p.A.	-	2
Momentum Services Ltd	1	5
Railrest S.a.	1	-
Realbeef S.r.l.	63	-
Roadhouse S.p.A.	1	2
Soc. Agr. Corticella S.r.l.	476	375
Tecnostar S.r.l.	-	202
Receivables from associated companies	**13**	**0**
Time Vending S.r.l.	13	-
Receivables from related companies	**0**	**1**
Cremofin S.r.l.	-	1
Total	**3,148**	**4,189**

The change in the provision for bad debts was the following:

(Euro/000)	**31.12.2020**	31.12.2019
Initial balance	(126)	(58)
Utilized during the year	111	35
Accruals during the year	-	(103)
Final balance	**(15)**	**(126)**

At 31 December 2020 the trade receivables and the provision for bad debts were apportioned by due date as follows:

(Euro/000)	**31.12.2020**		31.12.2019	
	Amount	Bad debt prov.	Amount	Bad debt prov.
Trade receivables not overdue	-	-	51	-
Overdue up to 30 days	113	-	112	-
Overdue from 31 to 60 days	3	-	19	-
Overdue from 61 to 90 days	7	-	15	-
Overdue from 91 to 120 days	-	-	-	-
Overdue over 120 days	135	(15)	286	(126)
Total	**258**	**(15)**	**483**	**(126)**

8. Current tax assets

(Euro/000)	31.12.2020	31.12.2019
Receivables for advance on direct taxes	5,148	324
Receivables for withholdings	-	1
VAT credit and other taxes requested for reimbursement	7,845	4,894
Other sundry receivables	1	1
Provision for bad debts	(3)	(3)
Total	**12,991**	**5,217**

Current tax assets, equal to Euro 13.0 million, showed an increase of Euro 7.8 million compared to Euro 5.2 million in 2019.

The increase recorded in the year was due for Euro 2.9 million to higher receivables recognised at the time of the periodic payment of the Group VAT and for Euro 4.8 million to higher receivables for direct tax advances that exceeded the tax charge for the year.

With regard to the latter issue, it should be noted that in November 2020 INALCA S.p.A. and its subsidiaries that met the related requirements joined the tax consolidation scheme of Cremonini S.p.A., with effect from 1 January 2020.

9. Cash and cash equivalents

(Euro/000)	31.12.2020	31.12.2019
Cash	9	18
Bank and postal accounts	1,601	62
Total	**1,610**	**80**

Please refer to the cash flow statement for the 2020 evolution of cash and cash equivalents.

10. Other current assets

(Euro/000)	31.12.2020	31.12.2019
Accrued income and prepaid expenses	44	48
Other receivables		
Advances to suppliers	71	73
Receivables from social security institutions	154	159
Provision for bad debts	(143)	(143)
Other sundry receivables	24	23
Total	**150**	**160**

LIABILITIES

Shareholders' equity

As far as changes are concerned, please refer to the statement of changes in equity.

11. Share capital

The share capital as at 31 December 2020 of Euro 67,073,931.60 is represented by 128,988,330 ordinary shares of the Parent Company Cremonini S.p.A., with a par value of euro 0.52 each, fully subscribed and paid up, with normal rights.

Treasury stock
At 31 December 2020 the Parent Company did not hold any treasury stock.

12. Reserves

Share premium reserve
This reserve is made up of the share premium paid by the shareholders at the time of the Public Subscription Offer in 1998. This reserve amounting to 78,280 thousand euro has not undergone changes compared to 31 December 2019.

Legal reserve
The legal reserve amounting to 14,749 thousand euro remained unchanged in the financial year, having reached the limit referred to in Article 2430 of the Italian Civil Code.

Reserve for transition to IAS
This is the reserve set up following the first-time adoption of the International Accounting Standards.

AFS reserve
This reserve identifies changes in the fair value of financial instruments available for sale. Changes for the period that affected the reserve under examination were a decrease in the value of the shares held in Banco BPM S.p.A.

Basic earnings (loss) per share
Basic loss per share as at 31 December 2020 amounted to Euro 0.0231 (Profit of Euro 0.1820 at 31 December 2019) and has been calculated on the basis of the loss of Euro 2,980,129 divided by the weighted average number of ordinary shares outstanding in 2019, equal to 128,988,330.

Diluted earnings (loss) per share
There is no difference between basic and diluted earnings per share.

Non-current liabilities

13. Non-current financial payables

(Euro/000))	31.12.2020	31.12.2019
Due between 1 and 5 years		
Payables to banks	19,939	17,411
Payables to subsidiaries for Ires reimbursement	26	26
Total payables due between 1 and 5 years	**19,965**	**17,437**
Due beyond 5 years		
Payables to banks	-	10,000
Total payables due beyond 5 years	**0**	**10,000**
Total	**19,965**	**27,437**

Below is the breakdown of payables to banks:

(iEuro/000)	Credit line	Current	Between 1 and 5 years	Beyond 5 years	Total 31.12.2020
Overdrafts	6,400	554	-	-	554
Hot Money	18,075	3,578	-	-	3,578
Mortgages	28,750	8,722	19,939	-	28,661
Total		**12,854**	**19,939**	**0**	**32,793**

The composition of the mortgages is as follows:

Bank (Euro/000)	Expiry date	Current	between 1 and 5 years	beyond 5 years	Total 31.12.2020
Banca Intesa Sanpaolo S.p.A.	30/06/22	6,247	2,500	-	**8,747**
UBI Banca S.p.A.	24/07/25	2,475	17,439	-	**19,914**
Total		**8,722**	**19,939**	**0**	**28,661**

Net Debt

The table below reports the breakdown of Net Debt at 31 December 2020 and for the previous year:

(Euro/000)	**31.12.2020**	31.12.2019
A. Cash	10	18
B. Cash equivalents	1,601	61
C. Securities held for trading	-	-
D. Liquidity (A) + (B) + (C)	**1,611**	**80**
E. Current financial receivabels	**-**	**5,365**
F. Current bank liabilities / Current bonds issued	12,855	8,284
G. Current derivatives	-	-
H. Other current financial liabilities	19,274	14,117
I- Current financial payables	**32,129**	**22,401**
J. Current net debt (I) - (E) - (D)	**30,518**	**16,956**
K. Non-current bank payables	19,939	16,957
L. Bonds	-	27,411
M. Other non-current financial payables	-	-
N. Non-current derivatives	40	95
O. Non-current debt (K) + (L) + (M) + (N)	**19,979**	**27,507**
P. Net Debt (J) + (O)	**50,497**	**44,463**

The medium/long-term loan agreements in place at 31 December 2020 provide for financial covenants that, if met, would entitle the bank to terminate the loan. The covenants on the loan agreements – shown in the table below - have been complied with, except for the Net Debt/EBITDA ratio on which the covenant holiday was obtained on the test at 31 December 2020.

Table 1

(Euro/000)	Banca Intesa Sanpaolo S.p.A. (a)	UBI Banca S.p.A. (a)
Amount of the loans as at 31 December 2020	8,750	20,000
Recipient of the loan	Cremonini S.p.A.	Cremonini S.p.A.
Expiry date	30/06/2022	24/07/2025
Covenants		
Net Debt/EBITDA	<= 4.0	<= 4.0
Net Debt/Equity		<= 2.75
EBITDA / Net financial charges	>=4.0	>=4.0

(a) covenants calculated on the consolidated annual financial statements of the Cremonini Group, net of the effects of the adoption of IFRS°16.

14. Employee benefits

The item includes the payable for staff severance indemnities and the movement in the period, which was the following:

(Euro/000)	31.12.2020	31.12.2019
Opening balance	366	350
Accrued for the year	1	4
Use for the financial year	-	-
Actuarial gain losses	6	12
Closing balance	**373**	**366**

With reference to the significant actuarial hypotheses (as indicated in the paragraph "Main accounting judgments, estimates and assumptions adopted by Management"), the table below shows the effects on the final liabilities deriving from the possible changes thereto.

(Euro/000)	Turnover rate+1%	Turnover rate -1%	Inflation rate + 0.25%	Inflation rate - 0.25%	Discount rate + 0.25%	Discount rate - 0.25%
Effect on the final liability	370	374	376	369	366	378

15. Non-current provisions for risks and charges

(Euro/000)	31.12.2020	31.12.2019
Minor lawsuits and disputes	-	50
Provision for risks	102	102
Total	**102**	**152**

(Euro/000)	Balance at 31.12.2019	Provision	Use	Balance at 31.12.2020
Minor lawsuits and disputes	50	-	(50)	-
Provision for risks	102	-	-	102
Total	**152**	**-**	**(50)**	**102**

The provisions for risks and charges, unchanged compared to 2019, consist of the quantification of liabilities connected with contractual costs and charges of probable existence.

16. Deferred tax assets and liabilities

As at 31 December 2020, the deferred taxes amounted to Euro 3,841 thousand and represent Euro 3,940 thousand of deferred taxes and Euro 99 thousand of pre-paid taxes.

The first items consist principally of deferred tax liabilities arising from the revaluation of land and buildings, carried out during the transition to international accounting standards, and the deferral of taxation on capital gains realised while deferred taxes refer to the tax effect calculated on the taxed funds taxable in subsequent years.
The details of the individual positions are shown in the following tables.

(Euro/000)	31.12.2020		31.12.2019	
	Amount of timing differences	Fiscal Effect	Amount of timing differences	Fiscal Effect
Deferred tax assets				
Provisions for bad debts	161		272	
Taxed Provisions	102		152	
Derivatives - cash flow hedge	40		95	
Other	111		108	
Total	**414**		**627**	
Taxable amount for IRES	**414**		**627**	
Tax Rate	24.00%		24.00%	
Deferred tax assets for IRES		**99**		**150**

(Euro/000)	31.12.2020		31.12.2019	
	Amount of timing differences	Fiscal Effect	Amount of timing differences	Fiscal Effect
Deferred tax liabilities				
Capital Gains	0		0	
Intangible assets	16,416		16,416	
Total	**16,416**		**16,416**	
Tax Rate	24.0%		24.0%	
Deferred tax liabilities for IRES		**3,940**		**3,940**

Current liabilities

17. Current financial payables

(Euro/000)	31.12.2020	31.12.2019
Payables to subsidiaries	33,420	11,630
Payables controlling companies	2,178	4,662
Payables to banks	12,855	8,284
Closing balance	**48,453**	**24,576**

With regard to the change in bank payables compared to the previous year please refer to the cash flow statement and comments in the Directors' Report with reference to the net debt.
The detail of the payables to subsidiaries is reported below; please refer to Annex 1 for further details:

(Euro/000)	31.12.2020	31.12.2019
Payables to consolidated subsidiaries	**17,108**	**5,724**
Chef Express S.p.A.	2,564	-
Global Service S.r.l.	2,165	1,050
Inalca S.p.A.	2,624	-
Interjet S.r.l.	3,956	2,831
Marr S.p.A.	5,799	1,843
Payables to unconsolidated subsidiaries	**-**	**-**
Payables to subsidiaries for transferred tax receivables	**16,312**	**5,906**
As.Ca S.r.l.	-	465
Caio S.r.l	239	-
Casa maioli S.r.l.	292	-
C&P S.r.l.	59	-
Chef Express S.p.A.	9,728	1,337
Global Service S.r.l.	-	59
INALCA S.p.A.	-	3,740
Inalca Food & Beverage S.r.l.	87	-
Interjet S.r.l.	146	132
MARR S.p.A.	500	-
Roadhouse S.p.A.	3,966	165
Roadhouse Grill Roma S.r.l.	279	8
Soceità Agricola Corticella S.r.l.	526	-
Tecno-Star due S.r.l.	26	-
W Italia S.r.l.	464	-
Total	**33,420**	**11,630**

Relative to the financial payables to consolidated companies please refer to the description in the item “Current financial receivables” (note 6).

18. Current tax liabilities

(Euro/000)	31.12.2020	31.12.2019
IRES tax	-	-
IRPEF tax for employees and self-employed	296	500
Substitute taxes and other taxes payable	-	15
Total	**296**	**515**

19. Current trade liabilities

(Euro(000)	31.12.2020	31.12.2019
Suppliers	**1,002**	**1,508**
Payables to parent company	**0**	**0**
Cremofin S.r.l.	-	-
Payables to subsidiaries	**3,720**	**4,213**
Avirail Italia S.r.l. in liq.	6	6
Chef Express S.p.A.	33	741
Cibo Sapiens S.r.l.	3	169
Global Service S.r.l.	9	-
INALCA S.p.A.	-	4
Inalca Food & Beverage S.r.l.	195	187
Interjet S.r.l.	5	4
Italia Alimentari S.p.A.	248	894
MARR S.p.A.	2,389	679
New Catering S.r.l.	92	58
Realbeef S.r.l.	-	2
Roadhouse S.p.A.	513	1,381
Roadhouse Grill Roma S.r.l.	61	46
Sara S.r.l.	93	2
Tecno-Star Due S.r.l.	73	40
Total	**4,722**	**5,721**

Payables to subsidiaries mainly arise from the assignment of VAT credits to the parent company Cremonini S.p.A. within the scope of the Group's VAT payments.

20. Other current liabilities

(Euro/000)	31.12.2020	31.12.2019
Accrued expenses and deferred income	53	14
Inps/Inail/Scau	129	171
Inpdai/Previndai/Fasi/Besusso	36	34
Payables to other social security institutions	35	32
Other payables		
Advances and other payables to customers	6	-
Payables for employee remuneration	400	455
Payables to directors and auditors	159	372
Other minor payables	84	82
Total	**902**	**1,160**

The payable for employee remuneration includes the current wages and salaries still to be paid as at 31 December 2020, as well as the allocations relating to the holidays accrued and not taken and relating charges.

Guarantees, sureties and commitments

These consist of guarantees given directly by the companies, in the interests of both Group companies and third parties to banks for loans or credit lines, and those guarantees for which the Parent Company is jointly liable, given by banks or insurance companies, for a variety of commercial transactions, Group VAT set-offs, participation in tenders, etc.

They refer to:

(Euro/000)	**31.12.2020**	31.12.2019
Loans or credit lines	445,807	379,748
Revenue Agency / VAT offices	33,054	39,576
Supply contracts, management of leased assets, good performance of contracts etc.	8,477	7,884
Othe rminor	546	666
Total guarantees, sureties and commitments	**487,884**	**427,874**

Real guarantees granted

Real guarantees granted to third parties mainly refer to mortgages on properties owned and are detailed in the comment on the financial statement item of “tangible assets”.

Details of the main items of the income statement

21. Revenues

These are broken down as follows:

(Euro/000)	2020	2019
Revenues from sales - Goods for resale	3	9
Revenues from services	3,170	3,160
Advisory services to third parties	1,602	1,602
Rent income	2,188	2,259
Other revenues from ordinary activities	27	60
Total	**6,990**	**7,090**

Below is a breakdown of revenues by geographical area:

(Euro/000)	2020	2019
Italy	6,981	7,081
European Union	9	9
Total	**6,990**	**7,090**

22. Other revenues

(Euro/000)	2020	2019
Insurance reimbursements	13	4
Capital gains on disposal of capital goods	3	1
Other cost reimbursements	650	976
Services, consultancy and other minor revenues	93	41
Total	**759**	**1,022**

23. Costs for purchases

(Euro/000)	2020	2019
Costs for purchases - Goods for resale	(9)	(15)
Costs for purchases - Stationery and printers	(3)	(7)
Other costs for purchases	(51)	(57)
Total	**(63)**	**(79)**

24. Other operating costs

(Euro/000)	2020	2019
Costs for services	(3,326)	(4,489)
Costs for leases and rentals	(81)	(68)
Other operating charges	(906)	(1,184)
Total	**(4,313)**	**(5,741)**

The change in the balance with respect to last year is detailed in the following tables.

Costs for services

(Euro/000)	**2020**	2019
Energy consumption and utilities	(260)	(384)
Maintenance and repairs	(296)	(317)
Commissions, commercial and distribution services	(389)	(766)
Third-party services and outsourcing	(41)	(49)
Purchasing services	(1)	(9)
Other technical and general services	(2,339)	(2,964)
Total	**(3,326)**	**(4,489)**

Costs for leases and rentals

(Euro/000)	**2020**	2019
Rents and charges payable other property assets	(81)	(68)
Leases and rentals related to real and personal property	**(81)**	**(68)**
Total	**(81)**	**(68)**

Other operating charges

(Euro/000)	**2020**	2019
Indirect taxes and duties	(472)	(514)
Capital losses on disposal of assets	(1)	-
Contributions and membership fees	(69)	(65)
Other minor costs	(364)	(605)
Total	**(906)**	**(1,184)**

"Other minor costs" mainly include costs anticipated in the name and on behalf, which are then re-charged back to subsidiaries.

25. Personnel costs

(Euro/000)	**2020**	2019
Salaries and wages	(1,917)	(1,866)
Social security contributions	(550)	(563)
Staff Severance Provision	(139)	(125)
Other personnel costs	(2)	(16)
Total	**(2,608)**	**(2,570)**

On 31 December 2020 the Company employed a total staff of 22 persons, as follows:

	Factory staff	Office staff	Managers	**Total**
Employees as at 31.12.2019	0	15	6	21
Employees as at 31.12.2020	**0**	**15**	**7**	**22**
Increases (decreases)	0	0	1	1
Average no. of employees in 2020	**0**	**15**	**7**	**22**

26. Amortization, depreciation, write-downs and provisions

(Euro/000)	2020	2019
Depreciation of tangible assets	(2,986)	(2,798)
Amortization of intangible assets	(50)	(47)
Other write-downs of fixed assets	(13)	-
Write-downs and provisions	(86)	(103)
Total	**(3,135)**	**(2,948)**

(Euro/000)	2020	2019
Provision for bad debts	(86)	(103)
Other provisions	(13)	-
Total	**(99)**	**(103)**

A provision for credit losses, equal to Euro 86 thousand, was set aside for prudential purposes in 2020.

27. Income (Charges) from equity investments

(Euro/000)	2020	2019
Income (Charges) from investments in subsidiaries	-	27,665
Income (Charges) from investments in other companies	77	145
Write-down of investments	(855)	(1,153)
Total	**(778)**	**26,657**

The change in the balance with respect to last year is detailed in the following table.

Income (Charges) from equity investments in subsidiaries

(Euro/000)	2020	2019
Dividends from subsidiaries		
Global Service S.r.l.	-	1,500
MARR S.p.A.	-	26,165
Total	**0**	**27,665**

No dividends were received from subsidiaries during the year.

Income (Charges) from equity investments in other companies

The 2020 balance of the item under examination includes dividends received in the year from subsidiary Futura S.r.l. (Euro 77 thousand).

Write-downs/Revaluations of investments

(Euro/000)	2020	2019
Imprenditori E-Marco Polo S.r.l.	(358)	-
Interjet S.r.l.	(497)	(1,153)
Total	**(855)**	**(1,153)**

As already described in paragraphs 3 "Investments in subsidiaries and associates" and 4 "Investments in other companies", the receivables are impaired. In particular, the investment in Interjet S.r.l. was written down to reflect losses incurred in 2020 and the investment in Imprenditori per E-Marco Polo S.r.l. in liquidation.

28. Financial (Income)/Charges

(Euro/000)	**2020**	2019
Income (Charges) from management of derivatives	(50)	-
Net financial Income (Charges)	(361)	(400)
Total	**(411)**	**(400)**

(Euro/000)	**2020**	2019
Income (Charges) from management of realized derivatives	(50)	-
Income (Charges) from management of valutation derivatives	-	-
Total	**(50)**	**0**

In detail:

<u>Net financial income (charges)</u>

(Euro/000)	**2020**	2019
Financial Income (Charges) from controlling companies	**(17)**	**(24)**
Financial Income (Charges) from subsidiaries	**(13)**	**(5)**
Financial income		
- Bank interest receivable	-	-
- Other financial income	8	78
Total financial income	**8**	**78**
Financial charges		
- Interest payable on loans	(273)	(350)
- Interest payable on current accounts and others	(20)	(70)
- Other bank charges	(46)	(29)
- Other sundry charges	-	-
Total financial charges	**(339)**	**(449)**
Total	**(361)**	**(400)**

The item groups the total of the interest payable connected to the Group's treasury service and interest, commissions and charges payable to banks and other lenders.

Below is the breakdown of financial charges and income to/from subsidiaries:

(Euro/000)	**2020**	2019
Chef Express S.p.A.	37	18
E-Marco Polo S.p.A.	-	1
Global Service S.r.l.	(9)	(11)
INALCA S.p.A.	3	6
Interjet S.r.l.	(19)	(18)
MARR S.p.A.	(25)	(1)
Total	**(13)**	**(5)**

29. Income taxes

(Euro/000)	2020	2019
Net income from subs. for transferred taxable amounts	618	411
Provision for deferred tax liabilities / assets	(39)	35
Total	**579**	**446**

The balance of net income from tax consolidation refers to the result of the IRES (Corporate Income) tax consolidation scheme, which has been joined by Cremonini S.p.A. as the consolidating company. As already noted in paragraph 8 “Current tax assets” above, it should be noted that in November 2020 INALCA S.p.A. and its subsidiaries that met the related requirements joined the tax consolidation scheme of Cremonini S.p.A., with effect from 1 January 2020.

Reconciliation of theoretical tax burden and actual tax burden

IRES

(Euro/000)	Year 2020		Year 2019	
	Taxable amount	Tax	Taxable amount	Tax
Profit before taxation	**(3,558)**		**23,030**	
Tax rate	24.0%		24.0%	
Theoretical tax burden		**854**		**(5,527)**
Permanent differences				
Non-deductible amortization and depreciation	217		222	
Write-down of investments	856		1,153	
Taxes and tax amnesties	291		263	
Other increases	253		341	
Total increases	**1,617**		**1,979**	
Non-taxable part of dividends	(73)		(26,419)	
Deductible IRAP/IMU	(145)		(131)	
Revaluation of investments			0	
Gains/Losses on disposal of equity investments			0	
Other decreases	(548)		(473)	
Total decreases	**(766)**		**(27,023)**	
Temporary differences deductible in future years				
Accruals to taxed provisions	86		103	
Other increases	366		307	
Total	**452**		**410**	
Temporary differences taxable in future years				
Capital gains on disposal of real estate			-	
Other decreases			-	
Total	**0**		**0**	
Reversal of temporary diff. from previous years				
Capital gains on disposal of real estate	0		-	
Total	**0**		**0**	
Use of taxed provisions	(246)		(35)	
Other decreases	(73)		(73)	
Total	**(319)**		**(108)**	
Taxable income	**(2,574)**		**(1,712)**	
Tax rate	24.0%		24.0%	
Actual tax benefit (burden)		**618**		**411**
Ires tax - previous years		**-**		**-**

IRAP

(Euro/000)	Year 2020		Year 2019	
	Taxable amount	Tax	Taxable amount	Tax
Profit before taxation	**(3,558)**		**23,030**	
Costs not relevant for IRAP				
Financial Income/Charges	(411)		(400)	
Income (Charges) from equity investments	(778)		26,657	
Write-downs and provisions	(99)		(103)	
Personnel costs	(2,608)		(2,570)	
Deductible personnel costs				
Others				
Total	**(3,896)**		**23,584**	
Theoretical taxable amount	**0**		**0**	
Taxation rate	3.90%		3.90%	
Actual tax burden		**0**		**0**
Irap previous years				

Information required by Law no. 124/2017

In accordance with the above rules, it should be noted that in 2020 the Company benefitted from tax credits for sanitisation and the purchase of PPE granted due to the economic crisis caused by the Covid-19 health emergency.

Other information

Pursuant to the law the total fees due to the directors (articles 2364 and 2389 of the Italian Civil Code), members of the Board of Statutory Auditors and independent auditors are noted below:

- Directors: Euro 596 thousand
- Board of Statutory Auditors: Euro 73 thousand
- Independent auditors: Euro 75 thousand

(in Euro)	Company that provided the service	recipient	fees pertaining to 2020
Audit	PricewaterhouseCoopers S.p.A.	Cremonini S.p.A.	75,151
Total			**75,151**

Events occurring after the end of the financial year

Please refer to the Directors' Report for details of the other events occurring after the financial year-end.

Allocation of the result for the year

Dear Shareholders,

before concluding and requesting your decisions on this matter, we confirm that the draft financial statements for the year ended 31 December 2020, submitted for your examination and approval at this meeting, were prepared in compliance with prevailing legislation.

Please refer to the Directors' Report for comment on the overall situation of the Company and the Group, as well as the Explanatory Notes for comments on individual items. We invite you to approve the financial statements for the year ended 31 December 2020, together with the Directors' Report.

Furthermore, we propose to cover the loss for the year of Euro 2,980,128.32 by using the same amount of the "Retained earnings" reserve.

Castelvetro di Modena, 6 May 2021

THE CHAIRMAN

OF THE BOARD OF DIRECTORS

(Claudia Cremonini)

Annexes

These annexes contain information additional to that reported in the notes to the separate financial statements, and form an integral part thereof:

Annex 1	-	Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2020;
Annex 2	-	Breakdown of revenues and costs from/to subsidiaries, associated, controlling and related companies for the 2020 financial year;
Annex 3	-	Statement of changes in tangible assets for the financial statements ended 31 December 2020;
Annex 4	-	Statement of changes in other intangible assets for the financial statements ended 31 December 2020;
Annex 5	-	List of equity investments and Available-for-sale assets as at 31 December 2020;
Annex 6	-	List of equity investments in subsidiaries and associated companies as at 31 December 2020 (Article 2427, paragraph 5, of the Italian Civil Code).

Annex 1

Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2020

(Euro/000))	Treasury		Trade		Other		**Total**	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	**Receivables**	**Payables**
Subsidiaries:					(a)	(b)		
As.ca. S.p.A.	-	-	5	-	545		**550**	**-**
Avirail Italia S.r.l. in liq.	-	-	-	6	2		**2**	**6**
Caio S.r.l.	-	-	-	-	-	239	**-**	**239**
Casa Maioli S.r.l.	-	-	-	-	-	292	**-**	**292**
C&P S.r.l.	-	-	-	-	-	59	**-**	**59**
Chef Express S.p.A.	-	2,564	1	33	-	9,737	**1**	**12,334**
Cibo Sapiens S.r.l.	-	-	-	3	10	-	**10**	**3**
Cremonini Restauration S.A.S.	-	-	1	-	-	-	**1**	**-**
Fiorani & C. S.p.A.	-	-	712	-	-	-	**712**	**-**
Ges.Car. S.r.l.	-	-	865	-	2,797	-	**3,662**	**-**
Global Service S.r.l.	-	2,163	29	9	180	6	**209**	**2,178**
Guardamiglio S.r.l.	-	-	346	-	1,779	-	**2,125**	**-**
INALCA S.p.A.	-	2,624	391	-	5,748	-	**6,139**	**2,624**
Inalca Food & Beverage S.r.l.	-	-	-	195	-	87	**-**	**282**
Interjet S.r.l.	-	3,951	-	5	-	151	**-**	**4,107**
Italia Alimentari S.p.A.	-	-	-	248	1,388	516	**1,388**	**764**
Marr S.p.A.	-	5,794	-	2,389	-	-	**-**	**8,183**
Momentum Services Ltd	-	-	1	-	225	-	**226**	**-**
New Catering S.r.l.	-	-	-	92	-	-	**-**	**92**
Railrest S.A.	-	-	1	-	-	-	**1**	**-**
Realbeef S.r.l.	-	-	63	-	-	-	**63**	**-**
Roadhouse S.p.A.	-	-	-	513	-	3,968	**-**	**4,481**
Roadhouse Grill Roma S.r.l.	-	-	1	61	-	279	**1**	**340**
Sara S.r.l.	-	-	-	94	-	-	**-**	**94**
Società Agricola Corticella S.r.l.	-	-	476	-	-	526	**476**	**526**
Tecnostar Due S.r.l.	-	-	-	73	-	26	**-**	**99**
W Italia S.r.l. S.r.l.	-	-	-	-	-	464	**-**	**464**
Total subsidiaries	**-**	**17,096**	**2,892**	**3,721**	**12,674**	**16,350**	**15,566**	**37,167**
Associated companies:								
Time Vending S.r.l.	-	-	13	-	-	-	**13**	**-**
Total associated companies	**-**	**-**	**13**	**-**	**-**	**-**	**13**	**-**
Controlling companies:								
Cremofin S.r.l.	-	2,178		-	-	-	**-**	**2,178**
Total controlling companies	**-**	**2,178**	**-**	**-**	**-**	**-**	**-**	**2,178**

(a) Other receivables include receivables for IRES (corporate tax) benefits transferred to the Parent Company.

(b) Other payables include payables for IRES (corporate tax) benefits transferred to the Parent Company.

Annex 2

Breakdown of revenues and costs from/to subsidiaries, associated, controlling and related companies for the 2020 financial year

(Euro/000)	Financial Revenues	Services	Sales	Other (a)	**Total revenues**	Financial Costs	Services	Purchases	Other	**Total costs**
Subsidiaries:										
Casa Maioli S.r.l.	-	-	-	1	**1**	-	-	-	-	**-**
C&P S.r.l.	-	-	-	9	**9**	-	-	-	-	**-**
Chef Express S.p.A.	37	2,564	-	318	**2,919**	-	113	-	-	**113**
Fiorani & C. S.p.A.	-	6	-	-	**6**	-	-	-	-	**-**
Global Service S.r.l.	-	61	-	27	**88**	9	169	-	1	**179**
INALCA S.p.A.	5	1,229	-	17	**1,251**	2	5	-	-	**7**
Imprenditori per E-Marco Polo S.r.l.	-	-	-	-	**-**	-	-	-	357	**357**
Inalca Food & Beverage S.r.l.	-	18	-	4	**22**	-	-	19	-	**19**
Interjet S.r.l.	-	10	-	-	**10**	19	28	-	497	**544**
Italia Alimentari S.p.A.	-	247	-	8	**255**	-	19	-	1	**20**
MARR S.p.A.	8	1,216	-	8	**1,232**	25	8	-	-	**33**
Momentum Services Ltd	-	5	-	-	**5**	-	-	-	-	**-**
New Catering S.r.l.	-	3	-	-	**3**	-	-	-	-	**-**
Railrest S.A.	-	4	-	-	**4**	-	-	-	-	**-**
Realbeef S.r.l.	-	3	-	-	**3**	-	-	-	-	**-**
Roadhouse S.p.A.	-	903	-	83	**986**	-	1	-	-	**1**
Roadhouse Grill Roma S.r.l.	-	29	-	-	**29**	-	-	-	-	**-**
Sara S.r.l.	-	1	-	-	**1**	-	-	-	-	**-**
Società Agricola Corticella S.r.l.	-	3	-	-	**3**	-	-	-	-	**-**
Tecnostar Due S.r.l.	-	10	-	-	**10**	-	89	-	-	**89**
Total subsidiaries	**50**	**6,312**	**-**	**475**	**6,837**	**55**	**432**	**19**	**856**	**1,362**
Associated companies:										
Time Vending S.r.l.	-	3	-	140	**143**	-	-	-	-	**-**
Total associated companies	**-**	**3**	**-**	**140**	**143**	**-**	**-**	**-**	**-**	**-**
Controlling companies:										
Cremofin S.r.l.	-	-	-	-	**-**	17	-	-	-	**17**
Total controlling companies	**-**	**-**	**-**	**-**	**-**	**17**	**-**	**-**	**-**	**17**

(a) Other revenues include dividends from subsidiaries

Annex 3

Statement of changes in tangible assets for the financial statements ended 31 December 020

(Euro/000)	Opening position			Changes over the period					Closing position		
	Initial cost	Accumulated depreciation	Balance at 31.12.2019	Merger	Acquisitions	Net decreases	Reclass./ Other changes	Depreciation	Initial cost	Accumulated depreciation	Balance at 31.12.2020
Land and buildings	98,219	(19,052)	79,167	-	604	-	-	(1,648)	98,820	(20,697)	78,123
Plant and machinery	8,136	(4,924)	3,212	-	359	-	-	(878)	8,496	(5,803)	2,693
Industrial and business equipment	49	(49)	0	-	-	-	-	-	49	(49)	0
Other assets	7,816	(5,777)	2,039	-	183	(3)	-	(459)	7,959	(6,199)	1,760
Fixed assets under construction and advances	100	0	100	-	-	-	-	-	100	0	100
Total	**114,320**	**(29,802)**	**84,518**	**0**	**1,146**	**(3)**	**0**	**(2,985)**	**115,424**	**(32,748)**	**82,676**

Annex 4

Statement of changes in other intangible assets for the financial statements ended 31 December 2020

(Euro/000)	Opening position			Changes over the period				Closing position		
	Initial cost	Accumulated amortization	Balance at 31.12.2019	Acquisitions	Net decreases	Reclass./Write-downs Other changes	Amortization	Initial cost	Accumulated amortization	Balance at 31.12.2020
Patents and intellectual property rights	233	(184)	49	7	-	-	(47)	240	(231)	9
Concessions, licences, trademarks and similar rights	21	(14)	7	5	-	-	(3)	26	(17)	9
Total	**254**	**(198)**	**56**	**12**	**0**	**0**	**(50)**	**266**	**(248)**	**18**

Annex 5

List of equity investments and Available-for-sale assets as at 31 December 2020

(Euro/000) Company name	Percentage	Initial value	Purchases or subscriptions	Disposals	(Write-downs) Revaluations	Other changes	Percentage	Final value	Note
Subsidiaries:									
Chef Express S.p.A.	100.00	56,070	-	-	-	-	100.00	56,070	
Global Service S.r.l.	100.00	1,644	-	-	-	-	100.00	1,644	
INALCA S.p.A.	71.60	138,209	-	-	-	-	71.60	138,209	
Interjet S.r.l.	100.00	2,890	1,300	-	(497)	-	100.00	3,693	
MARR S.p.A.	50.42	57,937	-	-	-	-	50.42	57,937	
Imprenditori per E-Marco Polo S.r.l. in liq.	100.00	357	-	-	(357)	-	100.00	-	
Total subsidiaries		**257,107**	**1,300**	**0**	**(854)**	**0**		**257,553**	
Other companies:									
Futura S.p.A.		963	-	-	-	-		963	
Other minor companies		68	-	-	(1)	-		67	
Total other companies		**1,031**	**0**	**0**	**(1)**	**0**		**1,030**	
Financial assets held for sale									
Banco BPM S.p.A.		196	-	-	(21)	-		175	a)
Total Financial assets held for sale		**196**	**0**	**0**	**(21)**	**0**		**175**	

a) the investment write-off has been booked in the specific equity reserve "Fair value reserve"

Annex 6

List of equity investments in subsidiaries and associated companies as at 31 December 2020 (Article 2427.5 of the Italian Civil Code)

(Euro/000) Name	Registered office	Capital stock (in Euro if not otherwise stated)	Net profit (loss) for the year ended 31.12.2020	Net equity at 31.12.2020	Percentage held at 31.12.2020	Carrying value (A)	Valuation based on NE (B)	Difference (B) - (A)	Notes
Subsidiaries:									
Chef Express S.p.A.	Castelvetro di Modena (MO)	8,500,000	(30,112)	36,285	100.00%	56,070	51,629	(4,441)	
Global Service S.r.l.	Castelvetro di Modena (MO)	93,000	546	1,084	100.00%	1,644	1,644	0	
INALCA S.p.A.	Castelvetro di Modena (MO)	187,017,167	22,870	489,060	71.60%	138,209	332,342	194,133	
Interjet S.r.l.	Castelvetro di Modena (MO)	2,500,000	(499)	3,693	100.00%	3,693	3,693	0	
MARR S.p.A.	Rimini	33,262,560	(4,100)	327,948	50.42%	57,937	170,476	112,539	
Imprenditori per E-Marco Polo S.r.l. in liq.	Castelvetro di Modena (MO)	98,924		80	100.00%	-	126	126	
Total subsidiaries						**257,553**	**559,910**	**302,357**	

CREMONINI S.P.A

Via Modena no. 53 – Castelvetro di Modena (MO)
Share capital Euro 67,073,931.60=fully paid-up
Registered with the Modena Chamber of Commerce Economic and Administrative Register no. 126967
Modena Register of Companies no. 00162810360
Tax code and VAT no. 00162810360

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING

FINANCIAL STATEMENTS AT 31 DECEMBER 2020

prepared pursuant to and for the purposes of Art. 2429.2 of the Italian Civil Code

Dear Shareholders,

Preamble

This Report was approved by the Board of Statutory Auditors in time for its filing at the Company's registered office in the 15 days preceding the date of the first call for a shareholders' meeting to approve these financial statements.

The Board of Directors has thus made the following documents approved on 6 May 2021 available, relating to the financial year ended 31 December 2020:

- Draft separate and consolidated financial statements, complete with explanatory notes and Cash Flow Statement;
- Directors' Report on Operations.

The Board of Statutory Auditors carried out the supervision work required by current legislation, taking into account the provisions of Articles 2403 and ff. of the Italian Civil Code and the Board of Statutory Auditors' rules of conduct recommended by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*).

Supervision work under Art. 2403 and ff. of the Italian Civil Code

We supervised compliance with the law, with the Articles of Association and with proper management principles.

We attended Shareholders' Meetings and Board of Directors' meetings, in relation to which, on the basis of the information to hand, we have not reported any breaches of the law or of the Articles of Association, nor any transactions that were manifestly imprudent, reckless, in a potential conflict of interest or such as to compromise the integrity of the shareholders' equity.

We obtained information from the Board of Directors, even during the meetings held, on the general company performance and its outlook, especially on the persisting impacts caused by the Covid-19 health emergency also during the first months of FY 2021 and on the risk factors and significant uncertainties around the going-concern matter, as well as on the company plans prepared in order to cope with these risks and uncertainties, along with on transactions of greater significance, by size or characteristics, conducted by the Company and its subsidiaries and, on the basis of the information to hand, we have no particular observations to report.

As a part of periodic exchanges of data and information, we held meetings with the audit firm PricewaterhouseCoopers S.p.A, the Supervisory Board and with the Board of Statutory Auditors of subsidiaries Chef Express SpA and Roadhouse SpA without any points emerging that are worthy of mention herein.

We perused the annual Report prepared by the Supervisory Board and no critical issues emerged with respect to the Organisational Model that should be reported herein.

We acquainted ourselves with and supervised the adequacy of the organisational, administrative and accounting structure and its actual functioning, also with regard to the measures adopted by the Board of Directors in order to tackle the Covid-19 emergency from the point of view of the timely recognition of situations of crisis or loss of continuity, also by gathering information from heads of functions and we have no particular observations to report in this regard.

We acquainted ourselves with and supervised, within the sphere of our responsibility, the adequacy and functioning of the administrative and accounting system, including in respect of the impacts from the Covid-19 emergency on the information and computerised systems, as well as on the latter's reliability in giving a fair view of the operational events by obtaining information from the heads of functions and scrutinising company documents and we have no particular observations to report in this regard.

We did not discover atypical and/or unusual corporate transactions carried out with third parties or related parties during the course of the financial year. Inter-group and related-party transactions carried out in 2020 are adequately described in the explanatory notes to the financial statements, form part of normal management and were regulated at market conditions.

The Board of Statutory Auditors also acknowledges that:

- No reports were received from the shareholders pursuant to Art. 2408 of the Italian Civil Code;
- It was not necessary to intervene regarding omissions of the Board of Directors pursuant to Art. 2406 of the Italian Civil Code;
- No reports were submitted pursuant to Art. 2409.7 of the Italian Civil Code;
- The Directors stated the safeguards put into place for risk management and uncertainties to which the Company is exposed in their Report on Operations. In this connection, it should be noted that the Report on Operations and the Explanatory Notes provide adequate information regarding the measures put in hand as a result of the current COVID-19 ("coronavirus") epidemiological emergency. The Board of Statutory Auditors satisfied itself, however, that the Company and the Group as a whole took all the necessary action to ensure the protection of its personnel and of the community. It also satisfied itself that the measures taken by the Group in continuing to conduct its business complied with the law;
- With reference to the whole Group, though considering the complexity of the market situation which is still changing because of the persisting health emergency, the Group companies deemed it appropriate and fair to adopt the going-concern assumption, considering their ability to meet their obligations in the foreseeable future and especially in the coming 12 months, in light also of the strong solidity of the Group's financial structure;
- During the year the Board of Statutory Auditors did not issue any reports set down by law.

No other significant facts emerged during the course of the supervision work, as described above, which would require to be mentioned herein.

Observations on the separate financial statements

With reference to the disclosures provided in the financial statements at 31 December 2020, taking account that the statutory audit of accounts was carried out by the audit firm PricewaterhouseCoopers S.p.A., the Board of Statutory Auditors confirms that it verified, within the sphere of its responsibility, that:

- The provisions of law governing the preparation of the separate financial statements, and the report on operations have been complied with, by means of direct audits and information obtained from the appointed audit firm, and that it has no particular observations to report. Specifically, the explanatory notes to the financial statements also provide the disclosures required by Art. 1, paragraph 125, of Law no. 124/2017 and those on related-party transactions referred to in Art. 2427-22.*bis* of the Italian Civil Code;
- The separate financial statements have been prepared in accordance with the "International

accounting standards" (IFRS) according to the instructions given by the Board of Directors in the explanatory notes to the financial statements, to which reference should be made for more details;

- The accounting policies used for the purposes of preparing the accounting statements for 2020 are the same as those used for the formation of the consolidated financial statements at 31 December 2019, with the exception of new accounting standards, amendments and interpretations applicable from 1 January 2020;
- To the best of our knowledge, the Directors have complied with the provisions of law in the preparation of the separate financial statements, in compliance with the international accounting standards IFRS;
- As prescribed by law, the accounts have been audited by PricewaterhouseCoopers S.p.A., the independent audit firm appointed to carry out the statutory audit of accounts, which did not report any remark in that regard during the periodic meetings held with the Board of Statutory Auditors. On 18 May 2021 the audit firm PricewaterhouseCoopers S.p.A. issued its report, whereby it attested that the financial statements at 31 December 2020 give a true and fair view of the Company's financial position at 31 December 2020, as well as of the results of operations and cash flows for the financial year then ended in accordance with the International Financial Reporting Standards adopted by the European Union.

Observations and proposals as to the approval of the financial statements

The net result established by the Board of Directors for the financial year ended 31 December 2020, as is also shown from reading the Financial Statements, was a loss of Euro 2,980,128.32.

Considering the results of the work we performed, the Board of Statutory Auditors invites the Shareholders to approve the financial statements at 31 December 2020, as prepared by the Board of Directors.

The Board of Statutory Auditors does not find any reasons to oppose the proposal to cover the loss for the year by using the retained earnings reserve for the same amount.

Castelvetro di Modena (MO), 18 May 2021

The Board of Statutory Auditors

Eugenio Orienti (Chairman)______________________________

Paola Simonelli (Standing auditor)_________________________

Giulio Palazzo (Standing auditor)__________________________

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Independent auditor's report

in accordance with article 14 of Legislative Decree no. 39 of 27 January 2010

To the Shareholders of Cremonini SpA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cremonini SpA (hereinafter also the "Company"), which comprise the statement of financial position as of 31 December 2020, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement for the year then ended, and 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 Cremonini 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.

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.

Responsibilities of the Directors and those charged with governance ("Collegio Sindacale") for the financial statements

The Directors of Cremonini 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 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.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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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.

Report on compliance with other laws and regulations

Opinion in accordance with article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010

The Directors of Cremonini SpA are responsible for preparing a report on operations of the Company as of 31 December 2020 (jointly prepared for both separate and consolidated financial statements), including its consistency with the relevant financial statements and its 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 with the financial statements of Cremonini SpA as of 31 December 2020 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of Cremonini SpA as of 31 December 2020 and is 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, 18 May 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 separate financial statements refer to the separate financial statements in original Italian and not to any their translation."

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.

Those charged with governance (the *"Collegio Sindacale")* of Cremonini SpA are 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 auditor's 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 our 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.

CREMONINI GROUP

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

Consolidated financial statements at 31 December 2020

Consolidated Statement of Financial Position - Assets

Stato patrimoniale attivo

(Euro/000)	Note	**31.12.2020**	31.12.2019 *
Non-current assets			
Tangible assets	1	1,158,459	1,151,512
Right of use	2	292,553	307,222
Goodwill	3	211,009	204,079
Other intangible assets	4	27,226	25,896
Investments valued at equity	5	13,933	16,466
Investments in other companies	6	15,597	23,193
Financial assets held for sale		2,347	2,843
Financial instruments / Derivatives	19	1,818	3,419
Non-current financial receivables	7	28,196	6,355
relating to related parties		*15,408*	*1,294*
Deferred tax assets	8	36,660	8,464
Other non-current assets	9	54,414	46,868
Total non-current assets		**1,842,212**	**1,796,317**
Current assets			
Inventories	10	409,572	447,621
Biological assets	11	46,229	49,610
Current financial receivables	12	7,756	8,780
relating to related parties		*5,834*	*6,528*
Current trade receivables	13	491,313	591,411
relating to related parties		*4,142*	*4,782*
Current tax assets	14	38,546	23,682
Financial assets held for sale		174	196
Financial instruments / Derivatives	19	93	1,265
Cash and cash equivalents	15	384,231	367,642
Other current assets	16	69,969	73,611
relating to related parties		*20*	
Total current assets		**1,447,883**	**1,563,818**
Total assets		**3,290,095**	**3,360,135**

*The 2019 flows of data have been restated, where necessary, in order to keep them comparable to those at 31 December 2020.

Consolidated Statement of Financial Position - Liabilities

(Euro/000)	Note	31.12.2020	31.12.2019 *
Shareholders' Equity			
Share capital	17	67,074	67,074
Reserves	17	(68,690)	(49,804)
Retained earnings		585,053	543,482
Result for the period		4,433	44,567
Shareholders' Equity attributable to the Group		587,870	605,319
Minority interests' capital and reserves		345,749	316,858
Profit for the period attributable to minority interests		16,387	47,233
Shareholders' Equity attributable to minority interests		362,136	364,091
Total Shareholders' Equity		**950,006**	**969,410**
Non-current liabilities			
Non-current financial payables	18	736,833	699,277
Non-current financial payables - Right of use	18	271,544	265,767
Financial instruments / Derivatives	19	112	221
Employee benefits	20	23,360	23,681
Provisions for risks and charges	21	18,218	16,555
Deferred tax liabilities	22	36,440	56,115
Other non-current liabilities	23	3,827	1,742
relating to related parties		*3,537*	*499*
Total non-current liabilities		**1,090,334**	**1,063,358**
Current liabilities			
Current financial payables	24	550,089	465,312
relating to related parties		*3,384*	*5,322*
Current financial payables - Right of use	24	56,167	48,197
relating to related parties			
Financial instruments / Derivatives	19	1,071	1,364
Current tax liabilities	25	19,888	25,477
Current trade liabilities	26	546,496	696,482
relating to related parties		*5,499*	*5,643*
Other current liabilities	27	76,044	90,535
relating to related parties			
Total current liabilities		**1,249,755**	**1,327,367**
Total liabilities		**3,290,095**	**3,360,135**

*The 2019 flows of data have been restated, where necessary, in order to keep them comparable to those at 31 December 2020.

Consolidated financial statements as at 31 December 2020

Consolidated income statement

(Euro/000)	Note	**Year 2020**	Year 2019
Revenues	28	3,316,730	4,364,586
relating to related parties		*18,425*	*23,560*
Other revenues	29	91,520	72,367
relating to related parties		*251*	*328*
Other revenues - Non recurring			
Change in inventories of finished and semi-finished goods		31,490	(7,307)
Capitalisation of internal construction costs		2,680	6,252
Costs for purchases	30	(2,366,042)	(3,010,716)
relating to related parties		*(47,125)*	*(36,252)*
Other operating costs	31	(477,240)	(608,382)
relating to related parties		*(1,487)*	*(1,978)*
Other operating costs - Non recurring			-
Personnel costs	32	(352,762)	(442,413)
Amortization and depreciation	33	(103,567)	(97,330)
Right of use amortization	33	(56,874)	(52,908)
Write-downs and provisions	33	(37,124)	(33,004)
Revenues from equity investments		(305)	594
relating to related parties		*(3)*	170
Financial (Income)/Charges	34	(40,255)	(28,266)
relating to related parties		*(57)*	*(17)*
Financial charges - right of use	34	(23,047)	(19,874)
Profit from business combination at a favourable price			-
Result before taxes		**(14,796)**	**143,599**
Income taxes	35	35,616	(51,799)
Total Profit/(Loss) for the period		**20,820**	**91,800**
Result attributable to minority interests		(16,387)	(47,233)
Result for the period attributable to the Group		4,433	44,567

Statement of comprehensive income

(Euro/000)	**Year 2020**	Year 2019
Profit/(Loss) for the period	**20,820**	**91,800**
Items to be reclassified to profit or loss in subsequent periods:		
Fair value valuation financial assets available for sale	(707)	5,912
Effective part of profits/(losses) on cash flow hedge instruments	1,299	(1,556)
Income taxes	(319)	401
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gains/(losses)	(47)	(639)
Profit/(Losses) from translation effects of the financial statements expressed in foreign currencies	(42,285)	(3,655)
Income taxes	13	176
Comprehensive loss	**(21,226)**	**92,439**
Result attributable to minority interests	6,773	(50,506)
Result for the period attributable to the Group	(14,453)	41,933

Statement of changes in consolidated shareholders' equity

(Euro/000)	Share capital	Nominal value of treasury stock in portfolio	Total Share capital	Other Reserves: Share premium reserve	Other Reserves: Legal reserve	Other Reserves: Reserve for IAS adjustments	Other Reserves: Reserve for trading of treasury stock	Other Reserves: Reserve for translation differences	Other Reserves: Merger deficit	Other Reserves: Reserve for Actuarial Gains/Losses	Other Reserves: Valuation reserve	Other Reserves: Cash flow hedge reserve	Total Reserves	Profits (Losses) carried forward	Result attributable to the Group	**Shareholders' Equity attributable to the Group**	Minority interests' capital and reserves	Result attributable to minority interests	**Shareholders' Equity attributable to minority interests**	**Total**
Balances at 31 December 2018	**67,074**	**0**	**67,074**	**78,280**	**14,749**	**79,036**	**0**	**(67,990)**	**(146,379)**	**(2,559)**	**(1,517)**	**(790)**	**(47,170)**	**484,138**	**51,590**	**555,632**	**274,676**	**44,182**	**318,858**	**874,490**
Allocation of the results of previous year:																				
- retained earnings reserve													**0**	51,590	(51,590)	**0**	44,182	(44,182)	**0**	**0**
- distribution of dividends													**0**	(3,096)		**(3,096)**	(27,755)		**(27,755)**	**(30,851)**
Hyperinflation													**0**	328		**328**	17,549		**17,549**	**17,877**
Change in the scope of consolidation and other operations with minority shareholders													**0**	10,522		**10,522**	4,933		**4,933**	**15,455**
Consolidated comprehensive income																				
- Profit for the period													**0**		44,567	**44,567**		47,233	**47,233**	**91,800**
- Other Profits/Losses, net of taxes								(6,619)		(276)	4,484	(223)	**(2,634)**			**(2,634)**	3,273		**3,273**	**639**
Balances 31 December 2019	**67,074**	**0**	**67,074**	**78,280**	**14,749**	**79,036**	**0**	**(74,609)**	**(146,379)**	**(2,835)**	**2,967**	**(1,013)**	**(49,804)**	**543,482**	**44,567**	**605,319**	**316,858**	**47,233**	**364,091**	**969,410**
Allocation of the results of previous year:																				
- retained earnings reserve													**0**	44,567	(44,567)	**0**	47,233	(47,233)	**0**	**0**
- distribution of dividends													**0**			**0**	(69)		**(69)**	**(69)**
Change in the scope of consolidation and other operations with minority shareholders													**0**	(2,996)		**(2,996)**	4,887		**4,887**	**1,891**
Hyperinflation													**0**			**0**			**0**	**0**
Consolidated comprehensive income																				
- Profit for the period													**0**		4,433	**4,433**		16,387	**16,387**	**20,820**
- Other Profits/Losses, net of taxes								(18,703)		(24)	(512)	353	**(18,886)**			**(18,886)**	(23,160)		**(23,160)**	**(42,046)**
Balances 31 December 2020	**67,074**	**0**	**67,074**	**78,280**	**14,749**	**79,036**	**0**	**(93,312)**	**(146,379)**	**(2,859)**	**2,455**	**(660)**	**(68,690)**	**585,053**	**4,433**	**587,870**	**345,749**	**16,387**	**362,136**	**950,006**

Consolidated Cash Flow Statement (indirect method)

(Euro/000)	**31.12.2020**	31.12.2019
Net profit before minority interests	**20,820**	**91,800**
Amortization and depreciation	103,567	97,330
Amortization and depreciation - Right of use	56,874	52,908
Impairment	3,716	2,397
Net change in other provisions and non-monetary income items	71,021	78,505
Reversal of the effects from extraordinary transactions	0	0
Net change in Staff Severance Provision and other m/L-term liab.	(62,755)	(51,666)
Changes in working capital:		
Receivables from customers	67,216	(48,226)
Inventories	41,802	(2,463)
Payables to suppliers	(141,851)	26,594
(Increase) decrease in other items of the working capital	(63,717)	5,748
Net effects from the change in consolidation area	0	0
Net cash-flow from operating activities (A)	**96,693**	**252,927**
Investments in tangible assets	(135,230)	(166,122)
Investments in intangible assets	(6,279)	(5,219)
Rights of use	(35,968)	(55,791)
Cash flow for the period for acquisition and disposal or subsidiaries of business units (net of cash and cash equivalents)	(17,599)	(9,455)
Net change in other non- current assets	2,518	(15,225)
Net effects from the change in consolidation area	0	0
Net cash-flow from investment activities (B)	**(192,558)**	**(251,812)**
Increase (Decrease) in medium/long-term borrowings	24,284	87,023
Increase (Decrease) in medium/long-term liabilities for derivatives	(1,709)	0
Increase (Decrease) in short-term borrowings	82,861	(16,059)
Changes in other securities and other financial assets	(985)	0
Increase (Decrease) in short-term liabilities for derivatives	1,465	0
Increase (Decrease) in short-term liabilities for IFRS 16 (rights of use)	7,970	9,567
Cash-flow from distribution of dividends	(69)	(30,851)
Capital increase and other changes in equity	(1,363)	6,612
Net cash flow from financing activities (C)	**112,454**	**56,292**
Cash Flow of the year (D=A+B+C)	**16,589**	**57,407**
Cash and cash equivalents at the beginning of the period (E)	367,642	310,235
Cash and cash equivalents at the end of the period (F=D+E)	**384,231**	**367,642**

*The 2019 flows of data have been restated, where necessary, in order to keep them comparable to those at 31 December 2020.

Consolidated financial statements at 31 December 2020

Notes to the consolidated financial statements

Form and content of the consolidated financial statements

The consolidated financial statements at 31 December 2020 were prepared in accordance with the accounting standards and measurement criteria laid down by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union according to the procedure referred to in Article 6 of the (EC) Regulation No. 1606/2002 of the European Parliament and Council of 19 July 2002, as adopted by Legislative Decree no. 38 of 28 February 2005, as amended, and resolutions and ordinances promulgated in implementation of Art. 9 of Legislative Decree 38/2005.

The financial statements for the year were authorised for publication by the Board of Directors meeting held on 6 May 2021.

The consolidated financial statements were prepared in accordance with the cost method, with the exception of the following postings in the statement of assets and liabilities:

- land and buildings for which the fair value as at 1 January 2004 was adopted, as "deemed cost" as provided for by IFRS 1;

- derivative contracts entered at the fair value through profit or loss.

For the purposes of comparison, the consolidated financial statements at 31 December 2020 show the figures for the financial year ended at 31 December 2019.

The following classifications have been used:

- Statement of Financial Position for current/non-current items;

- Income Statement by nature;

- Cash flow statement (indirect method).

It is considered that these classifications provide information that better responds to representing the Group's equity, economic and financial situation.

The euro is the Parent Company's functional currency and is used for the presentation of the consolidated financial statements. The schedules contained in these financial statements are shown in thousands of euro. If not otherwise indicated, the schedules contained in these financial statements are shown in thousands of euro.

The accounting policies adopted to prepare these consolidated financial statements are shown in the following points:

Consolidation methods

The consolidation is effected using the line-by-line method that consists of the adoption of all asset and liability items in their entirety. The main consolidation criteria adopted for the application of this method are the following:

- the subsidiary companies are consolidated commencing from the date when control is effectively transferred to the Group, and cease to be consolidated at the date when control is transferred outside the

Group;

- where necessary adjustments are made to the financial statements of the subsidiaries to align their accounting policies to those of the Group;
- the assets and liabilities and the income and companies consolidated using the line-by-line method are integrated in the consolidated financial statements; the carrying value of the equity investments is eliminated against the corresponding fraction of shareholders' equity of the subsidiaries, attributing to individual elements of the assets and liabilities their current value at the date of acquisition of control (acquisition method as defined by IFRS 3 "Business combinations"). Any residual difference, if positive, is recorded in the asset item "Goodwill" and if negative in the income statement;
- reciprocal debit and credit and costs and revenues relationships between consolidated companies and the effects of all the transactions of significant relevance exchanged between the latter are eliminated;
- the minority shareholders' portion of shareholders' equity and results for the period are shown separately in the shareholders' equity and in the consolidated income statement. The result of the comprehensive income statement relating to a subsidiary is attributed to the minority shareholders even if this implies that the minority holdings have a negative balance;
- changes in the Parent Company's interest in a subsidiary that does not result in the loss of control are accounted for as capital transactions.

If the Parent Company loses control of a subsidiary, it:

- eliminates the assets (including any goodwill) and the liabilities of the subsidiary;
- eliminates the carrying values of any minority interests in the ex-subsidiary;
- eliminates the accumulated exchange rate differences recorded in the shareholders' equity;
- records the fair value of the consideration received;
- records the fair value of any interest maintained in the ex-subsidiary;
- records each profit or loss in the income statement;
- reclassifies the portion held by the Parent Company of the components previously recorded in the comprehensive income statement, income statement or undistributed profits, as appropriate.

Scope of consolidation

The consolidated financial statements at 31 December 2020 include the financial statements of the Parent Company Cremonini S.p.A. and those of the companies in the which it holds, directly or indirectly, control including therein the specific purpose entities) excluding immaterial subsidiaries.
Control is obtained when the Group has, or has the right to, variable yields deriving from its relationship with the entity in which it has an investment and, at the same time, it has the capacity to impact on such income by exercising its power over such entities.

Specifically, the Group controls a partially owned company if, and only if, the Group has:
• the power over the entity in which it has an investment (or else holds valid rights that gives it the current capacity to direct the significant activities of such entity);
• recognition or the rights to variable returns deriving from the relationship with the investee entity;
• the capacity of exercising power over the investee entity to impact on the amount of its returns.
Generally, there is a presumption that the majority of the voting rights involves control. Supporting this presumption is that when the Group holds less than the majority of the voting rights (or similar rights), the Group considers all the relevant facts and circumstances to establish if control of the investee entity includes:
• contractual arrangements with other owners with voting rights;
• rights deriving from contractual arrangements;
• the Group's voting rights and potential voting rights.
The Group considers whether or not there is control of a partially owned company if the facts and circumstances indicate that there were changes in one or more of the three relevant elements for the purposes of the definition of control.

Companies that have financial statement values individually and cumulatively immaterial with respect to the

Group's consolidated financial statements were excluded from the scope of the consolidation. Specifically, the exclusion regarded the following companies and their subsidiaries:

Dolfen S.r.l.
Imprenditori per E-Marco Polo S.r.l. in liquidation
Inalca Foods Nig Limited (inactive being cancelled)
Inalca Russia Llc
Italia Alimentari USA Corporation
Montana Farm S.p.z.o.o. (in liquidation)
Royi Wine & Spirit (China) Ltd
Società Agricola Transumanza S.r.l.

The equity investments in these companies were measured at cost.
The complete list of the holdings included in the scope of the consolidation at 31 December 2020, with an indication of the method of consolidation, is shown in Appendix 6.
The scope of the consolidation has been changed, compared to that of the consolidated financial statements of the previous year, as described below. The financial effects of such changes are shown, when significant, in the explanatory notes to the financial statements.

Specifically, with respect to 31 December 2019, the following companies were included in the scope of the consolidation:

- Ina Ten S.r.l. 51% held by INALCA S.p.A.;
- SìFrutta S.r.l. wholly held by MARR S.p.A.;
- C&P S.r.l. 60% held by Chef Express S.p.A.;
- Caio S.r.l. wholly held by C&P S.r.l.;
- Casa Maioli wholly held by C&P S.r.l.;
- W Italia wholly held by da C&P S.r.l.;
- Castelfrigo LV S.r.l. wholly held by Italia Alimentari S.p.A.;
- Inalca Food & Beverage Beijing Holding Ltd. 60% held by Inalca Food & Beverage China Holding Ltd.;
- Inalca Food & Beverage Beijing Co. wholly held by Inalca Food & Beverage Beijing Holding Ltd.;
- Treerre Food S.r.l. 90% held by Guardamiglio S.r.l.;
- Italia Alimentari Canada Ltd. 60% held by Italia Alimentari S.p.A..

Lastly, the following changes took place in the scope of consolidation with respect to 31 December 2019:

- the exit from the scope of the consolidation of Alliance Express Llc., wound up;
- the exit from the scope of the consolidation of Cremonini Chef Iberica S.A., wound up;
- the exit from the scope of the consolidation of Chef Express Eurasia Llc., wound up;
- the increase in the equity investment in Inalca Food & Beverage S.r.l. from 90% to 100%;
- the decrease in the equity investment in Guardamiglio S.r.l. from 100% to 90%;
- the merger of Mille Sapori Tre S.p.z.o.o by incorporation into Mille Sapori Plus S.p.z.o.o..

Changes in accounting standards

The new IFRS and IFRIC standards adopted by the European Union, applicable from 1 January 2020 are reported below with a brief description. The adoption of these revised standards and interpretations has not had any significant impact on the financial statements but has resulted, in some cases, in additional information only. Please also refer to the description in the Directors' Report.

New accounting standards, amendments and interpretations applicable in 2020

The new IFRS and IFRIC adopted by the EU, applicable from 1 January 2020, are briefly described below. The first-time adoption of these revised standards and interpretations has not had any significant effect on the financial statements, but has in some cases required additional disclosures only. For more details, reference should be made to the information provided in the Directors' Report.

The valuation criteria used in preparing the consolidated financial statements at 31 December 2020 do not diverge from those used to draw up the consolidated financial statements for the financial year ended 31 December 2019, with the exception of the accounting standards, amendments and interpretations applicable as of 1 January 2020, which are described below.

- *Amendments to IAS 1 and to IAS 8*. These amendments, which were published by the IASB on 31 October 2018, provide for a different definition of "material", i.e.: "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 adds the concept of "obscured information" to those of omitted or misstated information that are already provided in the two standards subject to amendments. The amendment clarifies that information is "obscured" if it has been described in such a way as to produce for the primary users of the financial statements an effect similar to that which would have been produced if such information had been omitted or misstated. The adoption of this amendment has not had any impact on the Group's financial position, results of operations and cash flows;

- *Amendments to the Conceptual Framework for Financial Reporting*, published by the IASB on 29 March 2018. The document defines the basic concepts for financial reporting and guides the Board in developing the IFRS. The main amendments to the 2010 version are (i) a new chapter on measurement; (ii) better definitions and guidance, in particular with reference to the definition of liabilities; and (iii) the clarification of important concepts such as stewardship, prudence and measurement uncertainty. The adoption of this amendment has not had any impact on the Group's financial position, results of operations and cash flows;

- *Amendments to IFRS3 - Business Combinations*. The purpose of these amendments, which were issued by the IASB on 22 October 2018, is to resolve the difficulties that arise when a reporting entity determines whether it has purchased a business or a group of assets. Specifically, the amendment clarifies that while a business usually produces an output, the presence of an output is not strictly necessary to identify a business when there is an integrated set of activities/processes and assets. However, in order to meet the definition of a business, an integrated set of activities/processes and assets must include, at least, an input and a substantial process that together contribute significantly to the ability to create an output. For this purpose, the IASB has replaced the term "ability to create output" with "ability to contribute to the creation of outputs" in order to clarify that a business can exist even without the presence of all the inputs and processes needed to create an output. Furthermore, the amendment provides for an optional concentration test to rule out the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The adoption of this amendment has not had any impact on the Group's financial position, income statement or cash flows.

- *Covid-19-Related Rent Concessions (Amendment to IFRS 16),* published on 28 May 2020. The document provides an option for the lessees to account for Covid-19-related rent concessions without having to assess, by analysing the related contracts, whether the definition of lease modification is met under IFRS 16. Therefore, lessees that apply this option may account for the effects of rent concessions directly in the income statement as at the effective date of the reduction. The application of this amendment has entailed the recognition, in the Group's income statement, concerning an amount of about Euro 21.1 million of rent concessions granted by the granting authorities to the companies operating in the catering sector.

Accounting standards, amendments and interpretations applicable to the financial statements for the financial years commencing on a subsequent date

Below are the standards and interpretations which, as at the reporting date of these financial statements, had already been issued but were not yet applicable.
These standards will be applicable from the subsequent financial periods; on a preliminary basis, the Group believes that they will have no significant impact on its consolidated financial position, results of operations and cash flows.

- *Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform*. These amendments focus on accounting for hedging transactions in order to clarify the potential effects arising from uncertainties caused by the Interest Rate Benchmark Reform. Furthermore, these amendments require the entity to provide investors with additional information concerning their hedging relationships that are directly affected by these uncertainties.

Below are the Accounting standards, amendments and interpretations published by the IASB but for which the endorsement process has not yet been completed.

- *Amendments* to IAS 1 *Presentation of Financial Statements*: *Classification of Liabilities as Current or Non-current*. The document has the objective of clarifying the method to be used to classify payables and other liabilities among short- or long-term items. The amendments will be applicable from 1 January 2023.

On 14 May 2020 the IASB published the following amendments, which will be applicable as from 1 January 2022:

- *Amendments to IFRS 3 - Business Combinations*, published on 14 May 2020: the amendments are aimed at updating the reference to the Conceptual Framework in the revised version of IFRS 3, without this entailing amendments to the provisions of IFRS 3.
- *Amendments to IAS 16 - Property, Plant and Equipment*: the purpose of the amendments is not to allow the amount received from the sale of goods produced during the test phase of the asset itself to be deducted from the cost of tangible assets. These revenues from sales and related costs will therefore be recognised through profit or loss.
- *Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets*: the amendment clarifies that the assessment of whether a contract is onerous must include all costs that are directly attributable thereto. Accordingly, the assessment of whether a contract is onerous must include incremental costs (such as, for example, the cost of direct material used in the work), as well as all costs that the entity cannot avoid because it has entered into the contract (such as, for example, the amount of personnel costs and of depreciation of machinery used to perform the contract).
- *Annual Improvements 2018-2020*: the amendments were made to IFRS1 - *First-time Adoption of International Financial Reporting Standards*, IFRS 9 - *Financial Instruments*, IAS 41 - *Agriculture* and to the *Illustrative Examples of IFRS 16 - Leases*.

Valuation criteria

The valuation criteria used in the drafting of the consolidated financial statements for the period ended 31 December 2020 are the same as those used for the drafting of the consolidated financial statements at 31 December 2019, with the possible exception as reported in the section above. The most significant valuation criteria adopted for the drafting of the financial statements are indicated below.

Property, plant and equipment

Property, plant and equipment are recognised at their acquisition price or production price including any directly-attributable ancillary costs required to make the assets available for use. As allowed by IFRS 1, upon transition to the International Accounting Standards, the Company carried out the valuation at fair value of certain lands and buildings it owned, and used this fair value as the new cost subject to depreciation.
Except as indicated above, revaluations are not allowed, even in application of specific laws. Assets held under finance leases are recognised under property, plant and equipment as offsetting entries to the financial debt to the lessor and depreciated according to the criteria indicated below.
Property, plant and equipment are depreciated systematically on a straight-line basis throughout their useful life, which is the estimated time in which the asset will be used by the company. When the Property, plant and equipment consist of several significant components, each having a different useful life, depreciation is carried out separately for each component. The value to be depreciated is represented by the book value reduced by the presumable net disposal value at the end of its useful life, if significant or if it can be reliably determined. Land is not depreciated (elements with an indefinite useful life), even if purchased jointly with a building, similarly to property, plant and equipment held for sale which are valued at the lower of the book value and

their fair value net of disposal expenses.
Costs for improvements, updating and transformation which add value to the property, plant and equipment are allocated to the balance sheet assets if they meet the capitalisation requirements required by IAS 16.
Any other repair and maintenance costs are recognised in the income statement when they are incurred.

The recoverability of the book value of intangible fixed assets is verified by adopting the criteria indicated under "Impairment of assets".

Depreciation reflects the economic and technical deterioration of the asset and begins when the asset becomes available for use. It is calculated according to the linear model of the asset's estimated useful life.

The rates applied are:

- Buildings	2% - 5%
- Plant and equipment	7.50% - 20%
- Industrial and trade equipment	15% - 25%
- Other assets:	
- Electronic office equipment	20%
- Office furniture and equipment	10% - 15%
- Vehicles and internal means of transport	20%
- Automobiles	25%
- Other minor assets	10%-40%

The residual book value, the useful life and the depreciation criteria are revised at each reporting date and adjusted on a prospective basis, if necessary.
An asset is eliminated from the balance sheet at the time of sale or when the future economic benefits expected from its use or disposal no longer apply. Any losses or profits (calculated as the difference between net proceeds of the sale and book value) are included in the income statement upon said elimination.

Leasing

Leasing agreements are classified as finance leases when the terms of the agreement are such that they essentially transfer all the risks and benefits of ownership to the lessee.
Assets which are the subject of a finance lease agreement are recognised as Group assets at their fair value on the date the contract is concluded or, if lower, at the current value of the minimum payments due for the leasing. The corresponding liabilities payable to the lessor are included in the balance sheet as liabilities for finance leases. Lease payments are divided between principal and interest in order to reach an interest rate which is constant on the residual liability. Financial expenses are directly imputable to the income statement for the reporting period.

The costs of operating lease payments are recognised on a straight-line basis based on the duration of the contract.

Goodwill and other intangible assets

Intangible assets refer to assets without an identifiable physical consistency, which are controlled by the company and able to produce future economic benefits, as well as goodwill when purchased against payment of consideration.
Identifiability is defined with reference to the possibility of separating the intangible asset acquired from goodwill; this requirement is usually satisfied when: the intangible asset essentially consists of a legal or contractual right, or the asset can be separated, that is, it can be sold, transferred, rented or exchanged autonomously from or as an integral part of other assets. Control means the company's ability to use the future economic benefits arising from the asset and the possibility of limiting access to the asset by others.
Intangible assets that are acquired separately are initially recognised at cost, determined according to the criteria indicated for property, plant and equipment, while those acquired through business combinations are stated at fair value at the date of acquisition. Revaluations are not allowed, even in application of specific laws.

Intangible assets with a definite useful life are systematically amortised throughout their useful life, which is the estimated period in which the assets will be used by the company; the recoverability of their book value is verified by adopting the criteria indicated under "Impairment of assets".
Goodwill and other intangible assets with an indefinite useful life, where present, are not amortised; the recoverability of their book value is verified at least annually and in any case whenever events take place that could indicate impairment. Regarding goodwill, verification takes place at the lowest aggregate level on the basis of which the company Management assesses, directly or indirectly, the return on the investment including goodwill (cash generating unit). Write-downs are not used for reversing an impairment loss.

Goodwill is considered as having an indefinite useful life and is therefore not related to the period of the contractual license. The management has decided to use this accounting treatment since:

- the licence price initially paid is related to the value of the turnover of the business purchased and is independent with regard to the remaining contractual period;
- in the past, on expiry of the contract, the Group was always able to renew the licenses;
- the redefining of contractual relationships that occurred in the past resulted from voluntary agreements. From the conclusion of these transactions, the Group, besides having solidified trade relationships with the companies, has also obtained extensions to the contractual terms. In these cases, as in the previous, the goodwill eventually paid has not shown an impairment.

When goodwill is directly correlated to a contract the award and/or renewal of which is traditionally subject to tendering or to any other form of similar awarding, this goodwill is regarded as having a definite useful life and is amortised over the term of the concession.

Other intangible assets are amortised according to the following criteria:

- Industrial patents and intellectual property rights	5 years
- Concessions, licences, trademarks and similar rights	5 years / 20 years
- Other	5 years / duration of the contract

The amortisation period and the amortisation criteria of intangible assets with a definite useful life are reviewed at least upon each closing date and adjusted prospectively if necessary.

Right of use

The right of use is stated at cost, net of accumulated amortisation and impairment losses and as adjusted to take account of any possible restatement of lease liabilities.
The cost of this asset includes:
a) the amount of the initial measurement of the lease liability;
b) lease payments due on or before the effective date, net of lease incentives received;
c) initial direct costs sustained by the lessee; and
d) the estimated costs that the Group, as lessee, is to incur for dismantling and removing the underlying asset and restoring the site at which it is installed or for restoring the underlying asset to the condition laid down in the lease terms and conditions. The lessee falls under the obligation to pay these costs on the effective date or as a result of the use of the underlying asset during a certain period.
The lessee must recognise the costs referred to in paragraph 24, letter d), as a part of the cost of the right-of-use asset when it assumes the obligation to pay these costs. The obligations relating to the aforesaid costs accounted for by applying this Standard or IAS 2 are recognised and measured by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
Right of use is amortised from the effective date until the end of the right-of-use asset's useful life or, if before, at the end of the term of the lease.
Recoverability of book value is measured adopting the criteria set out in "Impairment of non-financial assets."

Equity investments in associated and other companies

An associated company is a company upon which the Group exerts a significant influence. Significant influence means the power to participate in the financial and operating policies of the investee while not having control

or joint control over it.
Investments in associates are measured by using the net equity method and investments in other companies are measured at fair value, as indicated in Annex 5 and the notes that follow.
With the net equity method, the investment in an associate is initially recognized at cost. The carrying value of the investment is increased or decreased to recognize the investor's share of the profits and losses pertaining to the subsidiary after the date of acquisition. The goodwill of the subsidiary is included in the carrying value of the investment and is subjected neither to amortization, nor to individual assessment of impairment. The consolidated income statement for the year reflects the share attributable to the Group as the subsidiary's result for the year. Any change in the other components of the comprehensive income statement related to these subsidiaries is presented as part of the Group's comprehensive income statement. In addition, in the event that an associated company detects a change with a direct effect on shareholders' equity, the Group recognises its share, where applicable, in the statement of changes in net equity. The unrealized gains and losses deriving from transactions between the Group and its associates or joint ventures are eliminated to the extent of the investment in the associates or joint ventures.
The recoverability of their carrying value is verified by adopting the criteria indicated in the section on "impairment of non-financial assets" as regards investments in associated companies and in the section on "impairment of financial assets" as regards investments in other companies.
When losing significant influence over an associated company or joint control over a joint venture, the Group assesses and recognises the residual shareholding at fair value. The difference between the carrying value of the equity investment on the date that significant influence or joint control is lost and the fair value of the residual shareholding and of the consideration received must be recognised in the income statement.

Inventories

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

Biological assets

The biological assets represented by livestock essentially have been valued at their fair value, net of accretion and sale costs.

Cash and cash equivalents

The item relating to cash and cash equivalents includes cash, current bank accounts, demand deposits and other high-liquidity short-term financial investments, which are easily converted into cash and are subject to an insignificant risk of value fluctuation, except for exchange risk.

Receivables and other short-term assets

Trade receivables and other short-term assets are initially recognised at their nominal value, which is representative of their fair value at the reporting date and subsequently valued at their amortised cost, net of any write-downs. Upon recognition, the face value of the receivable consists of its fair value at the reporting date. Due to the short duration of trade receivables, they are not discounted as the effect of the discounting of cash flows is irrelevant, therefore application of the amortised cost does not produce significant effects. The bad debt provision on that date represents the difference between the book value of the receivables and the cash flows reasonably expected from collection thereof. According to its policy choice the Group classifies the write-down of receivables among "Amortisation, depreciation and write-downs."

Financial assets

In line with IFRS 9, financial assets are initially recognised at amortised cost value or fair value, plus any transaction costs that are directly attributable to the acquisition, except for financial assets recognised at fair value through profit or loss. The Group's financial assets include cash and short-term deposits, trade

receivables, other short-term receivables, loans, unlisted financial instruments and derivatives.
The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. After initial recognition, these financial assets are subsequently measured at amortised cost by using the effective interest rate (EIR) method, less impairment losses. Amortised cost is calculated considering discounts, purchase bonuses, fees or costs (if any) that are an integral part of the effective interest rate. Amortisation at effective interest rate is recognised as a financial income in the income statement. Impairment losses are recognised as financial costs in the income statement.

Derivatives

After their initial recognition, derivatives are measured at fair value once again and are accounted for as financial assets when fair value is positive.
Profits or losses (if any) arising from changes in the fair value of derivatives are recognised directly through profit or loss, except for the effective portion of cash flow hedges, which is recognised among other comprehensive income and subsequently reclassified in the statement of profit/(loss) for the year when the hedging instrument affects profit or loss.

As regards instruments that are classified as cash flow hedge and qualify as such, fair value changes are recognised, limited to the effective portion only, in a specific equity reserve stated as "Cash flow hedge reserve" through comprehensive income. This reserve is subsequently taken to profit or loss at the time the hedged underlying affects profit or loss. Fair value changes attributable to the ineffective portion are immediately recognised through profit or loss for the period. If the occurrence of the underlying transaction is no longer considered to be highly probable, or when the hedging relationship can no longer be demonstrated, the corresponding portion of the "Cash flow hedge reserve" is immediately taken to profit or loss.

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets), as required by IFRS 9, is derecognised when:

- the rights to receive cash flows from the asset have been extinguished;
- the Group has transferred the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay to a third party and (a) has substantially transferred all the risks and rewards of ownership of the financial asset or (b) has not transferred or substantially retained all the risks and rewards of the asset, but has transferred the related control.

In the cases in which the Group has transferred the rights to receive cash flows from an asset and has not transferred nor substantially retained all the risks and rewards or has not lost control of the asset, the asset is recognised in the Group's financial statements to the extent of the latter's residual involvement in the asset itself. In this case the Group also recognises an associated liability. The asset transferred and the associated liabilities are measured in such a way as to reflect the rights and obligations that the Group has retained.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is eliminated from the balance sheet when:

- the rights to receive cash flows from the asset have been extinguished;
- the right to receive cash flows from the assets is maintained, but a contractual obligation has been undertaken to pay them in full and without delay to a third party;
- the Group has transferred the right to receive cash flows from the asset and (a) has essentially transferred all the risks and benefits of ownership of the financial asset or (b) it did not transfer or essentially retain all the risks and benefits of the asset, but transferred control of the asset.

In the cases in which the Group transferred the right to receive cash flows from an asset and did not transfer nor essentially maintain all the risks and benefits or did not lose control of the asset, the asset is recognised in the Group balance sheet to the extent of the latter's residual involvement in the asset itself. In this case, the

Group also recognises an associated liability. The asset which is transferred and the associated liabilities are valued so as to reflect the rights and obligations that the Group has retained. Residual involvement which for example takes the form of a guarantee on a transferred asset, is valued at the lower of the asset's initial book value and the maximum value of the consideration that the Group may be required to pay.

Impairment of financial assets

The Group verifies on each balance sheet date whether a financial asset or group of financial assets has become impaired. A financial asset or group of financial assets is considered to have undergone impairment if, and only if, there is objective evidence of impairment as a result of one or several events that took place since the initial recognition (when a "loss event" occurs) and this loss event has an impact that can be reliably estimated on the estimated future cash flows of the financial assets or the group of financial assets. Proof of impairment can be given by indicators such as financial difficulties, inability to fulfil obligations, insolvency with regard to the payment of interest or significant payments, which the debtors or a group of debtors are going through; the probability that the debtor will be bankrupt or become subject to another form of financial reorganisation, or where observable information indicates that there exists a measurable decrease in estimated future cash flows, such as a change in the economic environment or the terms and conditions of the obligations.

For financial assets recognised at amortised cost, the Group has first of all assessed whether there is objective evidence of impairment for each financial asset that is individually significant, or collectively significant for those financial assets that are not significant individually. If the Group determines that there is no evidence of impairment for a financial asset, it includes the asset in a group of financial assets with credit risk characteristics that are similar and assesses it collectively for the purpose of verifying the impairment. Assets that are not evaluated individually for a write-down and for which impairment has been recognised or continues to be recognised, are not evaluated on a collective basis for impairment. If there is objective evidence of impairment, the amount of the loss is measured as a difference between the book value of the asset and the current value of the estimated future cash flows (excluding credit losses expected in the future that have not yet occurred).

The present value of cash flows is discounted at the initial effective interest rate of the financial asset. If a loan has a variable interest rate, the discount rate for the measurement of any possible impairment loss is the current effective rate of interest.

The book value of the asset is reduced directly and the amount of the loss is recognised in the income statement. Interest income continues to be estimated on reduced book value and is calculated applying the rate of interest used to discount future cash flows for the purposes of measuring impairment losses. Interest income is recognised as a part of financial income in the income statement. Loans and related provisions are written off when there are no realistic prospects of future recovery and when all the guarantees have been enforced or have been transferred to the Group. If in subsequent years the amount of the write-down is estimated to have increased or decreased as a consequence of an event that took place after the write-down was recognised, the previous write-down must be increased or decreased by adjusting the provision. If a future reversal is recovered at a later time, the recovered amount is credited to the income statement as a reduction in financial costs.

For available for sale financial assets, the Group measures on each balance sheet reference date whether there is objective evidence that an asset or a group of assets has become impaired.

In the case of instruments representative of capital classified as available for sale, the objective evidence should include a significant or prolonged reduction below its cost in the fair value of the instrument. The 'Significance' is measured with respect to the historical cost of the instrument and the 'prolonged' (the duration of the) period in which the fair value was below the historical cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value - any loss for impairment on that financial asset previously recorded in the income statement is deducted.

The impairment of instruments representing capital may not be reinstated and recognised in the income statement; the increases in their fair value following the impairment are reported directly in the other components of the comprehensive income statement.

Impairment of non-financial assets

On each balance sheet closing date, the Group assesses whether there are any indicators of impairment of non-financial assets.
When events take place that indicate a reduction in the value of an asset or in cases where annual verification of impairment is required, recoverability is verified by comparing the book value with the relevant recoverable value, the latter being the higher of fair value, net of disposal expenses, and value in use.
If there is no binding selling agreement, fair value is estimated on the basis of the values expressed by an active market, recent transactions or on the basis of the best available information in order to reflect the amount that the company could obtain from the sale of the asset.
Value in use is determined by discounting the expected cash flows from use of the asset and, if significant and reasonably determinable, from its disposal at the end of its useful life. Cash flows are determined on the basis of reasonable and documented assumptions which represent the best estimate of future economic conditions that will take place in the remaining useful life of the asset, with greater weight given to indications from outside the company. Discounting takes place at a rate that takes into account the risk inherent in the business area.
Valuation takes place for each individual asset or for the smallest identifiable group of assets that generates autonomously incoming cash flows from continuing use (cash generating unit). When the reasons for the write-downs cease to exist, the assets, except for goodwill, are revalued and the adjustment is allocated to the income statement as a write-back (reversal of an impairment loss). The write-back is made at the lower between recoverable value and gross book value of previous write-downs, decreased by the amortisation rate at which they would have been recognised if the write-down had not taken place.
Goodwill is checked for impairment at least once a year (at 31 December) and, more frequently when circumstances imply that the carrying value could have fallen.
The impairment of goodwill is calculated by assessing the recoverable value of the relevant cash generating unit (or group of cash generating units). Where the recoverable value of the cash generating unit is less than the carrying value of the cash generating unit to which the goodwill is allocated, an impairment is recognised.
The impairment of the goodwill value cannot be restated in future financial years.

Share capital

The costs for the issuing of shares or options are classified in shareholders' equity (net of the physical benefit connected to them) as a deduction of profits deriving from the issuing of these instruments.
For buybacks of treasury shares, the price paid, including any directly attributable ancillary expenses, is deducted from the Group shareholders' equity until the time of elimination, reissuing or sale of the shares. When treasury shares are resold or reissued, the price collected, net of any directly attributable ancillary expenses and the relevant tax effect, is recognised as Group shareholders' equity.

Earnings per share

Basic and diluted

Basic earnings per share are calculated by dividing the Group's net profit by the weighted average of the ordinary shares outstanding during the financial year, excluding treasury shares.
For the purpose of the calculation of diluted earnings per share, the weighted average of outstanding shares is modified assuming the conversion of all the potential shares having a dilution effect, while the Group's net profit is adjusted to take account of the effects, net of tax, of the conversion.

Financial liabilities

Financial liabilities that fall within the scope of application of IAS 39 are classified as financial liabilities at fair value recognised in the income statement, or as financial payables or derivatives designated as hedging instruments, as the case may be. The Group's financial liabilities include trade payables and other payables, loans and derivative financial instruments. The Group determines the classification of its financial liabilities at the time of initial recognition.
Financial liabilities are initially carried at fair value, which is equal to the consideration received on the

settlement date to which are added, in the case of financial payables, directly attributable transaction costs.
Subsequently, non-derivative financial liabilities are measured on the basis of the depreciated cost criterion using the effective interest rate method.
Amortised cost is calculated by recognising every discount or premium on the acquisition and the fees and costs that are an integral part of the effective interest rate. Amortisation at the actual interest rate is included among financial expenses in the income statement.
Profits and losses are recognised in the income statement when the liability is extinguished, as well as through the amortisation process.

Derecognition of financial liabilities

Financial liabilities are derecognised from the balance sheet when the obligation underlying the liability has been extinguished, cancelled or fulfilled. When an extinguished financial liability has been replaced by another from the same lender, at terms and conditions that are essentially different, or the conditions attached to a liability in existence are essentially modified, this exchange or modification is treated as a derecognition of the original liability and recognition of a new liability, with a consequent recognition in the income statement of any differences between book values.

Employee benefits

Employee Severance Indemnity is part of what IAS 19 defines as defined benefit plans, as part of benefits after employment termination. The accounting treatment provided for these types of remuneration requires an actuarial calculation that makes it possible to project into the future the amount of the already accrued employee severance indemnity and discount it to take into account the time that will elapse prior to actual payment. The actuarial calculation considers some variables such as average permanence of employees, level of inflation and expected interest rates. Liabilities are measured by independent actuaries. Following the amendments to IAS 19, which were applicable for the financial years commencing on or after 1 January 2013, the profits and losses from the actuarial calculation of defined benefit plans are recognised in the comprehensive income statement entirely in the period they refer to.
These actuarial profits and losses are classified directly in retained earnings and are not reclassified in the income statement in subsequent reporting periods. Past service cost is recognised on the earliest of the following dates:

- date on which an amendment or reduction of the plan takes place;
- date on which the Group recognises the related restructuring costs.

The Group recognises the following changes in the net obligations for defined benefit plans in the statement of profit/(loss) for the reporting period by nature:

- costs for work provided, including costs for current and past work provided, profits and losses on non-routine reductions and extinctions; and
- net interest income or interest expenses.

The asset or liability relating to defined benefits includes the present value of the defined benefit obligation after the fair value of the asset servicing the plan is deducted.
Finally, it should be noted that, following the 2007 reform of the national legislation that governs it, for companies with more than 50 employees, the employee severance indemnity accrued from 1 January 2007 is to be considered a defined contribution plan, the payments of which are recognised directly in the income statement, as a cost, when they are incurred. Employee severance indemnity accrued up to 31 December 2006 remains as a defined benefit plan, without future contributions. Therefore, its measurement is made by independent actuaries based only on the average expected residual working life of the employees, without considering the remuneration earned by them during a predetermined service period. Employee severance indemnity "accrued" prior to 1 January 2007 therefore undergoes a change in calculation due to the fact that the previously required actuarial assumptions which are connected to salary increases no longer apply. In particular, the liability connected to "accrued employee severance indemnity" is assessed for actuarial purposes as at 1 January 2007 without an application of pro-rata (years of service already served/total years of service) since the total benefits of the employees to 31 December 2006 can be considered as almost completely accrued (except for revaluation) in application of paragraph 67 (b) of IAS 19. It follows that, for the purposes of this calculation, "current service costs" relating to future work of the employees are to be considered as null as they consist of contributions to a supplementary retirement benefit plan of the INPS Treasury Fund.

Provisions for risks and charges

Provisions for risks and charges are costs and expenses of a definite nature that are certain or likely to be incurred but which at the end of the year could not be quantified or timed. Provisions are recognised when:

(i) the existence of an actual, legal or implicit obligation deriving from a past event is probable;
(ii) it is probable that the fulfilment of an obligation will be onerous;
(iii) the amount of the obligation can be reliably estimated.

Provisions are recognised at the amount representing the best estimate of the total that the company would reasonably pay to settle the obligation, or transfer it to third parties at year-end. When the financial effect of time is significant and the payment dates of the obligations are estimated reliably, the provision is discounted; the increase of the provision linked to the passing of time is allocated to income statement under "Financial income (expenses)". The supplementary client indemnity provisions have been set aside on the basis of reasonable estimates, as have other provisions for risks and charges, taking into consideration the available elements for the probable future liability.

Income taxes

The taxes for the period represent the sum of current and deferred taxes.

Current taxes are determined on the basis of a realistic forecast of the charges to be settled in application of applicable tax laws or which have been essentially approved on the period closing date in the various countries in which the Group operates. The relevant payable is recorded net of any deferred tax assets, withholdings made and tax credits which can be offset, under the item "Tax payables". In the event of a receivable, the amount is recorded under "Receivables from others" of current assets.
Deferred tax assets and liabilities are calculated on the temporary differences between the values of the assets and liabilities recognised in the balance sheet and the corresponding amounts recognised for tax purposes.

Deferred tax liabilities are recognised against all temporary taxable differences, with the following exceptions:

- the deferred tax liabilities originate from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, does not have any effects either on balance sheet profits or the profit and loss calculated for tax purposes;
- the reversal of taxable temporary differences, associated with equity investments in subsidiaries, associated companies and joint ventures, can be controlled and it is probable that this will not take place in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and for tax credits and losses which are unused and carried forward, to the extent that there will be adequate future tax profits that could make possible the use of deductible temporary differences and tax credits and losses carried, except if:

- deferred tax assets connected to deductible temporary differences arise from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, does not affect either balance sheet results or profit or loss for tax purposes;
- taxable temporary differences associated with equity investments in subsidiaries, associated companies and joint ventures and deferred tax assets are recognised only to the extent that temporary deductible differences will be reversed in the foreseeable future and there are adequate tax profits against which the temporary differences can be used.

Recognition of deferred tax assets takes place when their recovery is probable. The value of deferred tax assets is re-examined on each closing date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available. Deferred tax assets and deferred tax liabilities are classified among non-current assets and liabilities and are netted if they refer to taxes that can be offset. The balance of the netting, if it is an asset, is recognised under the item "Deferred tax assets"; if it is a liability it is recognised under the item "Deferred tax liabilities". When the results of transactions are recognised directly in equity, current taxes, deferred tax assets and deferred tax liabilities are also recognised under equity or in the statement of

comprehensive income consistently with the recognition of the element to which they refer.
Deferred tax assets or deferred tax liabilities are calculated on the basis of the tax rate that is expected to be applied in the year in which these assets will be realised or these liabilities will be extinguished.

Criteria for converting foreign currency items and translation of financial statements in foreign currency

Transactions and balances

Foreign currency transactions are initially recorded in the functional currency by applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated to the functional currency at the exchange rate at the date of the financial statements.
Exchange rate differences are recognised in the income statement, including the exchange rate differences realised when settlement is made of the receivables and payables in foreign currency, which are recognised in the income statement, except for monetary elements that constitute part of the hedge of a net investment in a foreign operation. These differences are initially recognised in the statement of comprehensive income until the disposal of the net investment, and only then will they be recognised in the income statement. Taxes and tax receivables attributable to the exchange rate differences on the monetary elements must also be recognised in the statement of comprehensive income.
Non-monetary items valued at their historical cost in a foreign currency are converted using the exchange rate applicable on the initial recognition date of the transaction. Non-monetary items recognised at fair value in a foreign currency are converted using the exchange rate applicable on the date that value was determined. Profit and loss from the reconversion of non-monetary items is handled in line with the recognition of profits and losses relating to changes in fair value of these items (conversion differences on items the fair value of which is recognised in the statement of comprehensive income or the income statement are recognised in the comprehensive income statement or the income statement, respectively).

Group companies

The Cremonini Group's consolidated financial statements are prepared in euro, which is the Parent Company's functional currency and that used for presentation.
The balances included in the financial statements of each of the Group's companies are recorded in the currency of the primary economic environment where the company operates (functional currency).
The rules for translation of the financial statements expressed in foreign currencies into the presentation currency are the following:

- assets and liabilities included in the financial statements, even if only for comparative purposes, are translated at the exchange rate at the year-end;
- the costs and revenues, charges and income, included in the financial statements, even if only for comparative purposes, are translated at the average exchange rate of the period presented;
- the components of the shareholders' equity, excluding the profit for the period, are translated at historic exchange rates;
- the "translation reserve" includes both the exchange rate differences generated from the translation of the magnitudes at a different rate from that of the year-end, and those generated from the translation of the opening shareholders' equities at an exchange rate different from that of the year-end;
- on disposal of a foreign operation, the part of the comprehensive income statement referring to such foreign operation is recognised in the income statement.

The above provisions do not fall within the scope of application of IAS 29 – *Financial Reporting in Hyperinflationary Economies*, which requires appropriately restated amounts in the balance sheet and income statement to be translated into the European reporting currency at the exchange rate prevailing on the closing date of the financial period.

The exchange rates utilised for the translation into euro of the financial statements of foreign subsidiaries that do not use the European currency (euro) were the following:

Currency	Year-end exchange rate		Average exchange rates	
(foreign currency amount for 1 Euro)	**2020**	2019	**2020**	2019
Dollars (USA)	1.22710	1.12340	1.14220	1.11948
Dinars (Algeria)	162.10710	133.89160	144.84728	133.67570
Kwanza (Angvla)	800.34500	540.03700	661.86833	540.03700
New Metical (Mozambique)	91.70000	69.59000	79.27922	69.94349
Renminbi (China)	8.02250	7.82050	7.87470	7.73549
Roubles (Russia)	91.46710	69.95630	82.72480	72.45534
Pounds (United Kingdom)	0.89903	0.85080	0.88970	0.87777
Zlovty (Poland)	4.55970	4.25680	4.44305	4.29762

Business combinations

Business combinations that took place prior to 1 January 2010, were accounted for through application of the purchase method (as defined in IFRS 3 "*Business Combinations*"). The purchase method requires, after identification of the purchaser as part of the business combination and determination of the acquisition cost, the valuation at fair value of all the acquired assets and liabilities (including contingent liabilities). To this end, the company is required to carry out a specific measurement of any intangible assets acquired. Any goodwill is determined only residually as a difference between the cost of the business combination (including accessory charges and any contingent considerations) and the portion pertaining to the company of the difference between the assets and liability acquired, measured at fair value.
Business combinations that took place after 1 January 2010 are accounted for using the acquisition method (IFRS 3R). Acquisition cost is determined as the sum of the consideration transferred, measured at fair value on the acquisition date, and the amount of any minority shareholdings acquired. For each business combination, any minority shareholdings in the acquired company must be measured at fair value or in proportion to the share of the minority shareholdings in the identifiable net assets of the acquired company. Acquisition costs are charged to and classified among administrative costs.
If the business combination takes place in multiple phases, the fair value of the previously held equity investment is recalculated at fair value on the acquisition date, with recognition in the income statement of any profit or loss resulting thereof.
Any potential consideration is recognised by the purchaser at fair value on the acquisition date. Change in fair value of the potential consideration classified as a financial asset or liability, will be recognised pursuant to IAS 39, in the income statement or other comprehensive income components. If it does not fall within the scope of application of IAS 39, it will be accounted for based on IAS 37 or the most appropriate IFRS.
If the potential consideration is classified in shareholders' equity, its value is not recalculated until its extinction is accounted for against shareholders' equity.
Goodwill is initially measured at the cost that emerges as excess of the sum of consideration paid and amount recognised for minority interests, against identifiable net assets acquired and liabilities assumed by the Group. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the differences are recognised in the income statement.

After initial recognition, goodwill is carried at cost less any accumulated impairment losses. For the purposes of verifying impairment, goodwill acquired in a business combination must, on the acquisition date, be allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entities are assigned to this unit or not.
If goodwill is allocated to a cash generating unit and the entity disposes of part of the assets of that unit, the goodwill associated to the assets disposed of must be included in the assets' book value when the profit or loss arising from the disposal is determined. Goodwill associated with a disposed asset must be determined on the basis of the relative values of the disposed asset and the part of the cash generating unit which is maintained.

Recognition of revenues

Revenues from the sale of products are recognised at the time that all the risks and expenses deriving from ownership of the assets are transferred, this coinciding with the delivery or shipment thereof.
Revenues from services are recognised on the basis of their degree of completion.
Income of a financial nature is recognised on an accruals basis. For all financial instruments measured at amortised cost, interest income is recognised using the actual interest rate, which is the rate that exactly discounts future payments and collections, estimated on the basis of the expected life of the financial instrument.

Dividends

Dividends are recognised in the income statement at the date on which the right to receive them arises, i.e. when, based on locally applicable laws, the shareholders are entitled to receive payment, a date which normally coincides with the approval date by the shareholders' meeting, or authorisation by the local monetary authority which approves expatriation thereof.

Recognition of costs

Costs are recognised when they refer to goods and services which are acquired and/or received during the reporting period.
Rents payable for operating leases are allocated to the income statement according to the accruals principle.
Finance lease payments are allocated, as to the principal amount, to reduction of the financial debt, and as to interest to the income statement.
Expenses of a financial nature and services are recognised on an accruals basis. For all financial instruments measured at amortised cost, interest income is recognised using the actual interest rate, which is the rate that exactly discounts future payments and collections, estimated on the basis of the expected life of the financial instrument.

Segment Information

A segment is defined as an area of activity or geographic area in which the Group's operations take place, characterised by conditions and risks that are different from those of other segments. In particular, the sectors of a business represent the Group's primary sectors identified as follows: Production, Distribution, Catering and Centralised Activities. Geographical areas (secondary sectors) have been identified in Italy, the European Union and the Non-EU countries.
Key summary data by segment of activity are shown below:

(Euro/000)	**Year 2020**	Year 2019	Change total value	Change %
Production				
Net revenues	2,035,743	2,143,014	(107,271)	(5.01)
Intercompany revenues	*85,741*	97,960		
Total revenues	2,121,484	2,240,974	(119,490)	(5.33)
Gross operating margin	166,223	145,863	20,360	13.96
Amortization, depreciation and write-downs	(69,523)	(70,635)	1,112	(1.57)
Operating profit (loss)	96,700	75,228	21,472	28.54
Distribution				
Net revenues	1,036,577	1,631,224	(594,647)	(36.45)
Intercompany revenues	*37,100*	64,585		
Total revenues	1,073,677	1,695,809	(622,132)	(36.69)
Gross operating margin	39,465	128,479	(89,014)	(69.28)
Amortization, depreciation and write-downs	(36,316)	(28,579)	(7,737)	27.07
Operating profit (loss)	3,149	99,900	(96,751)	(96.85)
Catering				
Net revenues	334,139	661,090	(326,951)	(49.46)
Intercompany revenues	*265*	464		
Total revenues	334,404	661,554	(327,150)	(49.45)
Gross operating margin	41,185	104,395	(63,210)	(60.55)
Amortization, depreciation and write-downs	(88,449)	(80,231)	(8,218)	10.24
Operating profit (loss)	(47,264)	24,164	(71,428)	(295.60)
Centralized activities				
Net revenues	1,791	1,625	166	10.22
Intercompany revenues	*10,199*	10,662		
Total revenues	11,990	12,287	(297)	(2.42)
Gross operating margin	(496)	(1,550)	1,054	(68.00)
Amortization, depreciation and write-downs	(3,277)	(3,797)	520	(13.70)
Operating profit (loss)	(3,773)	(5,347)	1,574	(29.44)
Consolidation adjustments				
Total revenues	*(133,305)*	*(173,671)*		
Gross operating margin	*0*	*0*		
Amortization, depreciation and write-downs	*0*	*0*		
Operating profit (loss)	*0*	*0*		
Total				
Total revenues	3,408,250	4,436,953	(1,028,703)	(23.18)
Gross operating margin	246,377	377,187	(130,810)	(34.68)
Amortization, depreciation and write-downs	(197,565)	(183,242)	(14,323)	7.82
Operating profit (loss)	48,812	193,945	(145,133)	(74.83)

Consolidated balance sheet broken down by business sector

As at December 2020 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	40,508	145,160	52,521	45	-	238,234
Tangible assets	676,779	71,608	328,096	81,976	-	1,158,459
Right of use	16,736	51,849	223,968	-	-	292,553
Equity investments and other financial assets	30,054	2,725	5,044	1,094	(1)	38,916
Total fixed assets	**764,077**	**271,342**	**609,629**	**83,115**	**(1)**	**1,728,162**
Trade net working capital						
- Trade receivables	193,121	296,180	21,263	13,348	(20,827)	503,085
- Inventories	310,122	134,532	10,895	1	250	455,800
- Trade payables	(248,806)	(195,534)	(67,368)	(6,838)	18,408	(500,138)
Total trade and net working capital	**254,437**	**235,178**	**(35,210)**	**6,511**	**(2,169)**	**458,747**
Other current assets	30,137	39,989	63,848	24,519	(28,896)	129,597
Other current liabilities	(66,001)	(13,699)	(29,770)	(17,188)	31,067	(95,591)
Net working capital	**218,573**	**261,468**	**(1,132)**	**13,842**	**2**	**492,753**
Staff Severance Indemnity Provision and other m/l-term provisions	**(46,709)**	**(14,640)**	**(13,187)**	**(3,482)**	**-**	**(78,018)**
Net invested capital	**935,941**	**518,170**	**595,310**	**93,475**	**1**	**2,142,897**

As at December 2019 * (Euro/000)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	39,267	143,980	46,613	115	-	229,975
Tangible assets	679,886	64,387	323,321	83,918	-	1,151,512
Right of use	18,923	45,437	242,862		-	307,222
Equity investments and other financial assets	34,927	3,302	10,333	1,418	-	49,980
Total fixed assets	**773,003**	**257,106**	**623,129**	**85,451**	**0**	**1,738,689**
Trade net working capital						
- Trade receivables	215,004	357,466	31,452	11,680	(28,210)	587,392
- Inventories	311,937	170,292	14,776	1	225	497,231
- Trade payables	(269,755)	(265,815)	(114,890)	(7,148)	26,391	(631,217)
Total trade and net working capital	**257,186**	**261,943**	**(68,662)**	**4,533**	**(1,594)**	**453,406**
Other current assets	28,431	27,133	14,074	7,039	(3,370)	73,307
Other current liabilities	(53,787)	(8,832)	(42,339)	(4,053)	4,964	(104,047)
Net working capital	**231,830**	**280,244**	**(96,927)**	**7,519**	**0**	**422,666**
Staff Severance Indemnity Provision and other m/l-term provisions	**(69,042)**	**(14,010)**	**(9,840)**	**(3,459)**	**-**	**(96,351)**
Net invested capital	**935,791**	**523,340**	**516,362**	**89,511**	**0**	**2,065,004**

*The 2019 flows of data have been restated, where necessary, in order to keep them comparable to those at 31 December 2020.

Net consolidated debt broken down by sector

As at December 2020 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(246,251)	(167,468)	(113,549)	(24,132)	(551,400)
- due between 1 and 5 years	(202,637)	(228,455)	(159,934)	(19,979)	(611,005)
- due beyond 5 years	(46,876)	(842)	(49,294)	-	(97,012)
Total payables to banks, bonds and other financial institutions	**(495,764)**	**(396,765)**	**(322,777)**	**(44,111)**	**(1,259,417)**
Liquidity					
- cash and cash equivalents	94,436	251,491	36,693	1,611	384,231
- other financial assets	8,694	626	686	-	10,006
Total liquidity	**103,130**	**252,117**	**37,379**	**1,611**	**394,237**
Securitization and internal treasury current accounts	**2,624**	**5,794**	**2,564**	**(10,982)**	**0**
Total net debt before IFRS 16	**(390,010)**	**(138,854)**	**(282,834)**	**(53,482)**	**(865,180)**
Financial liabilities right of use					
- within 12 months	(5,811)	(8,528)	(41,828)	-	(56,167)
- between 1 and 5 years	(11,387)	(24,030)	(164,028)	-	(199,445)
- beyond 5 years	-	(20,904)	(51,195)	-	(72,099)
IFRS 16 effects on net debt	**(17,198)**	**(53,462)**	**(257,051)**	**0**	**(327,711)**
Total net debt	**(407,208)**	**(192,316)**	**(539,885)**	**(53,482)**	**(1,192,891)**

As at December 2019 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(169,631)	(178,875)	(98,931)	(19,637)	(467,074)
- due between 1 and 5 years	(309,418)	(166,859)	(68,900)	(17,506)	(562,683)
- due beyond 5 years	(72,193)		(46,343)	(10,000)	(128,536)
Total payables to banks, bonds and other financial institutions	**(551,242)**	**(345,734)**	**(214,174)**	**(47,143)**	**(1,158,293)**
Liquidity					
- cash and cash equivalents	141,453	192,493	33,376	320	367,642
- other financial assets	6,483	1,797	691	50	9,021
Total liquidity	**147,936**	**194,290**	**34,067**	**370**	**376,663**
Securitization and internal treasury current accounts	**3,736**	**1,843**	**(5,314)**	**(265)**	**0**
Total net debt before IFRS 16	**(399,570)**	**(149,601)**	**(185,421)**	**(47,038)**	**(781,630)**
Financial liabilities right of use					
- within 12 months	(5,512)	(7,911)	(34,774)	-	(48,197)
- between 1 and 5 years	(13,564)	(22,399)	(155,961)	-	(191,924)
- beyond 5 years		(16,116)	(57,727)	-	(73,843)
IFRS 16 effects on net debt	**(19,076)**	**(46,426)**	**(248,462)**	**0**	**(313,964)**
Total net debt	**(418,646)**	**(196,027)**	**(433,883)**	**(47,038)**	**(1,095,594)**

Major assumptions adopted by Management and discretionary valuations

The application of generally accepted accounting principles to the preparation of financial statements and interim financial reports requires that the management make accounting assumptions based on complex and/or subjective judgements, estimates based on past experience and assumptions which are considered reasonable and realistic based on the information which is known at the time the estimate is made. The use of these accounting assumptions influences the carrying value of assets and liabilities and the disclosures on contingent assets and liabilities as at the balance sheet date, as well as the amount of revenues and costs in the reporting period. The actual results may differ from the estimated ones due to the uncertainty that characterises the assumptions and conditions on which the estimates are based. Below are accounting assumptions made during the drafting of the financial statements and interim reports, which are critical because they are based on highly subjective assumptions and estimates with regard to issues which by their very nature are uncertain. Changes in the conditions on which the adopted judgements, assumptions and estimates are based may have a significant impact on subsequent results.
Below are the main estimates and assumptions adopted by the Management for the preparation of these annual financial statements; any changes thereto, which cannot be anticipated at this time, may affect the Group's income and equity.

- <u>Estimates adopted for the measurement of asset impairment</u>

For the purpose of verifying any impairment of goodwill recognised in the accounts, the Group has adopted the methodology described in the paragraph "Impairment of assets".
The recoverable value was calculated based on the calculation of the value in use.
The cash flows of cash generating units attributable to each unit of goodwill/consolidation difference were taken from the Budget for 2020 and from estimates by the Company Management for the subsequent years

using constant rates of growth greater than the scheduled inflation rates. The weighted average cost of capital (WACC) was used as the discount rate, in the amount of:
- 8.1% for the valuation of the goodwill of Chef Express S.p.A.;
- 6.5% for the valuation of the goodwill of INALCA S.p.A.;
- 6.52% for the valuation of the goodwill of MARR S.p.A..

Any impairments of assets were measured (impairment tests on goodwill) annually as at 31 December 2020.

- Estimates used in the actuarial calculation for determining defined benefit - Post-employment benefit plans

The measurement of the post-employment benefits liability was carried out by an independent actuary based on the following assumptions:
- discounting rate utilised is equal to 0.02%;
- the anticipated inflation rate is 0.8%;
- the anticipated annual rate of increase in post-employment benefits is 2.1%;
- annual rate of salary increase is different for each company;
- the annual rate of frequency of post-employment benefits advances is anticipated as 3.0%;
- the turnover of employees was 6.5%;

- Estimates adopted in the actuarial calculation of Provisions for supplementary clientele severance indemnity

Provisions for supplementary clientele severance indemnity liabilities were valued by an independent actuary using the following assumptions:
- the voluntary turnover rate is 13% for MARR S.p.A., 11% for Italia Alimentari S.p.A., 7% for AS.CA. S.p.A, 5% for New Catering S.r.l.
- the company turnover rate is 2% for MARR S.p.A., 10% for AS.CA. S.p.A., 4% Italia Alimentari S.p.A., 7% for New Catering S.r.l.
- a discount rate of 0.08%.

Deferred taxes

Deferred tax assets are recognised against all tax losses carried forward, in the amount adequate future taxable profits against which these losses may be used are likely. Directors are required to use their discretion in their measurement of the amount of deferred tax assets which can be recognised. They must estimate the likely time and amount of future taxable profits and a planning strategy of future taxes.

- Others

The following financial statement elements are affected by estimates and assumptions made by Management:
- inventory obsolescence
- depreciation and amortisation
- valuation of other assets.

Financial risk management

The main risks identified, monitored and actively managed by the Cremonini Group are the following:

- Market risk: arising from the Group's exposure to interest rate and exchange rate fluctuations and to price volatility of the products and services sold;

- Credit risk: arising from the possibility of insolvency of a debtor counterparty;

- Liquidity risk: arising from the lack of financial resources with which to cover short-term financial commitments.

The Cremonini Group uses derivative financial instruments to hedge the exposure to exchange and interest rate risks. Nevertheless, in the cases where the derivative financial instruments do not meet all the conditions provided for the accounting treatment of the hedging derivative financial instruments (hedge accounting), these are booked at the fair value with a contra entry to the income statement.

Market risk

Market risk consists in the possibility of changes in exchange rates, interest rates or the prices of products adversely affecting the value of assets, liabilities or estimated cash flows.

Exchange Rate Risk

The Cremonini Group, operating internationally, is structurally exposed to changes in exchange rates that affect the financial flows that originate from operations and loan transactions in currencies other than the European currency (euro).
The Group reports transactions settled mainly in US Dollars, Russian Roubles, Angolan Kwanza; the Group is exposed to other currencies such as Algerian dinars, pounds Sterling, Mozambican Metical, Australian Dollar, Canadian Dollar, Cape Verde Escudo, Thailand Bath, Hong Kong Dollar, Malaysian Ringgit, Chinese Renminbi, Turkish Lira and Polish Zloty.

The exchange rate changes have affected:

- the financial result, as an effect of the significantly different costs and revenues in foreign currencies with respect to the time when the price conditions were defined, and as an effect of the translation of trade or financial receivables and payables denominated in foreign currencies;
- the financial result and shareholders' equity of the consolidated financial statements, as an effect of the translation of the assets and liabilities of the companies that prepare their financial statements in a foreign currency other than the euro.

The risk deriving from the formation of the income for the financial year in a foreign currency or the translation of the assets and liabilities of the companies that prepare their financial statements in a foreign currency other than the euro is not as a norm hedged, except for a specific different valuation.

Sensitivity analysis

At 31 December 2020, the effects of an appreciation or depreciation of the euro of 5% against the foreign currencies in which the Group operates are shown in the following table:

Effects on the pre-tax result:

(Euro/000)	Euro 5% Appreciation	Euro 5% Depreciation
US - Dollars	(1,814)	2,004
GB - Pounds	(26)	29
AU - Australian dollars	-	-
Angola - Readjustadv Kwanza	(291)	322
Russia - Roubles	(135)	149

Interest rate risk

The Cremonini Group, as is evident from the net debt, is exposed to the risk of fluctuation in interest rates that affect the market value of financial assets and liabilities, and the amount of financial charges.
At Group level, the medium/long-term loans and finance leases are, for about 64%, stipulated with variable interest rates exposing the Group to the risk of a change in future cash flows while the fixed rate loans expose

the Group to the risk of a change of the fair value of the loans themselves.

Sensitivity analysis

As at 31 December 20120, a hypothetic increase of 1% of the EURIBOR, as with all the other variables, would have determined a higher pre-tax charge (and therefore a corresponding reduction of the shareholders' equity) of about Euro 9,849 thousand on an annual basis (Euro 7,642 thousand at 31 December 2019).

Price risk

The reduction of the prices of the products and services sold generally leads to a reduction in the operating results and vice versa. The Group, which operates worldwide, is exposed to the fluctuations of prices that are also affected by the normal seasonality that characterises the individual sectors. These risks are managed directly by the individual companies through the diversification of the sources of procurement and through the following-up of the stability of the margins implemented with an optimal prices policy.

Credit risk

The credit risk represents the Group's exposure to potential losses deriving from the counter party's failure to meet obligations assumed and is evaluated both in commercial terms, i.e., correlated to the customer typologies and to the contractual terms and concentration of the sales, and in financial terms connected to the typology of the counter parties used in financial transactions.
The Group's operating practices allow control of the credit risk, through a procedure that monitors the merit classes of the customers that request deferment of payments, thus limiting sales of products and/or services to customers without an adequate level of credit line and guarantees. The monitoring of the customer is based on collection of data and information on new customers and supervision of the evolution of individual credit positions. Furthermore, the receivables balance is monitored during the financial year to ensure that the delinquent positions are not significant.
The credit risk is also mitigated by the fact that there are no major expositions due to a concentration of positions, in view of the multiple numbers of customers and particularly distributed turnover. With regard to the financial counterparty risk deriving from the use of liquidity, the Group implements policies that limit the loan exposure with the individual financial institutions.
Management of trade credit is the responsibility of the Customers Office, Debt Recovery Office and Disputes Management based on formalised valuation procedures for commercial partners' credit lines, including the recovery of receivables and eventual management of the disputes. This procedure permits the definition of those rules and operational mechanisms that ensure the generation of a payments flow such as to guarantee Cremonini S.p.A. customer solvability and the profitability of the relationship.
At the reference date of the financial statements, the maximum exposure to the credit risk is equal to the value of each category of the receivables indicated below:

(Euro/000)	**31.12.2020**	31.12.2019 *
Current trade receivables	491,313	591,411
Other non-current assets	54,414	46,868
Other current assets	69,969	73,611
Total	**615,696**	**711,890**

*The 2019 flows of data have been restated, where necessary, in order to keep them comparable to those at 31 December 2020.

The fair value of the above categories is not indicated as the carrying value represents a reasonable approximation. The value of the Trade receivables, Other non-current assets and Other current asset items are classifiable as "Level 3" financial assets, or rather those where the inputs are not are based on observable market data.
Please refer to point 12 of the explanatory notes to the financial statements for information regarding the maximum exposure to credit risk.

Liquidity risk

The liquidity risk represents the risk that, due to the incapacity of raising new funds or liquidate assets in the market, the company cannot meet its payment obligations, determining an impact on the economic result in the case where the company is obliged to sustain additional costs to meet its commitments or, as an extreme consequence, a situation of insolvency that places the company's activities at risk.

The Group systematically respects the maturities of its commitments, a conduct which allows to operate in the market with the necessary flexibility and reliability for the purpose of maintaining a correct balance between the supply and use of financial resources.
The Group manages the liquidity risk through prudent control of the necessary cash and cash equivalents for the normal conduct of operations and availability of credit lines that guarantee a satisfying level of resources sufficient to cover any financial necessities. These controls mainly take place through the constant monitoring by the centralised treasury of the receipts and payments flows of all the companies, pursuing the maintenance of a balance in terms of duration and composition of the payables. This specifically allows the monitoring of the resources flows generated and absorbed by normal operations. With regard to management of the resources absorbed by the investment activities, it is generally preferred to find sources through specific long-term loans.

The table below analyses the financial liabilities and derivative financial liabilities on the basis of the contractual maturities as at the date of the financial statements. It is noted that the amounts indicated do not reflect the carrying values (with the exception of the balances within 12 months, for which the book balances reflect reasonable estimates of the financial flows, given the insignificance of the discounting effect) as they are not discounted. The financial flows from variable rate loans were estimated utilising the average rate of indebtedness at the reference date of the financial statements.

(Euro/000)	Within 12 months	1-5 years	Over 5 years	Total
At 31 December 2020				
Financial payables	550,089	639,820	97,013	1,286,922
Financial instruments / Derivatives	(978)	1,706	-	728
Trade Liabilities	546,496	-	-	546,496
	1,095,607	**641,526**	**97,013**	**1,834,146**
At 31 December 2019*				
Financial payables	465,312	570,741	128,536	1,164,589
Financial instruments / Derivatives	(99)	3,198	-	3,099
Trade Liabilities	696,482	-	-	696,482
	1,161,695	**573,939**	**128,536**	**1,864,170**

*The 2019 flows of data have been restated, where necessary, in order to keep them comparable to those at 31 December 2020.

Classes of financial instruments

The following elements are recognised in conformity with the accounting standards relating to financial instruments:

Balance Sheet Assets 2020	Financial assets at amortised cost	Assets at FVPL	Assets at FVOCI	Total
Financial assets held for sale	2,347	-	-	**2,347**
Financial instruments / Derivatives	0	-	1,818	**1,818**
Non-current financial receivables	28,196	-	-	**28,196**
Other non-current receivable items	54,414	-	-	**54,414**
Current financial receivables	7,756	-	-	**7,756**
Current trade receivables	491,313	-	-	**491,313**
Current financial assets held for sale	174	-	-	**174**
Current derivative financial instruments	93	-	-	**93**
Current tax receivables	38,546	-	-	**38,546**
Cash and cash equivalents	384,231	-	-	**384,231**
Other current receivable items	69,969	-	-	**69,969**
Total	**1,077,039**	**-**	1,818	**1,078,857**

Balance Sheet Assets 2019*				
Financial assets held for sale	2,843	-	-	**2,843**
Financial instruments / Derivatives	-	-	3,419	**3,419**
Non-current financial receivables	6,355	-	-	**6,355**
Other non-current receivable items	46,868	-	-	**46,868**
Current financial receivables	8,780	-	-	**8,780**
Current trade receivables	591,411	-	-	**591,411**
Current financial assets held for sale	196	-	-	**196**
Current derivative financial instruments	-	-	1,265	**1,265**
Current tax receivables	23,682	-	-	**23,682**
Cash and cash equivalents	367,642	-	-	**367,642**
Other current receivable items	73,611	-	-	**73,611**
Total	**1,121,388**	**-**	**4,684**	**1,126,072**

*The 2019 flows of data have been restated, where necessary, in order to keep them comparable to those at 31 December 2020.

Balance Sheet Liabilities 2020	Financial assets at amortised cost	Assets at FVPL	Assets at FVOCI	Total
Non-current financial payables	736,833	-	-	**736,833**
Non-current financial payables - Right of use	271,544	-	-	**271,544**
Non-current derivative financial instruments	-	-	112	**112**
Current financial payables	550,089	-	-	**550,089**
Current financial payables - Right of use	56,167	-	-	**56,167**
Current derivative financial instruments	66	-	1,005	**1,071**
Total	**1,614,699**	**-**	**1,117**	**1,615,816**

Balance Sheet Liabilities 2019*				
Non-current financial payables	699,277	-	-	**699,277**
Non-current derivative financial instruments	-	-	221	**221**
Current financial payables	465,312	-	-	**465,312**
Current derivative financial instruments	999	-	365	**1,364**
Total	**1,165,588**	**-**	**586**	**1,166,174**

*The 2019 flows of data have been restated, where necessary, in order to keep them comparable to those at 31 December 2020.

In conformity with the requirements of the changes introduced to IFRS 13, we indicate that the derivative financial instruments, constituting hedging contracts on exchange and interest rates, are classifiable as "Level 2" financial assets, as the input having a significant effect on the fair value recorded are figures directly observable on the market[3].

Similarly, non-current borrowings, whose recognition at fair value is reported in paragraph 18 of these explanatory notes, can also be classified as "Level 2" financial assets, since the inputs that affect their fair value are market data that can be observed directly.

With regard to the "Other current and non-current assets" items, you are referred to the indications in paragraphs 9 and 16 of these explanatory notes.

Capital management policy

The Company's primary aim, regard capital management, is to obtain an appropriate level of entity in relation to debt, with the purpose of maintaining equity solidity and achieve a functional debt/equity ratio for the purpose of adequate management of the financial leverage.

For the purpose of reaching these objectives, the company, in addition to the pursuit of satisfactory economic results and the generation of cash flows, can intervene on the dividends policy and configuration of the company's capital.

The main indicators that the company uses for capital management are:

1) R.O.S. (Return on sales);
2) R.O.I. (Return on investments);
3) R.O.A.C.E. (Return on Average Capital Employed);
4) R.O.E. (Return on equity);
5) Net Debt / Equity;
6) Net Debt /Ebitda.

Information included in the Directors' Report

With respect to the nature of the Group's business activities, the events of significance occurring after the end of the financial year, relationships with Group companies and related companies together with other information relating to the different business sectors in which the Group operates, please refer to the Directors' Report.

[3] The company identifies "Level 1" financial assets and liabilities as being those whose inputs having a significant effect on measured fair value are prices quoted in an active market for similar assets and liabilities and "Level 3" assets and liabilities as being those whose inputs are not based on observable market data.

Details of the main items of the consolidated statement of financial position

ASSETS

Non-current assets

Specific statements have been prepared for the categories of non-current assets (intangible, tangible assets and rights of use) which have been attached respectively in annexes 3, 4 and 5, which indicate for each item the historic cost, previous amortization and depreciation, changes over the period and final balances.

As already stated in the Directors' Report, the Group concluded various transactions during the course of 2019 that influenced the comparability of the balances compared to those for the prior financial year.

For a better comprehension of the following tables it is noted that in the column "Changes in the scope of the consolidation" the effects are shown of the entry into the scope of consolidation of the subsidiaries Ina Ten S.r.l., SìFrutta S.r.l., C&P S.r.l., Caio S.r.l., Casa Maioli S.r.l., W Italia S.r.l., Castelfrigo LV S.r.l., Inalca Food & Beverage Beijing Holding Ltd., Inalca Food & Beverage Beijing Co., Terre Food S.r.l. and Italia Alimentari Canada Ltd. and of the exit of Alliance Express Llc., Cremonini Chef Iberica SA and Chef Express Eurasia Llc.

1. Tangible assets

(Euro/000)	Balance at 31.12.2019	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2020**
Land and buildings	817,772	4,601	29,158	(2,210)	(8,037)	(40,484)	800,800
Plant and machinery	175,633	2,023	25,998	(1,449)	4,560	(36,308)	170,457
Industrial and business equipment	12,558	244	3,283	(422)	223	(4,736)	11,150
Other assets	67,963	1,073	9,566	(3,421)	3,233	(16,201)	62,213
Fixed assets under construction and advances	77,586	-	76,563	(1,641)	(38,669)	-	113,839
Total	**1,151,512**	**7,941**	**144,568**	**(9,143)**	**(38,669)**	**(97,729)**	**1,158,459**

Land and buildings

The item under examination, net of depreciation for the period, increased compared to 2019 as a result of:
- investment property for about Euro 26.9 million, net of disinvestments;
- the exchange rate effect which gave rise to a reduction of Euro 25.3 million.

All the sectors have made new investments in property, in particular: the Production Sector for Euro 17.7 million, the Catering Sector for Euro 10.0 million, the Distribution Sector for Euro 0.8 million and the Centralized activities Sector for Euro 0.6 million.

In detail:

Production:

The increases of the sector, which amounted to Euro 17.7 million, were mainly due to INALCA S.p.A., for Euro 6.5 million, mainly intended for Castelvetro di Modena plant for the rendering project (plant for the food processing of bones and fat), the expansion of the frozen hamburger storage cell; the construction of a new automated warehouse for pallets of frozen products at Ospedaletto plant and the construction of the biogas digested sludge drying and leather storage and processing systems at Pegognaga plant; to subsidiary Castelfrigo LV S.r.l. for Euro 5.8 million for the acquisition of the business unit of Castelfrigo S.r.l. located in

Castelnuovo Rangone from the bodies in charge of the company's bankruptcy; to subsidiary Società Agricola Corticella S.r.l., for Euro 2.2 million for the acquisition of a new Agrifap barn and related dwellings; to subsidiary Italia Alimentari S.p.A., for Euro 1.4 million, for the enlargement of the shipment and picking area at Gazoldo plant and major improvements, especially at Gazoldo, Busseto and Postalesio factories, adapting them for greater production requirements.

Catering:

The investments amounted to Euro 10.0 million and mainly concerned the acquisition, under finance lease, involving the new outlets of the Roadhouse S.p.A. chain, as well as the refurbishment of some sales outlets of subsidiary Chef Express S.p.A., mainly at railway stations and airports.

Distribution:

Improvements were made to some branches of the Parent Company MARR S.p.A., specifically MARR Naples for investments in the Ischia warehouse.

Centralized activities:

Expenses of Euro 0.6 million were incurred for refurbishments in the Groups-owned buildings located in Rome, Trevi area and Castelvetro di Modena (MO).

The other movements refer to both reclassification of works that were previously recorded under the item "non-current assets in progress" and the changes deriving from exchange rate effects, which negatively impacted by Euro 25.3 million in the year (already mentioned above).

At 31 December 2020 there were sixty-six financial leases. Shown below are the summarized figures of the transactions:

	Corbetta Building	Ferrara Building	Bergamo Building	Padova Building	Trezzano Building
Commencement of the lease term	01/03/2007	01/06/2007	01/07/2007	29/02/2008	10/09/2008
Finance lease term	15 years	15 years	15 years	18 years	18 years
Nr. of lease payments	179 months	179 months	179 months	71 quarters	215 months
Value of the leased asset	1.6 million Euros	1.3 million Euros	3.0 million Euros	3.4 million Euros	3.6 million Euros
Initial payment on signing the contract	163 thousand Euros	133 thousand Euros	296 thousand Euros	339 thousand Euros	332 thousand Euros
Amount of the monthly payment	10 thousand Euros	8 thousand Euros	19 thousand Euros	64 thousand Euros	16 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	326 thousand Euros	267 thousand Euros	591 thousand Euros	339 thousand Euros	252 thousand Euros
2020 payments*	88 thousand Euros	71 thousand Euros	159 thousand Euros	177 thousand Euros	231 thousand Euros
Residual value as at 31 December 2020	0.4 million Euros	0.4 million Euros	0.8 million Euros	1.4 million Euros	1.6 million Euros

	Rozzano Building	Corsico Building	Vicenza Building	Modena Sud Building	Voghera Building
Commencement of the lease term	24/09/2008	12/08/2009	09/10/2009	16/09/2010	02/12/2010
Finance lease term	18 years	18 years	18 years	18 years	18 years
Nr. of lease payments	215 months	215 months	215 months	215 months	215 months
Value of the leased asset	3.2 million Euros	3.5 million Euros	2.6 million Euros	4.4 million Euros	1.5 million Euros
Initial payment on signing the contract	316 thousand Euros	355 thousand Euros	260 thousand Euros	437 thousand Euros	147 thousand Euros
Amount of the monthly payment	20 thousand Euros	15 thousand Euros	10 thousand Euros	21 thousand Euros	7 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	316 thousand Euros	315 thousand Euros	215 thousand Euros	437 thousand Euros	147 thousand Euros
2020 payments*	163 thousand Euros	1854 thousand Euros	139 thousand Euros	92 thousand Euros	30 thousand Euros
Residual value as at 31 December 2020	1.4 million Euros	1.5 million Euros	1.1 million Euros	2.2 million Euros	0.8 million Euros

* Values inclusive of indexation differences.

	Mirabilandia Building	Parma Building	Macerata Building	Capriate Building	Mestre Building
Commencement of the lease term	01/07/2011	23/12/2011	01/05/2012	31/10/2012	19/12/2012
Finance lease term	18 years	18 years	18 years	18 years	13 years
Nr. of lease payments	215 months	215 months	215 months	215 months	155 months
Value of the leased asset	2.4 million Euros	3.6 million Euros	1.5 million Euros	2.3 million Euros	2,5 million Euros
Initial payment on signing the contract	237 thousand Euros	360 thousand Euros	156 thousand Euros	465 thousand Euros	265 thousand Euros
Amount of the monthly payment	12 thousand Euros	21 thousand Euros	8 thousand Euros	10 thousand Euros	18 thousand Euros
Interest rate	Euribor	Euribor	Fixed	Euribor	Fixed
Amount of final option	237 thousand Euros	360 thousand Euros	147 thousand Euros	465 thousand Euros	234 thousand Euros
2020 payments*	59 thousand Euros	239 thousand Euros	94 thousand Euros	100 thousand Euros	194 thousand Euros
Residual value as at 31 December 2020	1.3 million Euros	2.5 million Euros	0.9 million Euros	1.2 million Euros	1.2 million Euros

	Cinisello Balsamo Building	Capriate works (a)	Bellinzago Lombardo Building	Gallarate Building	Carpi Building
Commencement of the lease term	12/07/2013	06/12/2013	28/07/2014	01/08/2014	01/08/2014
Finance lease term	13 years	16 years	12 years	12 years	12 years
Nr. of lease payments	155 months	186 months	143 months	143 months	48 quarters
Value of the leased asset	3.5 million Euros	2.4 million Euros	1.7 million Euros	2.4 million Euros	1.9 million Euros
Initial payment on signing the contract	680 thousand Euros	844 thousand Euros	212 thousand Euros	224 thousand Euros	180 thousand Euros
Amount of the monthly payment	25 thousand Euros	16 thousand Euros	14 thousand Euros	16 thousand Euros	43 thousand Euros
Interest rate	Fixed	Euribor	Euribor	Euribor	Euribor
Amount of final option	307 thousand Euros	-	170 thousand Euros	224 thousand Euros	180 thousand Euros
2020 payments*	241 thousand Euros	207 thousand Euros	129 thousand Euros	83 thousand Euros	170 thousand Euros
Residual value as at 31 December 2020	1.6 million Euros	0.5 million Euros	1.0 million Euros	1.2 million Euros	1.0 million Euros

a) the first 107 instalments amount to Euro 15,800 and the subsequent Euro 79 to 3,200

	Pavia Building	Dalmine Building	Treviso Silea Building	Senigallia Building	Lainate Sempione Building
Commencement of the lease term	01/02/2015	23/03/2015	29/05/2015	11/06/2015	31/07/2015
Finance lease term	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months	143 months
Value of the leased asset	1.7 million Euros	2.4 million Euros	3.2 million Euros	1.5 million Euros	2.1 million Euros
Initial payment on signing the contract	168 thousand Euros	241 thousand Euros	320 thousand Euros	148 thousand Euros	244 thousand Euros
Amount of the monthly payment	12 thousand Euros	16 thousand Euros	23 thousand Euros	9 thousand Euros	17 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	168 thousand Euros	241 thousand Euros	32 thousand Euros	148 thousand Euros	244 thousand Euros
2020 payments*	135 thousand Euros	186 thousand Euros	268 thousand Euros	116 thousand Euros	77 thousand Euros
Residual value as at 31 December 2020	0.9 million Euros	1.5 million Euros	1.7 million Euros	0.9 million Euros	1.5 million Euros

	Lainate Casello Building	Rovato Building	Pioltello Building	Cernusco Lombardone Building	Como Lipomo Building
Commencement of the lease term	29/05/2015	05/08/2015	20/11/2015	21/12/2015	15/02/2016
Finance lease term	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months	143 months
Value of the leased asset	2.3 million Euros	2.3 million Euros	2.6 million Euros	1.5 million Euros	1.7 million Euros
Initial payment on signing the contract	275 thousand Euros	267 thousand Euros	297 thousand Euros	170 thousand Euros	276 thousand Euros
Amount of the monthly payment	15 thousand Euros	18 thousand Euros	19 thousand Euros	10 thousand Euros	18 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	231 thousand Euros	267 thousand Euros	297 thousand Euros	154 thousand Euros	276 thousand Euros
2020 payments*	172 thousand Euros	174 thousand Euros	195 thousand Euros	116 thousand Euros	166 thousand Euros
Residual value as at 31 December 2020	1.4 million Euros	1.4 million Euros	1.6 million Euros	1.0 million Euros	1.5 million Euros

* Values inclusive of indexation differences.

	Gravellona Toce Building	Olgiate Comasco Building	Collegno Building	Cornaredo Building	Tradate Building
Commencement of the lease term	15/03/2016	05/04/2016	02/08/2016	05/08/2016	19/10/2016
Finance lease term	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months	143 months
Value of the leased asset	1.3 million Euros	2.0 million Euros	1.4 million Euros	1.5 million Euros	2.4 million Euros
Initial payment on signing the contract	174 thousand Euros	257 thousand Euros	266 thousand Euros	197 thousand Euros	500 thousand Euros
Amount of the monthly payment	8 thousand Euros	16 thousand Euros	17 thousand Euros	9 thousand Euros	14 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	131 thousand Euros	257 thousand Euros	266 thousand Euros	147 thousand Euros	243 thousand Euros
2020 payments*	95 thousand Euros	66 thousand Euros	69 thousand Euros	108 thousand Euros	156 thousand Euros
Residual value as at 31 December 2020	0.9 million Euros	1.5 million Euros	1.6 million Euros	1.0 million Euros	1.5 million Euros

	Fidenza Building	Curtatone Building	Calavera Building	Ancona Building	Modena Victoria Building
Commencement of the lease term	29/09/2016	29/09/2016	03/02/2017	26/01/2017	08/06/2017
Finance lease term	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months	143 months
Value of the leased asset	1.8 million Euros	1.2 million Euros	2.1 million Euros	2.3 million Euros	1.9 million Euros
Initial payment on signing the contract	240 thousand Euros	148 thousand Euros	220 thousand Euros	253 thousand Euro	200 thousand Euros
Amount of the monthly payment	10 thousand Euros	7 thousand Euros	14 thousand Euros	14 thousand Euros	11 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	177 thousand Euros	119 thousand Euros	220 thousand Euros	227 thousand Euros	187 thousand Euros
2020 payments*	125 thousand Euros	85 thousand Euros	149 thousand Euros	165 thousand Euros	133 thousand Euros
Residual value as at 31 December 2020	1.2 million Euros	0.8 million Euros	1.6 million Euros	1.6 million Euros	1.3 million Euros

	Montano Lucino Building	Lido di Camaiore Building	Lainate Sempione works	Vigevano Building	Immobile Baranzate
Commencement of the lease term	26/07/2017	10/11/2017	11/05/2017	08/03/2018	29/03/2018
Finance lease term	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	138 months	143 months	143 months
Value of the leased asset	2.1 million Euros	2.3 million Euros	0.1 million Euros	2.0 million Euros	3.2 million Euros
Initial payment on signing the contract	225 thousand Euros	234 thousand Euros	-	230 thousand Euros	287 thousand Euros
Amount of the monthly payment	12 thousand Euros	14 thousand Euros	0.6 thousand Euros	14 thousand Euros	19 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	187 thousand Euros	234 thousand Euros	-	230 thousand Euros	29 thousand Euros
2020 payments*	147 thousand Euros	169 thousand Euros	3 thousand Euros	143 thousand Euros	250 thousand Euros
Residual value as at 31 December 2020	1.5 million Euros	1.6 million Euros	0.1 million Euros	1.5 million Euros	2.5 million Euros

	Ferrara Sud Building	Sesto Fiorentino Building	Saronno Building	SegrateBuilding	Aosta Building
Commencement of the lease term	29/05/2018	12/11/2018	10/04/2018	01/12/2018	17/10/2018
Finance lease term	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months	143 months
Value of the leased asset	2.5 million Euros	4.3 million Euros	1.9 million Euros	3.6 million Euros	1.5 million Euros
Initial payment on signing the contract	250 thousand Euros	500 thousand Euros	210 thousand Euros	536 thousand Euros	175 thousand Euros
Amount of the monthly payment	15 thousand Euros	31 thousand Euros	13 thousand Euros	20 thousand Euros	11 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	193 thousand Euros	431 thousand Euros	210 thousand Euros	257 thousand Euros	147 thousand Euros
2020 payments*	186 thousand Euros	133 thousand Euros	132 thousand Euros	240 thousand Euros	106 thousand Euros
Residual value as at 31 December 2020	1.9 million Euros	3.7 million Euros	1.5 million Euros	2.6 million Euros	1.2 million Euros

* Values inclusive of indexation differences.

	Belluno Building	Monza Building	Assago Building	Noventa Building	Bussolengo Building
Commencement of the lease term	19/12/2018	08/04/2019	27/02/2019	01/07/2019	17/12/2018
Finance lease term	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	47 quarters	143 months	143 months	143 months
Value of the leased asset	1.7 million Euros	2.5 million Euros	2.6 million Euros	2.2 million Euros	2.3 million Euros
Initial payment on signing the contract	270 thousand Euros	272 thousand Euros	280 thousand Euros	220 thousand Euros	230 thousand Euros
Amount of the monthly payment	10 thousand Euros	51 thousand Euros	16 thousand Euros	13 thousand Euros	14 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	170 thousand Euros	253 thousand Euros	271 thousand Euros	217 thousand Euros	230 thousand Euros
2020 payments*	111 thousand Euros	175 thousand Euros	193 thousand Euros	157 thousand Euros	133 thousand Euros
Residual value as at 31 December 2020	1.3 million Euros	2.1 thousand Euros	2.3 million Euros	1.8 million Euros	2.0 thousand Euros

	Erba Building	Cremona Building	Bologna Stalingrado Building	Padova ovest Building	Trieste Building
Commencement of the lease term	17/12/2018	24/10/2019	31/07/2019	05/04/2019	24/10/2019
Finance lease term	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months	143 months
Value of the leased asset	2.3 million Euros	2.2 million Euros	3.4 million Euros	2.3 million Euros	3.0 million Euros
Initial payment on signing the contract	235 thousand Euros	220 thousand Euros	400 thousand Euros	278 thousand Euros	305 thousand Euros
Amount of the monthly payment	14 thousand Euros	13 thousand Euros	23 thousand Euros	18 thousand Euros	20 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	235 thousand Euros	220 thousand Euros	400 thousand Euros	27 thousand Euros	30 thousand Euros
2020 payments*	101 thousand Euros	118 thousand Euros	197 thousand Euros	103 thousand Euros	73 thousand Euros
Residual value as at 31 December 2020	2.0 thousand Euros	1.9 thousand Euros	2.8 thousand Euros	2.4 thousand Euros	2.4 million Euros

	Casalecchio Building	Casalecchio Calavera Building	Arezzo Building	Agrate Building	Seregno CA Building
Commencement of the lease term	28/11/2019	28/11/2019	05/05/2020	24/07/2020	17/11/2020
Finance lease term	12 years	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months	143 months
Value of the leased asset	3.1 million Euros	2.7 million Euros	1.4 million Euros	0.9 million Euros	1.9 million Euros
Initial payment on signing the contract	640 thousand Euros	610 thousand Euros	248 thousand Euros	425 thousand Euros	257 thousand Euros
Amount of the monthly payment	17 thousand Euros	17 thousand Euros	15 thousand Euros	25 thousand Euros	16 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor	Euribor
Amount of final option	320 thousand Euros	305 thousand Euros	248 thousand Euros	425 thousand Euros	257 thousand Euros
2020 payments*	0 thousand Euros	0 thousand Euros	0 thousand Euros	0 thousand Euros	0 thousand Euros
Residual value as at 31 December 2020	2.6 million Euros	2.2 million Euros	1.1 million Euros	0.3 million Euros	1.4 million Euros

	Perugia Building
Commencement of the lease term	25/09/2020
Finance lease term	12 years
Nr. of lease payments	143 months
Value of the leased asset	1.3 million Euros
Initial payment on signing the contract	190 thousand Euros
Amount of the monthly payment	12 thousand Euros
Interest rate	Euribor
Amount of final option	190 thousand Euros
2020 payments*	0 thousand Euros
Residual value as at 31 December 2020	0.6 million Euros

* Values inclusive of indexation differences.

Plant and machinery

The main increases for 2020 were made in the sectors:

- Production (for a total of Euro 21.4 million) by:
  - INALCA S.p.A. (Euro 8.8 million) for non-routine maintenance work at the main factories; specifically, the rendering project (plant for food processing of bones and fat) in Castelvetro di Modena; the construction of a new automated warehouse for pallets of frozen products in Ospedaletto and the construction of the biogas digested sludge drying and leather storage and processing systems in Pegognaga; the new tray machine for canned meat in Rieti;
  - Italia Alimentari S.p.A. (Euro 7.4 million) for the expansion of specific production plants at Gazoldo, Busseto and Postalesio;
  - Fiorani e C. S.p.A. (Euro 2.6 million) for the purchase of specific equipment and machinery for enlargement of production lines at Piacenza and Castelnuovo Rangone sites;
  - Castelfrigo LV S.r.l. (Euro 1.3 million) for taking over, from the bodies in charge of the insolvency procedure of Castelfrigo S.r.l., the systems and equipment of Castelnuovo Rangone (MO) plant.

- Catering (for a total of Euro 2.4 million) by:
  - Roadhouse S.p.A. (Euro 1.3 million) for new systems and improvements to the existing plants, specifically at Borgomanero (NO), Milan Via Larga, Arese (MI), Cerro Maggiore (MI), Valmontone (RM), Trieste and Beinasco (TO) restaurants;
  - Chef Express S.p.A. (Euro 0.8 million) for improvements on the plants of the airport and railway catering premises operated by the company.

- Distribution (for a total of Euro 1.8 million), almost exclusively attributable to MARR S.p.A. for works executed at the various branches, specifically "MARR Scapa" and at the premises of the Rimini office where the SìFrutta branch operates.

The other movements refer to both reclassification of works that were previously recorded under the item "non-current assets in progress" and the changes deriving from negative exchange rate effects (Euro 4.5 million).

Other assets

The main investments that justify the increase with respect to 31 December 2019 involved various sectors. In detail the higher increases can be ascribed to:

- Chef Express S.p.A. (Euro 1.9 million) for the acquisition of furniture and fittings;
- INALCA S.p.A. (Euro 1.6 million) mainly for the purchases of vehicles, electronic machinery, means of in-house transport;
- Roadhouse S.p.A. for fitting-out new restaurants (Euro 1.4 million);
- MARR S.p.A. for purchase of electronic machinery and industrial vehicles (Euro 1.0 million);
- Castelfrigo LV S.r.l. (Euro 0.5 million) for the purchase of assets from the bodies in charge of the insolvency procedure;
- W Italia S.r.l. (Euro 0.4 million) for fitting-out the new outlet in the Milan CityLife district.

The decreases for the period, equal to Euro 3.4 million, mainly related to Chef Express S.p.A. (Euro 1.1 million) for the sale of furniture and fittings of some premises.

Fixed assets under construction and advances

The greater increases regarded these sectors:

- Production for Euro 41.4 million, incurred by:
- Zaklady Miesne Socochin Sp.z.o.o. (Euro 21.2 million) for the construction of the new slaughtering plant in Poland, in Sochocin, which is expected to open in 2021;
- INALCA S.p.A. (Euro 5.7 million) for the acquisition of Nava plant in Agrate Brianza (MB);
- Sara S.r.l. (Euro 4.9 million) for the revamping of the existing composting plant, which is expected to resume operations in May 2021;
- Italia Alimentari S.p.A. (Euro 4.0 million) mainly involving works for upgrading production processes at Gazoldo plant;
- Orenbeef Llc. (Euro 1.5 million) for the acquisition of new container cleaning areas, a purification plant, the use of a design rendering and frozen product storage cells for the modernisation of the new slaughterhouse in Orenburg (Russia);
- Realbeef S.r.l. (Euro 1.1 million) for the ongoing construction of an additional rendering system for animal by-products (category 1 or SRM materials).

- Catering for Euro 23.1 million, incurred by:
- Chef Express S.p.A. (Euro 11.9 million) for investments made for the refurbishment of various station buffets and Motorway Service Stations;
- Roadhouse S.p.A. (Euro 10.6 million) for works at the new "Roadhouse Restaurant" outlets, specifically at Rome Prenestina, Casalecchio di Reno (BO), Lonato del Garda (BS), Seregno (MB), Perugia (PG) and Cerro Maggiore (MI) and "Calavera Restaurant" in Casalecchio di Reno (BO).

- Distribution for Euro 9.8 million, fully attributable to MARR S.p.A. for the construction of the new headquarters in the municipal district of Santarcangelo di Romagna.

There are mortgages, secured by non-current tangible assets, for amounts of about Euro 502 million against loans obtained.

2. Right of use

(Euro/000)	Balance at 31.12.2019	Change in consolidation area	Purchases	Decreases	Hyperinflation effect	Other	Amortization	**Balance at 31.12.2020**
Land and buildings	302,709	7,248	46,810	(12,980)	(164)	(855)	(54,880)	287,888
Plant and machinery	3,349	-	316	(3)	-	-	(1,238)	2,424
Industrial and business equipment	1,025	-	-	-	-	28	(197)	856
Other assets	139	-	1,809	(5)	-	-	(558)	1,385
Total	**307,222**	**7,248**	**48,935**	**(12,988)**	**(164)**	**(827)**	**(56,873)**	**292,553**

The adoption of the new accounting standard IFRS 16 entailed the recognition of a Right of use among non-current assets, the book value of which amounted to Euro 292.6 million at 31 December 2020. Below is the breakdown of the Right of use by sector:

- Production Euro 16.7 million;
- Distribution Euro 51.9 million;
- Catering Euro 224.0 million.

The amount stated in column of "Change in consolidation area" consists of the value of the lease agreements involving the newly-consolidated companies W Italia S.r.l. (Euro 4.0 million), Casa Maioli S.r.l. (Euro 2.0 million), Caio S.r.l. (Euro 0.8 million) and SìFrutta S.r.l. (Euro 0.5 million).

The increases in the period related both to the extension of leases that were due to expire and the execution of new agreements with lessors to redetermine the fees following the Covid-19 pandemic. In particular, the increases concerned the Catering sector for Euro 29.3 million and the Distribution sector for Euro 17.0 million.

3. Goodwill

Goodwill is not amortized with the exclusion of that with a defined useful life, the amortization of which is correlated to the term of the concession; recoverability of the related book value is verified at least annually and anyway when events occur that presuppose impairment.
The verification is carried out at the level of the smallest aggregate on the basis of which corporate management measures, directly or indirectly, the return on the investment that includes the goodwill (cash generating unit); for the main hypotheses utilized for the determination of recoverable value you are referred to that shown in the paragraph "Major assumptions adopted by Management and discretionary valuations".

(Euro/000)	Balance at 31.12.2019	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2020**
Production - Beef	21,540	498	555		(310)	-	22,283
Production - Cured meats	0	302	-		-	-	302
Distribution	141,594	1,201	-		-	-	142,795
Catering	40,945	6,886	78		(101)	(2,179)	45,629
Holding company and services	0	-	-		-	-	0
Total	**204,079**	**8,887**	**633**	**0**	**(411)**	**(2,179)**	**211,009**

The increase of the period of Euro 9.5 million is due to the following transactions:

- in the Production sector, the recent company acquisitions determined the recognition of goodwill of about Euro 0.6 million;
- in the Distribution sector, the acquisition of SìFrutta S.r.l.;
- in the Catering sector, the consolidation of C&P S.r.l., W Italia W.r.l., Caio S.r.l. and Casa Maioli S.r.l. during the last quarter of the previous year.

The cost of the business combination regarding these transactions was determined based on the carrying values stated in the shares transfer agreement. The details of the net assets acquired and the most significant goodwill are explained below:

(Euro/000)	Si Frutta	C&P	W Italia	Caio	Casa Maioli
Total cost of the business combination	**1,206**	**6,236**	**6,090**	**1,416**	**2,578**
Fair value of net identifiable assets	59	6,008	2,276	(19)	1,166
Goodwill	**1,147**	**228**	**3,814**	**1,435**	**1,412**

Book values determined in conformity with the IFRS immediately prior to the combination (Euro/000)	Si Frutta	C&P	W Italia	Caio	Casa Maioli
Intangible and tangible assets	740	12	3,615	538	1,335
Equtiy investments in other companies and other non-current financial assets		10,084	6	1	3
Goods	189		43	73	61
Trade receivables	1,391	639	98	8	23
Other current assets	633	78	353	147	267
Minority interests' capital and reserves					
Employee benefits	(23)	(5)	(293)	(21)	(66)
Provision for risks and charges				(200)	
Net debt	(1,172)	(579)	312	70	365
Trade payables	(1,585)	(158)	(1,390)	(314)	(525)
Othre current liabilities	(114)	(58)	(468)	(321)	(297)
Fair value of net identifiable assets	**59**	**10,013**	**2,276**	**(19)**	**1,166**
Fair value pertaining to the Group	**59**	**6,008**	**2,276**	**(19)**	**1,166**

The goodwill provisionally attributed to the acquisitions showed above are justified by the important strategic value of such transactions that permitted the Group to significantly strengthen its presence in areas not covered before.

4. Other intangible assets

(Euro/000)	Balance at 31.12.2019	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2020**
Patents and intellectual property rights	6,092	51	1,500	(26)	246	(2,916)	4,947
Development costs	192	-	-	-	0	(131)	61
Concessions, licences, trademarks and similar rights	13,448	6	223	-	2,298	(1,694)	14,281
Fixed assets under development and advances	1,637	1	800	(1)	(138)	-	2,299
Other intangible assets	4,527	1,849	208	(12)	103	(1,037)	5,638
Total	**25,896**	**1,907**	**2,731**	**(39)**	**2,509**	**(5,778)**	**27,226**

The item "Patents and intellectual property rights" mainly includes the purchases and implementation of software. The acquisitions for the year refer to Inalca Food & Beverage S.r.l., MARR S.p.A., W Italia S.r.l and Chef Express S.p.A..

5. Investments valued at equity

The main changes that took place during the financial year, detailed in the appendix 5, are commented below. Appendix 6 also shows the list and figures required by Art. 2427.5 of the Italian Civil Code).

Equity investments in subsidiaries

The decrease in the balance compared to 31 December 2019, equal to Euro 6,747 thousand, was due to including C&P S.r.l. and its subsidiaries, as well as Castelfrigo LV S.r.l., Inalca Food & Beverage Beijing Holding Ltd., Inalca Food & Beverage Beijing Co. and Sì Frutta S.r.l. in the scope of consolidation.

Equity investments in associated companies

The increase in the item under examination mainly relates to the reclassification of the investment in La Torre Società Agricola Consortile a r. l., which was previously classified under "other companies". Furthermore, during the year the consolidation was extended to SìFrutta S.r.l. and the carrying amounts of equity investments were adjusted on the basis of the latest available interim financial statements.

6. Investments in other companies

The balance at 31 December amounted to Euro 15,597 thousand, down by Euro 7.6 million compared to 31 December 2019. This reduction was due for Euro 5 million to the reclassification of the investment in La Torre Società Agricola Consortile, as already mentioned above and for Euro 0.8 million to a write-down of the investments in B.F. Holding S.p.A. and Class China e Commerce S.r.l..
The write-down of the investment in B.F. Holding S.p.A., equal to Euro 0.7 million, was allocated to the specific equity reserve set aside for the recognition of changes in the fair value of financial instruments.

7. Non-current financial receivables

(Euro/000)	31.12.2020	31.12.2019
Receivables from unconsolidated subsidiaries		
- Peckinalca Lda	-	-
Receivables from associated companies		
- Frigomacello S.r.l.	758	775
- Società Agricola Marchesina S.r.l.	400	400
- La Torre Soc. Agr. Cons. a r.l.	14,250	
Interest-bearing and non-interest-bearing loans to third parties	12,788	5,180
Total	**28,196**	**6,355**

As at 31 December 2020 they amounted to Euro 28,196 thousand compared to Euro 6,355 thousand in 2019. The change in the balance is mainly attributable to the Production sector and concerns the disbursement of two loans; the first one amounting to Euro 14.2 million to associate La Torre Soc. Agr. Cons. a r.l. aimed at acquiring a large plot of agricultural land in the provincial district of Verona and the second one to investee Montagna S.p.A. for the enlargement of the factory directly operated by INALCA S.p.A..

The item "Loans to third parties" also includes loans by the subsidiary MARR S.p.A. for Euro 1,070 thousand (Euro 490 thousand at 31 December 2019); specifically the item includes the portion over a year of:

- interest-bearing loans of MARR S.p.A. to companies that are commercial partners (Euro 175 thousand);
- loans to truck drivers for the sale of MARR S.p.A. cargo transport vehicles (Euro 175 thousand);
- loans granted to support the sales network of MARR S.p.A., which has been heavily hit by the Covid-19 pandemic (Euro 681 thousand).

8. Deferred tax assets

The amount of these taxes mainly refers to the tax effect (IRES and IRAP) calculated on the taxed provisions, write-downs of non-current financial assets fiscally deductible in subsequent financial years and write-downs of non-current intangible assets.

The balance at 31 December, amounting to Euro 36.7 million, rose by Euro 28.2 million compared to the previous year, mainly due to the recognition of a deferred tax asset of Euro 15.8 million arising from revaluations carried out on "Chef Express" and "Roadhouse" brands, according to the provisions laid down in Law no. 126 of 13 October 2020. These revaluations, which were only recognised in the subsidiaries' statutory financial statements prepared in accordance with Italian GAAPs, have been reversed for the purposes of these consolidated financial statements and have therefore been stated for tax purposes only.

9. Other non-current assets

(Euro/000)	31.12.2020	31.12.2019
Receivables from customers	15,904	9,598
Provision for bad debts	(204)	(310)
Tax assets	7,706	8,798
Other receivables	26,868	24,240
Accrued income and prepaid expenses	4,140	4,542
Total	**54,414**	**46,868**

Non-current "Receivables from customers", which totalled Euro 15,904 thousand (of which Euro 4,095 thousand with a maturity of beyond 5 years), are almost entirely attributable to the subsidiary MARR S.p.A. and concern agreements and deferments in payment defined with the customers. Their increase has been due to having reviewed the repayment plans with the Group's customers as a result of the difficulties encountered by the operators in the sector following the outbreak of the Covid-19 pandemic and the restrictive measures the governments have put in place from time to time.

"Other receivables", as in past years, is mostly attributable to the Distribution sector and includes VAT receivables from the Tax Office for losses on customers for Euro 5,927 thousand, as well as receivables from suppliers for Euro 18,711 thousand (Euro 18,217 thousand at 31 December 2019), of which an amount of Euro 390 thousand with a maturity of beyond 5 years.
"Accrued income and prepaid expenses" are mostly connected with long-term promotional contributions paid to the customers (the amount falling due beyond 5 years is estimated at about Euro 1,916 thousand).

Current assets

10. Inventories

(Euro/000)	31.12.2020	31.12.2019
Raw materials, secondary materials and consumables	66,427	73,292
Work in progress and semi-finished goods	7,937	8,786
Finished goods and goods for resale	325,079	355,152
Advances	12,245	11,941
Provision for write-down of inventories	(2,116)	(1,550)
Total	**409,572**	**447,621**

The decrease compared to the previous year is mainly attributable to the distribution and catering sectors that have regulated supplies according to the prospects of recovery in business volumes, as a result of an accurate review of the procurement policies implemented since the beginning of the period of lockdown in March 2020.

11. Biological assets

This item relates to the valuation of accretion of cattle owned by Società Agricola Corticella S.r.l., Cremovit S.r.l., Agrosakmara Llc, Parma Serv S.r.l. and Parma Lacombe S.a.s., as carried out in accordance with IAS 41.

These assets, which amounted to Euro 46.2 million at 31 December 2020, decreased by Euro 3.4 million compared to Euro 49.6 million in 2019 due to a reduction in cattle costs (specifically calf) and a different mix of animals on the breeding farm.

The table below reports the number of heads in the stables of the aforesaid companies:

(Euro/000)	31.12.2020	31.12.2019
Veals	34,062	31,208
Bullocks	12,522	14,568
Heifers	9,611	10,501
Total	**56,195**	**56,277**

12. Current financial receivables

(Euro/000)	31.12.2020	31.12.2019
Receivables from subsidiaries	**2,298**	**2,734**
Castelfrigo L.V. S.r.l. (formerly D'Autore Food S.r.l.)	-	385
Dolfen S.r.l.	1,010	-
E-Marco Polo Spa	-	50
Inalca Russia LLc	1	-
Italia Alimentari Canada Ltd	-	1,247
Società Agricola Transumanza S.r.l.	1,287	1,052
Receivables from associated companies	**1,839**	**1,566**
A.G.M. S.r.l.	493	220
Farm Service S.r.l.	333	333
Frimo S.a.m.	-	-
Società Agricola Castello di Godego S.r.l.	1,000	1,000
Unieffebi S.r.l. (wound up)	13	13
Receivables from controlling companies	**1,697**	**2,228**
Namsov Fishing Enterprises Ltd	1,697	2,228
Other financial receivables	**1,922**	**2,252**
Treasury receivables from minorities	1,922	2,252
Provision for bad debts	-	-
Total	**7,756**	**8,780**

The reduction in the balance was mainly due to the consolidation of Castelfrigo L.V. S.r.l. and Italia Alimentari Canada Ltd., which was partly offset by the loan disbursed to Dolfen S.r.l..

13. Current trade receivables

Trade receivables are broken down as follows:

(Euro/000)	31.12.2020	31.12.2019
Receivables from customers	**487,377**	**587,285**
Due within 12 months	546,214	646,409
Provision for bad debts	(58,837)	(59,124)
Receivables from parent companies	**0**	**5**
Cremofin S.r.l.	-	5
Receivables from unconsolidated subsidiaries	**576**	**1,747**
Caio S.r.l.	-	49
Casa Maioli S.r.l.	-	83
C&P S.r.l.	-	24
Dolfen S.r.l.	2	-
E-Marco Polo (E-MP) Spa	-	107
Inalca Russia LLc	3	
Italia Alimentari Canada Ltd	-	1,359
Italia Alimentari USA Corporation	192	94
Royi Wine Shanghai	326	-
Società Agricola Transumanza S.r.l.	53	-
W Italia S.r.l.	-	31
Provision for bad debts	-	-
Receivables from associated companies	**3,360**	**2,374**
A.G.M. S.r.l.	71	-
Bottega Mediterranea Sdn Bhd	-	59
Farm Service S.r.l.	381	206
Inalca Emirates Trading Llc	538	538
Inalca West Africa Food & Beverage Ltd	249	249
Sì Frutta S.r.l.	-	16
Società Agricola Castello di Godego S.r.l.	7	153
Società Agricola Castello di Marchesina S.r.l.	1,436	923
Time Vending S.r.l.	13	43
Unitea S.r.l.	665	187
Provision for bad debts	-	-
Total	**491,313**	**591,411**

The Group's credit risk is primarily attributable to the amount of trade receivables. The amounts disclosed in the financial statements are net of provisions for bad debts, estimated by the Group management based on historical experience and their measurement in the current economic context.

At 31 December 2020, the composition of the overdue trade receivables from third parties is the following:

(Euro/000)	31.12.2020	31.12.2019
Initial balance	(59,435)	(53,837)
Change in scope of consolidation	5,646	24
Utilized during the year	19,444	15,639
Other movements	(36)	(120)
Exchange differences effect	1,602	(246)
Accruals during the year	(26,345)	(20,895)
Final balance	**(59,124)**	**(59,435)**

The fair value of the categories shown above is not given as the carrying value represents a reasonable approximation.

The change in the bad debt provision was the following:

(Euro/000)	31.12.2020		31.12.2019	
	Amount	Bad Debt Prov.	Amount	Bad Debt Prov.
Trade receivables not overdue	316,539	(455)	358,236	(313)
Overdue up to 30 days	58,295	(87)	85,396	(108)
Overdue from 31 to 60 days	33,777	(48)	40,821	(78)
Overdue from 61 to 90 days	23,214	(69)	29,733	(24)
Overdue from 91 to 120 days	102,022	(46,513)	109,585	(41,063)
Overdue over 120 days	28,354	(11,952)	32,237	(17,849)
Total	**562,201**	**(59,124)**	**656,008**	**(59,435)**

14. Current tax assets

(Euro/000)	31.12.2020	31.12.2019
Receivables for advance on direct taxes	7,038	6,816
Receivables for withholdings	55	154
VAT credit and other taxes requested for reimbursement	15,676	12,721
Other sundry receivables	15,780	3,994
Provision for bad debts	(3)	(3)
Total	**38,546**	**23,682**

15. Cash and cash equivalents

(Euro/000)	31.12.2020	31.12.2019
Cash	7,213	18,754
Checks	-	73
Bank and postal accounts	377,018	348,815
Total	**384,231**	**367,642**

The balance represents the cash and cash equivalents and the existence of money and notes in circulation at the year-end. You are referred to the cash flow statement for the evolution of the cash and cash equivalents, while please refer to item 24 "Current financial payables" of the explanatory notes to the consolidated financial statements for the composition of the Net Debt.

Below is a breakdown of the balance by sector:

(Euro/000)	31.12.2020	31.12.2019
Production	94,436	141,453
Distribution	251,491	192,493
Catering	36,693	33,376
Centralizaed Activities	1,611	320
Total	**384,231**	**367,642**

16. Other current assets

(Euro/000)	31.12.2020	31.12.2019
Accrued income and prepaid expenses	5,551	6,078
Other receivables		
Advances to suppliers	46,358	56,801
Receivables from insurance companies	3,103	1,785
Receivables for contributions to be collected	-	-
Receivables from social security institutions	8,741	1,259
Receivables from agents	1,951	1,735
Receivables from employees	354	666
Down payments	343	44
Guarantee deposits	283	343
Other sundry receivables	9,106	9,993
Provision for bad debts	(5,821)	(5,093)
Total	**69,969**	**73,611**

The "Accrued income and prepaid expenses" item mainly is composed of costs incurred for the awarding of catering services in motorway areas in concession. These costs, attributable to a form of rent prepaid, are accordingly recovered over the term of the various concessions.

The item "Advances to suppliers" relates to Euro 38.6 million for the Distribution sector and Euro 5.4 million for production, both amounts are associated with the typical procurement methods; these include in particular payments made to overseas suppliers for the purchase of goods under the F.O.B. clause.
At 31 December 2020 a portion of receivables from suppliers, relating to year-end premiums to be received, had been classified as a reduction in trade liabilities; the values at 31 December 2019 were then restated for comparative purposes.

"Receivables from insurance companies" relate to receivables reimbursable from claims not yet received at the reporting date and include the amount concerning the compensation paid following the fire that occurred at Italia Alimentari's plant in di Busseto (PR).

"Others sundry receivables", equal to Euro 9.1 million (Euro 10.0 million in 2019), includes receivables and prepayments for various re-invoicing, in addition to amounts advanced for on-going tax disputes.
The more significant are.

- AGEA (Agriculture Disbursements Agency) agricultural grants yet to be received of Euro 2.6 million (Società Agricola Corticella S.r.l.);
- energy certificate receivables of Euro 2.0 million (INALCA S.p.A.);
- prepayments for opening new premises of the "Roadhouse Restaurant" brand chain.

The "Provision for bad debts" mainly refers to receivables from suppliers and agents.

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' Equity

As regards the changes within the Shareholders' Equity, please refer to the relevant statement of changes.

17. Share capital and reserves

Share capital

The share capital amounts to Euro 67,073,931.60 and represents 128,988,330 ordinary shares of the Parent Company Cremonini S.p.A., fully subscribed and paid-up, with normal rights and a par value of Euro 0.52 each.

Treasury stock

The Parent Company did not hold treasury shares at 31 December 2020.

Reserves

The legal reserve of Euro 14,749 thousand remained unchanged in the period, having reached the limit set out by Art. 2430 of the Civil Code.

The share premium reserve was made up of the premium paid by the shareholders under the IPO during 1998. The amount of the reserve of Euro 78,280 thousand did not change compared to 31 December 2020.

The cash flow hedge reserve records the profits or losses deriving from the valuation of the financial instruments designated to hedge variable rate loans.

The reserve for transition to IAS/IFRS was set up following the first-time adoption of the International Accounting Standards.

This reserve recognises the fair value changes of financial instruments available for sale. The movement for the period that affected this reserve related to the change in the value of the investments held in BPER Banca S.p.A. (sold during 2019) and Banco BPM S.p.A..

The basic earnings per share at 31 December 2020 amounted to Euro 0.0340 (Euro 0.3500 at 31 December 2019) and was calculated on the basis of net profits of Euro 4,433 thousand divided by the weighted average number of ordinary shares in 2020 equal to 128,988,330. There is no difference between basic and diluted earnings per share.

The reconciliation between the shareholders' equity of the Parent Company and the corresponding consolidated figures is the following:

(Euro/000)	Financial year as at 31.12.2020		
	Capital stock and reserves	Profit/(loss)	Shareholders' equity
Parent Company's shareholders' equity and profit/(loss) for the year	**296,383**	**(2,980)**	**293,403**
Elimination of carrying value of consolidated subsidiaries:			
- Pro rata subsidiary profits (losses)	-	(7,220)	(7,220)
- Difference between the carrying value and pro rata shareholder's equity, net of the effects of intra-Group transactions	194,651		194,651
- Investments write-up/write-down	(13,870)	13,870	-
- Dividends	0	0	-
- Consolidation differences	106,733		106,733
Elimination of the effects of commercial transactions between Group companies	(844)	198	(646)
Adjustment of the financial statement of the consolidated companies in accordance with the Group principles and equity valuation of investments	384	565	949
Total adjustments	*287,054*	*7,413*	*294,467*
Group's share of net equity and profit/(loss)	**583,437**	**4,433**	**587,870**
Minorities' share of net equity and profit/(loss)	345,749	16,387	362,136
Consolidated financial statements shareholders' equity and profit/(loss) for the year	**929,186**	**20,820**	**950,006**

Non-current liabilities

18. Non-current financial payables

(Euro/000)	**31.12.2020**	31.12.2019
Due between 1 and 5 years		
Bonds	-	-
Payables to banks	575,142	508,686
Payables to other financial institutions	64,678	62,055
Total payables due between 1 and 5 years	**639,820**	**570,741**
Due beyond 5 years		
Payables to banks	50,909	82,193
Payables to other financial institutions	46,104	46,343
Total payables due beyond 5 years	**97,013**	**128,536**
Total	**736,833**	**699,277**

Shown below is a breakdown of payables to banks:

(Euro/000)	Current portion	Between 1 and 5 years	Beyond 5 years	**Balance at 31.12.2020**
Overdrafts	6,277	-	-	6,277
Advances - Imports	22,337	-	-	22,337
Advances - Exports	26,735	-	-	26,735
Advances on invoices Italy	69,653	-	-	69,653
Advances subj. to collection	25,121	-	-	25,121
Hot Money	25,076	-	-	25,076
Mortgages	303,163	585,230	50,909	939,302
Others	21,047	(9,246)	-	11,801
Amortized cost	(1,285)	(842)	-	(2,127)
Total	**498,124**	**575,142**	**50,909**	**1,124,175**

Please refer to the Directors' Report for a careful examination of the net debt and its components, both current and non-current.

At 31 December 2020, payables to banks amounting to Euro 9.2 million, with an original maturity of beyond 12 months, were reclassified to short-term items, as a result of two loans granted by Sberbank to the Russian subsidiaries Kaskad Llc. and Orenbeef Llc. not having complied with the financial covenants.

The payables to other financial institutions detailed in the following table, mainly refer to payables deriving from the booking, in accordance with the financial methodology, of the lease contracts and the private placement of bonds in US dollars concluded by the subsidiary MARR S.p.A. in July 2013.
It is recalled that this loan was initially taken out for an overall amount of USD 43 million with an average coupon of around 5.1% and that, in order to hedge the risk of oscillations in the Euro-Dollar exchange rate, MARR S.p.A. has entered into specific Cross Currency Swap contracts, for the effects of which see paragraph 7 "Financial instruments / derivatives.

Other financial institutions (Euro/000)	Interest rate	Expiry date	Current	Non current	**Balance at 31.12.2020**
Leasing					
Agrate	Euribor + spread	23/07/2032	325	-	**325**
Ancona	"	25/01/2029	145	1,410	**1,555**
Aosta	"	16/10/2030	91	1,091	**1,182**
Arezzo	"	04/05/2032	1,052	-	**1,052**
Assago Calavera	"	26/02/2031	174	2,085	**2,259**
Baranzate	"	28/03/2030	226	2,317	**2,543**
Bellinzago Lombardo	"	27/07/2026	7	985	**992**
Belluno	"	18/12/2030	(378)	1,687	**1,309**
Bergamo	"	30/06/2022	155	669	**824**
Bologna Casalecchio	"	27/11/2031	2,569	-	**2,569**
Bologna Casalecchio Calavera	"	27/11/2031	2,189	-	**2,189**
Bologna Stalingrado	"	30/07/2031	211	2,571	**2,782**
Bussolengo	"	16/12/2030	143	1,854	**1,997**
Capriate	"	30/10/2030	63	1,153	**1,216**
Capriate Opere	"	05/12/2029	198	334	**532**
Carpi	"	31/07/2026	136	897	**1,033**
Calavera Cernusco	"	02/02/2029	131	1,448	**1,579**
Cernusco Lombardone	"	20/12/2027	99	912	**1,011**
Cinisello Balsamo	Fixed	11/07/2026	203	1,429	**1,632**
Collegno	Euribor + spread	01/08/2028	202	1,390	**1,592**
Como Lipomo	"	14/02/2028	143	1,336	**1,479**
Corbetta	"	28/02/2022	86	342	**428**
Cornaredo	"	04/08/2028	90	952	**1,042**
Corsico	"	11/08/2027	168	1,344	**1,512**
Cremona	"	23/10/2031	141	1,730	**1,871**
Curtatone	"	28/09/2028	75	733	**808**
Dalmine	"	22/03/2027	157	1,309	**1,466**
Erba	"	16/12/2030	144	1,853	**1,997**
Ferrara	"	31/05/2022	70	296	**366**
Ferrara sud	"	28/05/2030	162	1,752	**1,914**
Fidenza	"	28/09/2028	109	1,099	**1,208**
Gallarate	"	31/07/2026	220	1,018	**1,238**
Gravellona Toce	"	14/03/2028	82	774	**856**
Lainate Casello	"	28/05/2027	147	1,301	**1,448**
Lainate Sempione	"	30/07/2027	187	1,268	**1,455**
Lainate Sempione Opere	"	10/05/2029	8	45	**53**
Lido di Camaiore	"	09/11/2029	153	1,491	**1,644**
Macerata	Fixed	30/04/2030	69	830	**899**
Mestre	Fixed	18/12/2025	163	1,084	**1,247**
Mirabilandia	Euribor + spread	30/06/2029	136	1,164	**1,300**
Modena Sud	"	15/09/2028	217	1,978	**2,195**
Modena Victoria	"	07/06/2029	122	1,203	**1,325**
Montano Lucino	"	25/07/2029	134	1,376	**1,510**
Monza	"	07/04/2031	132	1,981	**2,113**
Noventa	"	30/06/2031	138	1,677	**1,815**
Olgiate Comasco	"	04/04/2028	195	1,304	**1,499**
Padova	"	28/02/2026	185	1,197	**1,382**
Padova ovest	"	04/04/2031	172	2,232	**2,404**
Parma	"	22/12/2029	207	2,253	**2,460**
Pavia	"	31/01/2027	102	799	**901**
Perugia	"	24/09/2032	610	-	**610**
Pioltello	"	19/11/2027	168	1,466	**1,634**

Continued

Other financial institutions (Euro/000)	Interest rate	Expiry date	Current	Non current	Balance at 31.12.2020
Continued					
Rovato	"	04/08/2027	146	1,300	**1,446**
Rozzano	"	23/09/2026	164	1,236	**1,400**
Saronno	"	09/04/2030	118	1,384	**1,502**
Segrate	"	30/11/2030	218	2,369	**2,587**
Senigallia	"	10/06/2027	97	809	**906**
Seregno Calavera	"	16/11/2032	1,418	-	**1,418**
Sesto Fiorentino	"	11/11/2030	196	3,458	**3,654**
Tradate	"	18/10/2028	136	1,410	**1,546**
Treviso Silea	"	28/05/2027	237	1,446	**1,683**
Trezzano	"	09/09/2026	217	1,343	**1,560**
Trieste	"	23/10/2031	194	2,206	**2,400**
Vicenza	"	08/10/2027	126	1,006	**1,132**
Vigevano	"	07/03/2030	130	1,384	**1,514**
Voghera	"	01/12/2028	95	660	**755**
Other minor leases	"		3,389	1,593	**4,982**
Bond Private Placement	5.1%	2020 - 2023	593	26,812	**27,405**
Due to Factoring companies	Euribor + spread		22,335	-	**22,335**
Other Relationships	"		798	947	**1,745**
Total			**43,440**	**110,782**	**154,222**

19. Derivatives

(Euro/000)	31.12.2020	31.12.2020	31.12.2020
	IRS	Exchange Rates	Total
Non-current assets	-	1,818	1,818
Current assets	-	93	93
Non-current liabilities	(112)	-	(112)
Current liabilities	(998)	(73)	(1,071)
Total	**(1,110)**	**1,838**	**728**

(Euro/000)	31.12.2019	31.12.2019	31.12.2019
	IRS	Exchange Rates	Total
Non-current assets	-	3,419	3,419
Current assets	-	1,265	1,265
Non-current liabilities	(221)	-	(221)
Current liabilities	(500)	(864)	(1,364)
Total	**(721)**	**3,820**	**3,099**

The Group uses financial instruments offered by the market (including so-called “derivatives”) solely with a view to optimizing debt cost and hedging interest and exchange rate fluctuations.

Several interest rate swap contracts were existing at 31 December 2020, through which the variable EURIBOR rate was replaced with a fixed rate. The measurement of these contracts resulted in the recognition of a total liability of Euro 1,110 thousand (Euro 721 thousand at 31 December 2019).

The measurement of the hedging contracts for exchange rate risks instead resulted in the recognition of a current asset of Euro 93 thousand, almost entirely relating to forward purchases of US dollars and Euro entered into by subsidiary Marr Russia LLC. and a current liability of Euro 73 thousand.
A non-current asset of Euro 1,818 thousand was also recognized, which represents the positive fair value of the Cross Currency Swap contracts concluded by MARR S.p.A. to hedge the risk of changes to the dollar euro exchange rate, with reference to the private placement bond in US dollars finalized in July 2013.

20. Employee benefits

(Euro/000)	31.12.2020	31.12.2019
Staff Severance Provision	23,354	23,671
Other benefits	6	10
Total	**23,360**	**23,681**

(Euro/000)	31.12.2020	31.12.2019
Opening balance	23,671	23,929
Effect of the change in consolidation area	566	0
Use for the financial year	(2,066)	(2,078)
Financial year provision	1,167	1,058
Actuarial (gain) losses	66	819
Other changes	(50)	(57)
Closing balance	**23,354**	**23,671**

In addition to the portion accrued in the period, net of decreases, the change in respect of last year is related to the increase of Group employees following the change in the scope of consolidation.

It is noted that the allocation for the period includes actuarial losses totalling Euro 66 thousand booked, net of the theoretical tax effect, in the appropriate shareholders' equity reserve as provided in IAS 19 (see the information reported for changes in Shareholders' Equity).

With reference to the significant actuarial hypotheses (such as indicated in the paragraph "Main accounting judgements estimates and assumption adopted by the Management" and discretional measurements"), the table below shows the effects on the final liabilities deriving from the possible changes to them.

(Euro/000)	Turnover rate +1%	Turnover rate -1%	Inflation rate + 0.25%	Inflation rate - 0.25%	Discount rate + 0.25%	Discount rate - 0.25%
Effect on the final liability	21,949	22,278	22,355	21,859	21,734	22,488

It is also noted that the contribution expected for next year is about Euro 867 thousand; the future payments expected for the next year can be estimated as a total of Euro 10.9 million.

21. Provisions for risks and charges

(Euro/000)	31.12.2020	31.12.2019
Provisions for taxes	369	249
Labour disputes	2,797	1,312
Minor lawsuits and disputes	446	500
Supplementary clientele severance indemnity	8,393	7,592
Provision for losses on equity investments	-	259
Provision for future risks and losses	6,213	6,643
Total	**18,218**	**16,555**

The item "Labour disputes" includes the sums allocated against contingent liabilities deriving from disputes with employees.

The supplementary clientele severance indemnity was allocated based on a reasonable estimate of the probable future liability.

The provision for future risks and losses was allocated mainly against probable liabilities connected to legal disputes in progress. The most significant amount, equal to about Euro 3 million, was set aside by subsidiary Ges.Car S.r.l. in relation to the dispute pending with the Lodi INPS (Italian Social Security Institute) office, which did not acknowledge the decontribution provided for in the Jobs Act. At the end of 2019, the Milan Court of Appeal, Labour Division, handed down the second-instance ruling which, just like that issued by the court of first instance, determined the Company's right to benefit from the aforementioned reduction in social security contributions envisaged for the three-year period from 2016 to 2018 for new hires. Since the time limits for appeal have now expired and notice has been received that the INPS Central Lawyer's Office in Rome has proposed a binding opinion in relation to the aforesaid judgment, the latter must be regarded as having become final and the Company is therefore fully entitled to benefit from the aforesaid reduction. The provision against this liability, which is no longer required, is now intended to cover the risk from tax disputes pending with the Milan Revenue Agency, which, during 2018, challenged the lawful deductibility of VAT relating to the work contract with Consorzio Euro 2000 for the years from 2009 to 2015.

As regards the tax disputes pending between MARR S.p.A. and the Customs Agency (which arose in 2007 in relation to the payment of preferential customs duties on certain imports of seafood products and for which, despite the rejection of the appeals submitted by the Company, the judges in the first phase of proceedings accepted the fact that the company was entirely extraneous to the claimed irregularities, as they were attributable exclusively to its suppliers), it should be noted that MARR S.p.A. appealed to the Supreme Court in May 2013.
On 16 April 2019 the Supreme Court handed down an order, filed by the Clerk's Office on 6 June 2019, which accepted MARR S.p.A.'s application for a full review of the judgment handed down by the court of second instance, quashed the challenged judgment and referred the dispute back to a new panel of the Livorno branch of the Tuscany Regional Tax Board. In the light of the instructions in the Supreme Court order, it appears reasonable to believe that the dispute will end favourably for 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 S.p.A., 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 S.p.A. during the years involved. On 31 December 2020 the time limits expired for the issue of any possible notice of tax assessment resulting from the Final Report, and as at the same date, the tax registry information system showed that no notices had been served against the Company.
In this regard it should be noted that, after having heard the opinion of our consultants, it is believed that there is no uncertainty over the treatments adopted for income tax purposes as defined by IFRIC23.

Contingent liabilities

On 8 March 2021 the Milan INPS office served an Inspection Report on MARR due to the solidarity obligation under Article 29 of Legislative Decree 276/2003, raising objections concerning omitted payments of contributions and/or undue setoffs against a service cooperative company, as a consortium member of a service contracting company, which terminated its relationship with MARR during 2019.
MARR, assisted by its consultants, believes that the objections raised against the company are unfounded as inferred from an initial summary analysis of the documentation it has received.

22. Deferred tax liabilities

As at 31 December 2020, this item amounted to Euro 36,440 thousand mainly and derived from the effect consequent to application of the international accounting standards (among which is the revaluation of the real estate), different tax treatment of leasing and the effects deriving from the consolidating entries, instalments of capital gains and other miscellaneous items.

During the year INALCA S.p.A., Italia Alimentari S.p.A. and Società Agricola Corticella S.r.l. applied the tax redemption option to the higher residual values on buildings for a total of Euro 65,692 thousand, as determined on occasion of previous revaluations, in accordance with Article 110 of Decree Law no. 104 of 2020, as coordinated with Conversion law no. 126 of 13 October 2020. As a result of this transaction, for which accrued costs for substitute tax were recognised for Euro 1,970 thousand, deferred tax liabilities were released for a total of Euro 18,329 thousand.

23. Other non-current liabilities

(Euro/000)	31.12.2020	31.12.2019
Accrued expenses and deferred income	348	559
Non - current tax liabilities	1,917	0
Payables to Social Security Institutions	2	3
Other payables	1,560	1,180
Total	**3,827**	**1,742**

"Accrued expenses and deferred income" include the amount of Euro 293 thousand due beyond 12 months of deferred interest income from customers of MARR S.p.A..

"Non-current tax liabilities" relate almost exclusively to the catering sector and concern the allocation of the substitute tax connected with the revaluations carried out on "Chef Express" and "Roadhouse" brands according to the provisions laid down in Law no. 126 of 13 October 2020. The market value attributable to the brands, as determined on the basis of expert's reports requested by the Company for this purpose, has been calculated as a total of Euro 85 million and has been recognised in the respective statutory financial statements prepared according to the Italian GAAPs.

Instead, "Other payables" fully relate to security deposits paid by the transporters of subsidiary MARR S.p.A..

Current liabilities

24. Current financial payables

(Euro/000)	31.12.2020	31.12.2019
Payables to controlling companies	**2,178**	**4,662**
Cremofin S.r.l.	2,178	4,662
Payables to subsidiaries	**650**	**0**
Payables to associated companies	**0**	**0**
Time Vending S.r.l.	-	-
Other payables		
Payables to banks	498,124	398,012
Payables to other financial institutions	43,440	62,686
Other payables	5,697	(48)
Closing balance	**550,089**	**465,312**

The breakdown of the items "Payables to banks" and "Payables to other financial institutions" is outlined in paragraph 18 above.

Ne Debt

The net debt and details of its main components is shown below.

(Euro/000)	31.12.2020	31.12.2019
A. Cash	7,213	18,754
B. Cash equivalents	377,018	348,888
C. Financial assets held for sale	-	-
D. Liquidity (A) + (B) + (C)	**384,231**	**367,642**
E. Current financial assets	**9,914**	**7,756**
F. Current bank liabilities	498,124	398,012
G. Current financial instruments	979	99
H. Other current financial liabilities	52,205	67,698
H.1 Other current financial liabilities (right of use)	56,167	48,197
I- Current financial liabilities	**607,475**	**514,006**
J. Current net debt (I) - (E) - (D)	**213,330**	**138,608**
K. Non current bank liabilities	626,050	590,880
L. Bonds	-	-
M. Other non current financial liabilities	83,673	100,118
M1. Other non current financial liabilities (right of use)	271,544	265,767
N. Non current financial instruments	(1,706)	221
O. Non current debt (K) + (L) + (M) + (N)	**979,561**	**956,986**
P. Net Debt (J) + (O)	**1,192,891**	**1,095,594**

Some loan agreements provide for financial covenants on the happening of which the bank reserve the right to terminate the loan. The covenants of the loan agreements outstanding at 31 December 2020, which were respected, are shown in the tables below.

Table 1

(Euro/000)	UBI Banca S.p.A. (a)(I)	Unicredit (a)(II)	UBI Banca S.p.A. (a)(I)	ICCREA (a)(I)
Amount of the loans as at 31 December 2020	3,333	12,500	25,000	16,933
Recipient of the loan	MARR S.p.A.	MARR S.p.A.	MARR S.p.A.	MARR S.p.A.
Expiry date	19/07/2021	11/04/2022	20/05/2023	21/09/2021
Covenants				
Net Debt/Equity	<= 1.5	<= 2.0	<=2.0	<=2.0
Net Debt/Ebitda	<= 3.0	<= 3.0	<= 3.0	<= 3.0
Ebitda/Net financial expenses		>= 4.0		

Table 2

(Euro/000)	Pool Finan. BNP Paribas (Single line as per Amendment of 31/03/2015)) (a)(II)	USPP (original amount 33 mil USD) (a)(II)	Banca Intesa Sanpaolo - Tranche A (a)(II)	Banca Intesa Sanpaolo - Tranche B (a)(II)
Amount of the loans as at 31 December 2020	27,857	26.893 (*)	20,000	30,000
Recipient of the loan	MARR S.p.A.	MARR S.p.A.	MARR S.p.A.	MARR S.p.A.
Expiry date	30/06/2022	11/07/2023	24/02/2023	24/02/2023
Covenants				
Net Debt/Equity	<2.0	<2.0	<=2.0	<=2.0
Net Debt/Ebitda	< 3.5	< 3.5	< =3.5	< =3.5
Ebitda/Net financial expenses	> 4.0	> 4.0	> =4.0	> =4.0

Table 3

(Euro/000)	BPER Banca S.p.A. (a)(I)	Credit Agricole Cariparma (a)(I)	BNL S.p.A. (a)(I)	Creval S.p.A.(a)(I)
Amount of the loans as at 31 December 2020	3,333	1,263	30,000	7,519
Recipient of the loan	MARR S.p.A.	MARR S.p.A.	MARR S.p.A.	MARR S.p.A.
Expiry date	21/12/2021	19/05/2021	30/09/2023	05/01/2024
Covenants				
Net Debt/Equity	<= 2.0	<2.0	<= 2.0	<= 2.0
Net Debt/Ebitda	<=3.0	<4.0	<=3.0	< =3.5
Ebitda/Net financial expenses			> =4.0	

Table 4

(Euro/000)	CaixaBank S.A. (a)(I)	Mediobanca - Banca di Credito Finanziario S.p.A. (a)(II)	Unicredit (a)(II)	CREDEM (a)(I)(III)
Amount of the loans as at 31 December 2020	25,000	27,222	30,000	1,881
Recipient of the loan	MARR S.p.A.	MARR S.p.A.	MARR S.p.A.	MARR S.p.A.
Expiry date	31/10/2024	30/04/2024	13/05/2022	18/07/2021
Covenants				
Net Debt/Equity	<=2.0	<1.5	<=2.0	
Net Debt/Ebitda	<= 3.5	<3.0	<=3.0	=< 4.9
Ebitda/Net financial expenses		> 4.0	> =4.0	>= 16.20

(a) covenants calculated on the consolidated financial statements of MARR S.p.A.; subject to covenant holiday on the test at 31.12.2020;
(I) covenants verified annually at the year-end; subject to covenant holiday on the test at 31.12.2020;
(II) covenants that are respected and verified with reference to 31 December and 30 June of each year; subject to covenant holiday;
(III) if one of the following covenants is not complied with: Net Debt/EBITDA<=3.15 and EBITDA/Net financial costs >=14.5 the bank is entitled to increase the interest rate compared to the applicable spread;
(*) the euro value is shown at the euro/USD exchange rate on 31/12/2020.

Table 5

(Euro/000)	Credit Agricole Cariparma (a)(I)
Amount of the loans as at 31 December 2020	9,179
Recipient of the loan	MARR S.p.A.
Expiry date	09/04/2026
Covenants	
Net Debt/Equity	<=2.0
Net Debt/Ebitda	<= 4.0

(a) covenants calculated on the consolidated financial statements of MARR S.p.A.; subject to covenant holiday on the test at 31.12.2020;
(I) covenants verified annually at the year-end; subject to covenant holiday on the test at 31.12.2020;
(II) covenants that are respected and verified with reference to 31 December and 30 June of each year; subject to covenant holiday;
(III) if one of the following covenants is not complied with: Net Debt/EBITDA<=3.15 and EBITDA/Net financial costs >=14.5 the bank is entitled to increase the interest rate compared to the applicable spread;
(*) the euro value is shown at the euro/USD exchange rate on 31/12/2020.

Table 6

(Euro/000)	Sberbank	Sberbank	Sberbank	Sberbank
Amount of the loans as at 31 December 2020	11.064(*)	3.718 (*)	0 (*)	10.933 (*)
Recipient of the loan	Marr Russia L.l.c.	Marr Russia L.l.c.	Marr Russia L.l.c.	Marr Russia L.l.c.
Expiry date	20/11/2021	05/09/2021	09/04/2021	20/11/2021
Covenants				
Net Debt/Ebitda (b)	< 4.0	< 4.0	< 4.0	< 4.0
Net Income/Revenues (b)	> 0	> 0	> 0	> 0
Net Debt/Ebitda (c)	< 4.9	< 4.9	< 4.9	< 4.9
Ebitda/interests (c)	>2.4	>2.4	>2.4	>2.4
Ebit/Revenues (c)	> 0.047	> 0.047	> 0.047	> 0.047

Table 7

(Euro/000)	Sberbank	Sberbank	Sberbank
Amount of the loans as at 31 December 2020	4.373 (*)	3.367 (*)	12.688 (*)
Recipient of the loan	Marr Russia L.l.c.	Orenbeef L.l.c.	Kaskad Llc
Expiry date	01/11/2021	18/07/2023	28/12/2022
Covenants			
Net Debt/Ebitda (b)	< 4.0	< 4.0	< 4.0
Net Income/Revenues (b)	> 0	> 0	> 0
Net Debt/Ebitda (c)	< 4.9	< 4.9	< 4.9
Ebitda/interests (c)	>2.4	>2.4	>2.4
Ebit/Revenues (c)	> 0.047	> 0.047	> 0.047

(b) covenants calculated on the financial statements of Marr Russia Llc. (quarterly verified);
(c) covenants calculated on the consolidated financial statements of Kaskad LLC. (annually verified);
(d) covenants calculated on the financial statements of Kaskad LLC. (quarterly verified);
(*) the euro value is shown at the euro/RUR exchange rate on 31/12/2020.
As at 31 December 2020 the EBIT/Revenues covenant of the loans stated in tables 6 and 7 had not been complied with. Accordingly, the related debt due beyond 12 months, totalling Euro 9.2 million, was reclassified to short-term items.

Table 8

(Euro/000)	BNL S.p.A. (e)	Banca Intesa Sanpaolo (e)	Rabo bank (e)	Banca del Mezzogiorno - MedioCredito Centrale S.p.A. (e)
Amount of the loans as at 31 December 2020	12,020	85,909	95,000	11,062
Recipient of the loan	INALCA S.p.A	INALCA S.p.A	INALCA S.p.A	INALCA S.p.A
Expiry date	10/07/2022	24/09/2025	04/06/2027	30/09/2023
Covenants				
Net Debt/Ebitda	< 3.5	< 3.5	<= 3.5	<= 3.5
Ebitda/Net financial expenses	< 0.9	< 0.9	< =0.9	< =0.9

e) covenants calculated on the consolidated financial statements of INALCA S.p.A., net of the effects of the adoption of IFRS 16.

Table 9

(Euro/000)	BNL S.p.A. (e)	BPER Banca S.p.A. (e)	Banca Intesa Sanpaolo (e)
Amount of the loans as at 31 December 2020	24,000	20,000	7,500
Recipient of the loan	INALCA S.p.A	INALCA S.p.A	INALCA S.p.A
Expiry date	09/10/2024	21/12/2022	30/06/2022
Covenants			
Net Debt/Ebitda	< 3.5	< 3.5	< 3.5
Ebitda/Net financial expenses	< 0.9	< 0.9	< 0.9

e) covenants calculated on the consolidated financial statements of INALCA S.p.A., net of the effects of the adoption of IFRS 16.

Table 10

(Euro/000)	ING BANK N.V. (e)	Ubi Banca S.p.A. (e)
Amount of the loans as at 31 December 2020	22,000	5,000
Recipient of the loan	INALCA S.p.A	INALCA S.p.A
Expiry date	19/12/2022	13/12/2021
Covenants		
Net Debt/Ebitda	< 3.5	< 3.5
Ebitda/Net financial expenses	< 0.9	< 0.9

e) covenants calculated on the consolidated financial statements of INALCA S.p.A., net of the effects of the adoption of IFRS 16.

Table 11

(Euro/000)	ING BANK Pol	BPER Banca S.p.A. (f)	BNL S.p.A. (f)	ING BANK N.V.
Amount of the loans as at 31 December 2020	987 (*)	6,667	8,000	34,500
Recipient of the loan	Mille Sapori Plus S.p.z.o.o.	Inalca F&B S.r.l.	Inalca F&B S.r.l.	Zaklady Miesne Soch. S.p.zo.o.
Expiry date	31/10/2023	19/12/2021	09/10/2024	31/12/2026
Covenants				
Net Debt/Ebitda	< 3.0 (f)	< 3.5	< 3.5	< 3.5 (f)
Ebitda/Net financial expenses		< 0.9	< 0.9	< 0.9 (f)
Free Cash Flow/Total Net Debt Service		-	-	-
Tangible Net worth/Total Assets				>30% (g)
DSCR	>1.1 (h)			

f) covenants calculated on the consolidated financial statements of INALCA S.p.A.; (g) covenant calculated on the local financial statements of Zaklady Miesne Sochocin S.p.z.o.o.; (h) covenant calculated on the local financial statements of Mille Sapori Plus Sp.z.o.o (*) the euro value is shown at the euro /PLN exchange rate on 31/12/2020.

Table 12

(Euro/000)	Banca Intesa Sanpaolo S.p.A. (i)	UBI Banca S.p.A. (i)
Amount of the loans as at 31 December 2020	8,750	20,000
Recipient of the loan	Cremonini S.p.A.	Cremonini S.p.A.
Expiry date	30/06/2022	24/07/2025
Covenants		
Net Debt/EBITDA	<= 4.0	<= 4.0
Net Debt/Equity		<= 2.75
Ebitda/Net financial expenses	>=4.0	>=4.0

(i) covenants calculated on the consolidated financial statements of Cremonini S.p.A., net of the effects of the adoption of IFRS 16; subject to covenant holiday on the test at 31.12.2020.

Table 13

(Euro/000)	Banco BPM S.p.A. (i)	Cassa di Risparmio di Cento S.p.A. (i)	Banca Intesa Sanpaolo S.p.A. (i)	Unicredit S.p.A. (i)
Amount of the loans as at 31 December 2020	5,000	3,523	3,333	10,000
Recipient of the loan	Chef Express S.p.A.	Chef Express S.p.A.	Chef Express S.p.A.	Chef Express S.p.A.
Expiry date	30/06/2021	01/04/2024	31/12/2021	12/05/2022
Covenants				
Net Debt/EBITDA	<=3.0	<=4.0	<=3.0	<=3.0
Net Debt/Equity	<=2.0	<=2.75	<=2.0	<=2.0

(i) covenants calculated on the consolidated financial statements of Cremonini S.p.A., net of the effects of the adoption of IFRS 16; subject to covenant holiday on the test at 31.12.2020, except for the Banca Intesa Sanpaolo S.p.A. loan, which will be early repaid by 30.6.2021.

Table 14

(Euro/000)	UBI Banca S.p.A. (i)	Pool finan. Banco BPM S.p.A.-BPER Banca S.p.A.-Intesa Sanpaolo S.p.A. -Finan. DL 8/4/2020 no.23 (i)
Amount of the loans as at 31 December 2020	10,000	90,000
Recipient of the loan	Chef Express S.p.A.	Chef Express S.p.A.
Expiry date	21/05/2023	30/06/2023
Covenants		
Net Debt/EBITDA	<=3.0	*<=3.0
Net Debt/Equity	<=2.0	*<=2.0

(i) covenants calculated on the consolidated financial statements of Cremonini S.p.A., net of the effects of the adoption of IFRS 16; subject to covenant holiday on the test at 31.12.2020.
* Calculated as from 31/12/2021

Table 15

(Euro/000)	Unicredit S.p.A. (i)	Cassa di Risparmio di Saluzzo S.p.A. (i)	BPER Banca S.p.A.(i)	ING BANK N.V. (i)
Amount of the loans as at 31 December 2020	3,750	4,000	1,000	555
Recipient of the loan	Roadhouse S.p.A.	Roadhouse S.p.A.	Roadhouse S.p.A.	Roadhouse S.p.A.
Expiry date	28/01/2022	19/12/2021	19/12/2021	05/12/2021
Covenants				
Net Debt/EBITDA	<=3.25	<=4.0	<=4.0	<=4.0
Net Debt/Equity		<=2.75	<=2.75	<=2.75

(i) covenants calculated on the consolidated financial statements of Cremonini S.p.A., net of the effects of the adoption of IFRS 16; subject to covenant holiday on the test at 31.12.2020.

Table 16

(Euro/000)	Cassa di Risparmio di Cento S.p.A. (i)
Amount of the loans as at 31 December 2020	4,228
Recipient of the loan	Roadhouse S.p.A.
Expiry date	01/04/2024
Covenants	
Net Debt/EBITDA	<=4.0
Net Debt/Equity	<=2.75

(i) covenants calculated on the consolidated financial statements of Cremonini S.p.A., net of the effects of the adoption of IFRS 16; subject to covenant holiday on the test at 31.12.2020.

25. Current tax liabilities

(Euro/000)	31.12.2020	31.12.2019
VAT	2,508	2,152
IRAP	2,379	773
IRES	179	5,169
Withholding taxes	7,872	11,552
Substitute taxes and other taxes payable	6,950	5,831
Total	**19,888**	**25,477**

IRAP and IRES payables relate to 2020 financial year taxes not yet paid at the year-end.

26. Current trade liabilities

(Euro/000)	31.12.2020	31.12.2019
Suppliers	**540,996**	**694,032**
Payables to unconsolidated subsidiaries	**323**	**440**
Caio S.r.l.	-	2
Casa Maioli S.r.l.	-	5
D'Autore Food S.r.l.	-	254
Dolfen S.r.l.	318	-
E-Marco Polo (E-MP) Spa	-	162
Macello di Parma S.r.l.	1	-
Società Agricola Transumanza S.r.l.	4	4
W Italia S.r.l.	-	13
Payables to associated companies	**2,939**	**1,848**
AGM S.r.l.	4	-
Castello do Godego S.r.l.	152	-
Frimo	(7)	-
Sì Frutta S.r.l.	-	215
Società Agricola Marchesina S.r.l.	2,518	1,053
Time Vending S.r.l.	1	350
Unitea S.r.l.	271	230
Payables to controlling companies	**2,238**	**162**
Cremofin S.r.l.	-	162
Creso S.r.l.	21	-
Sociatà Agricola La Torre S.r.l.	2,217	-
Total	**546,496**	**696,482**

Current trade payables refer primarily to balances deriving from commercial operations and the amount payable to Trade Agents. At 31 December 2020 a portion of receivables from suppliers, relating to year-end premiums, had been classified as a reduction in trade liabilities; the values at 31 December 2019 were then restated for comparative purposes.

27. Other current liabilities

(Euro/000)	**31.12.2020**	31.12.2019
Accrued expenses and deferred income	5,743	3,453
Inps/Inail/Scau	8,286	12,764
Inpdai/Previndai/Fasi/Besusso	168	158
Enasarco/FIRR	1,049	1,161
Payables to other social security institutions	4,531	5,029
Other payables		
Advances and other payables to customers	3,928	5,698
Payables for employee remuneration	45,547	53,410
Payables for acquisition of equity investments	289	-
Guarantee deposits and down payments received	117	119
Payables to directors and auditors	549	1,007
Payables to agents	220	184
Other minor payables	5,617	7,552
Total	**76,044**	**90,535**

The item "Accrued expenses and deferred income" includes the liability connected to the retention programme involving customers of "Roadhouse Club". This programme, valid throughout Italy, provides for the accumulation of points and the accrual of credits utilizable in the Roadhouse restaurants participating in the initiative. The liability amounted to about Euro 2,350 thousand at 31 December 2020.

The payable to employees includes the current remuneration yet to be paid as at 31 December 2020 and the allocations relating to deferred remuneration. The reduction in the payable compared to the previous year is mainly attributable to the Catering sector as a result of stopping sales to the public due to the restrictions imposed by the Governments all around the world in order to limit the spread of the Covid-19 pandemic.

Guarantees, sureties and commitments

(Euro/000)	31.12.2020	31.12.2019
Direct guarantees – sureties		
- related companies	-	-
- other companies	126,775	131,489
	126,775	**131,489**
Direct guarantees – letter of comfort		
- associated companies	25,655	23,984
- other companies		-
	25,655	**23,984**
Other risks and commitments	17,999	18,151
Total guarantees, sureties and commitments	**170,429**	**173,624**

Direct guarantees - sureties

These guarantees include both the guarantees given directly by the companies, both in the interests of Group companies and third parties to banks for loans or credit lines, and those guarantees for which the Parent Company is jointly liable, given by banks or insurance companies, for a variety of commercial transactions, for Group VAT set-offs, for participation in tenders, etc..

Other companies – It should be noted that, with reference to guarantees to "Other companies", this is the classification normally given to guarantees given directly to third parties by Group companies, but exclusively in their own interests- Such guarantees are rarely given in the interests of third-party companies and even in such a case, in the context of transactions effected for the benefit of Group companies. In particular, this item includes the following (in thousands of euro):

Company to which the guarantee is provided Euro/000)	Beneficiary	Amount	Reason
Revenue Office/VAT Office Modena	Cremonini S.p.A. and other subsidiaries	33,055	VAT for compensation.
Highways and Oil Companies	Cremonini S.p.A. subsidiares	28,544	As security for good performance of contracts (services, maintenance).
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, etc)	Cremonini S.p.A. and other subsidiaries	15,199	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities.
Public Agencies	Cremonini S.p.A. subsidiares	11,522	Guarantees release for proper performance of contracts lasting several years.
Airports	Cremonini S.p.A. subsidiares	13,311	As security for the proper performance of contracts.
Other minor items	Cremonini S.p.A. and other subsidiaries	25,144	Administration of rented properties, energy supplies, credit cards, good performance of contracts, etc.
Total		**126,775**	

Direct guarantees – comfort letters

The letters of comfort solely regard the guarantees provided to the lending institutions for the granting of loans or credit lines.

Indirect guarantees – credit mandates

The credit mandates relate to bank overdrafts and endorsement credits of subsidiaries guaranteed by credit lines granted by banks to the Group.

Other risks and commitments

Details of "Other risks and commitments", for commitments of Group companies, are shown below (in thousands of euro):

Description (Euro/000)	Company to which the risk or commitment refers	Amount
Promise of purchase of property	Roadhouse S.p.A.	10,465
Credit letter of purchase of goods	Marr S.p.A.- As.Ca.	5,874
Other sundry	Fiorani & C S.p.A. - Italia Alimentari S.p.A.	1,660
Total		**17,999**

"Commitments for real estate purchases" regard preliminary contracts to buy real estate where the Roadhouse S.p.A. restaurant chain can be further developed.
The item "Letters of credit for goods purchases" relates to letters of credit, issued by some banks, to guarantee obligations to our foreign suppliers.
The "Other miscellaneous" item regards third party consignment goods at the Fiorani & C. S.p.A. and Italia Alimentari S.p.A. warehouses.

Details of the main items of the consolidated income statement

28. Revenues

Revenues are broken down as follows:

(Euro/000)	31.12.2020	31.12.2019
Revenues from sales - Finished goods	1,664,956	1,669,611
Revenues from sales - Goods for resale	1,383,133	2,148,861
Revenues from sales - Oil	7,301	11,736
Revenues from sales - Others	58,406	79,270
Revenues from services	143,230	397,280
Advisory services to third parties	348	2,455
Rent income	2,463	3,750
Other revenues from ordinary activities	56,893	51,623
Total	**3,316,730**	**4,364,586**

Revenues were affected by the stringent restrictions imposed on tourism and catering activities under the measures put in place to contain the pandemic in Italy and abroad during 2020, which are still applicable.

Below is a breakdown of revenues by geographical area:

(Euro/000)	31.12.2020	31.12.2019
Italy	2,527,287	3,289,874
European Union	296,436	444,851
Non-EU countries	493,007	629,861
Total	**3,316,730**	**4,364,586**

As regards the revenues trend, you are referred to the details in the Directors' Report.

29. Other revenues

The other revenues can be broken-down as follows:

(Euro/000)	31.12.2020	31.12.2019
Contributions by suppliers and others	19,081	39,395
Operating grants	7,366	5,578
Other sundry revenues	65,073	27,394
Total	**91,520**	**72,367**

The item "contributions from suppliers and others" showed a significant reduction due to the drop in sales and mainly includes the contributions obtained for various titles from the suppliers for commercial promotion of their products at our customers; as far as this is concerned, it should be borne in mind that a part of the suppliers' contributions for the agreements for the award of end-of-year bonuses is recognised as a reduction in goods purchasing costs.

Other sundry revenues

"Services, consultancy and other minor revenues", amounting to Euro 53.5 million, increased by Euro 36.7 million compared to Euro 16.9 million in 2019 and were broken down as follows:

- Production sector – the granting of Euro 11.4 million of relief from social security contributions prescribed by regulations (Jobs Act), the benefit from which was suspended in 2016 in consideration of the litigation with the INPS;
- Catering sector – proceeds were accounted for Euro 21.1 million, arising from the debt cancellation for leases obtained following the closure of sales outlets due to the Covid-19 pandemic;
- Distribution sector – a non-recurring income was recognised for Euro 2.3 million in relation to the collection of an amount receivable, which had been stated among losses in previous years following an insolvency procedure.

30. Costs for purchases

(Euro/000)	**31.12.2020**	31.12.2019
Costs for purchases - Raw materials	(1,129,870)	(1,093,185)
Costs for purchases - Goods for resale	(950,922)	(1,682,155)
Costs for purchases - Secondary materials, consumables, semi-finished goods, packages	(108,314)	(103,990)
Costs for purchases - Finished goods	(39,913)	(40,686)
Costs for purchases - Oil	(6,901)	(11,122)
Costs for purchases - Stationery and printed paper	(1,643)	(2,471)
Changes in inventories of raw materials, secondary materials, consum. and goods for resale	(52,275)	26,522
Other costs for purchases	(76,204)	(103,629)
Total	**(2,366,042)**	**(3,010,716)**

You are referred to the Directors' Report and the marginality analysis, subdivided by individual business sectors, for a careful examination of the purchases cost trend.

"Costs for purchases - Oil" are related to the sale of fuel in the motorway service stations and refer to the corresponding "Revenues from oil sales", an item attributable entirely to the Catering sector.

31. Other operating costs

(Euro/000)	**31.12.2020**	31.12.2019
Costs for services	(436,617)	(546,203)
Costs for leases and rentals	(19,670)	(38,401)
Other operating charges	(20,953)	(23,778)
Total	**(477,240)**	**(608,382)**

Costs for services

(Euro/000)	31.12.2020	31.12.2019
Energy consumption and utilities	(44,277)	(54,245)
Maintenance and repairs	(27,633)	(30,373)
Transport on sales	(95,405)	(116,466)
Commisions, commercial and distribution services	(91,237)	(124,661)
Third-party services and outsourcing	(38,674)	(62,039)
Purchasing services	(28,509)	(37,422)
Other technical and general services	(110,882)	(120,997)
Total	**(436,617)**	**(546,203)**

The decrease in service costs relates for Euro 50.1 million to the Distribution sector, for Euro 34.8 million to the Catering sector and for Euro 23.4 million to the Production sector.

Costs for leases and rentals

(Euro/000)	31.12.2020	31.12.2019
Lease of business premises, royalties and others	(8,900)	(25,189)
Costs for leases	(282)	92
Leases and rentals related to real and personal property	(10,488)	(13,304)
Total	**(19,670)**	**(38,401)**

Costs for leases and rentals totalled Euro 19.7 million and their decrease compared to the previous year was mainly due to a reduction in lease rentals, the calculation of which is connected with the performance of revenues, and therefore do not fall within the scope of application of the accounting standard IFRS 16.

Other operating charges

(Euro/000)	31.12.2020	31.12.2019
Losses on receivables	(2)	(301)
Indirect taxes and duties	(9,807)	(11,118)
Capital losses on disposal of assets	(975)	(811)
Contributions and membership fees	(1,581)	(1,806)
Other minor costs	(8,588)	(9,742)
Total	**(20,953)**	**(23,778)**

32. Personnel costs

(Euro/000)	31.12.2020	31.12.2019
Salaries and wages	(249,414)	(316,679)
Social security contributions	(71,395)	(86,756)
Staff Severance Provision	(17,256)	(16,721)
Pension and similar provisions	(299)	(192)
Other personnel costs	(14,398)	(22,065)
Total	**(352,762)**	**(442,413)**

This item includes all the personnel costs, including holiday accruals and additional monthly pay as well as the related welfare charges, allocation for employee leaving indemnities and other contractually envisaged costs. The decrease compared to last year is ascribable to the Catering sector, down by Euro 89.8 million and the Distribution sector, down by Euro 10.8 million, partly offset by an increase recorded in the Production sector, up by Euro 10.9 million.

In the Production sector the increase is partly linked to the effects deriving from the different scope of consolidation (+ Euro 4.5 million), to new sales outlets managed by subsidiary Guardamiglio S.r.l. and to the higher number of employees deriving from insourcing of skilled labour carried out by Fiorani & C. S.p.A. at Piacenza plant.

In the catering sector, on the contrary, the substantial reduction is attributable to the closure of outlets due to

Covid-19 pandemic on the part of all the subsidiaries.

As at 31 December 2020 Group employees amounted to 13,458 compared to 13,573 at 31 December 2019. The employees in the Production sector increased by 375 units, while in the Distribution and Catering sectors they decreased by 53 and 436 units, respectively.

The breakdown by category and average number of employees in 2020 is shown in the following schedule:

	Factory staff	Office staff	Managers	Total
Employees as at 31.12.2019	10,737	2,669	167	13,573
Employees as at 31.12.2020	**10,628**	**2,662**	**168**	**13,458**
Increases (decreases)	(109)	(7)	1	(115)
Average no. of employees during year 2020	**11,089**	**2,681**	**169**	**13,939**

33. Amortization, depreciation, write-downs and provisions

(Euro/000)	**31.12.2020**	31.12.2019
Depreciation of tangible assets	(97,729)	(91,515)
Amortization of intangible assets	(5,838)	(5,815)
Amortization of right of use	(56,874)	(52,908)
Other write-downs of fixed assets	(3,788)	(3,539)
Write-downs and provisions	(33,336)	(29,465)
Total	**(197,565)**	**(183,242)**

"Other write-downs of fixed assets" include the effects of the impairment test on the goodwill, which impacted for Euro 2,065 thousand in 2020 and Euro 2,127 thousand in 2019. This item also includes an amount of Euro 1,722 thousand of write-downs of fixed assets installed at some retail outlets, which are being disposed of.
For more details on the items reported above, please refer to the related movement of tangible and intangible assets and rights of use shown in Appendices 3, 4 and 5.

34. Financial (Income)/Charges

(Euro/000)	**31.12.2020**	31.12.2019
Net exchange rate differences	(25,524)	(1,579)
Income (Charges) from management of derivatives	(378)	(271)
Net financial Income (Charges)	(14,353)	(26,416)
Right of use financial charges	(23,047)	(19,874)
Total	**(63,302)**	**(48,140)**

Exchange rate differences

(Euro/000)	31.12.2020	31.12.2019
Realized exchange rate profits	6,687	9,302
Realized exchange rate losses	(15,610)	(7,626)
Unrealized exchange rate profits	772	5,711
Unrealized exchange rate losses	(16,847)	(9,427)
Realized income from management of exchange rate derivatives	612	521
Evaluated income from management of exchange rate derivatives	-	82
Realized charges from management of exchange rate derivatives	(1,052)	(142)
Evaluated charges from management of exchange rate derivatives	(86)	-
Total	**(25,524)**	**(1,579)**

The net exchange rate valuation differences refer to the valuation of balances in the statement of assets and liabilities in foreign currencies to the existing exchange rates at the end of the financial year.

Income (Charges) from management of derivatives

(Euro/000)	31.12.2020	31.12.2019
Realized Charges from management of derivatives	(378)	(271)
Total	**(378)**	**(271)**

Net financial Income (Charges)

(Euro/000)	31.12.2020	31.12.2019
Financial Income (Charges) from/to to controlling companies	**(17)**	**(24)**
Financial income		
- Bank interest receivable	1,651	1,853
- Other financial income	2,883	1,867
Total financial income	**4,534**	**3,720**
Financial charges		
- Interest payable on loans	(9,767)	(9,241)
- Interest payable on factoring	(1,133)	(1,659)
- Interest payable on current accounts and others	(4,247)	(4,931)
- Other bank charges	(633)	(938)
- Other sundry charges	(3,090)	(13,343)
Total financial charges	**(18,870)**	**(30,112)**
Total financial charges - Right of use	**(23,047)**	**(19,874)**
Total	**(37,400)**	**(46,290)**

"Net Financial Income (Charges)" were the result of no longer applying IAS 29 to the financial statements of the Angolan companies in 2020, which had affected the previous year for about Euro 11 million (under "Other sundry charges").

It should be noted that interest expenses from rights of use arising from the adoption of IFRS 16 include an amount of Euro 37 thousand relating to the lease agreements attributable to the operations of MARR S.p.A. with its related party Le Cupole di Castelvetro (MO), for the lease of an industrial building located in Rimini.

35. Income taxes

(Euro/000)	31.12.2020	31.12.2019
IRES	(6,958)	(47,065)
IRAP	(4,023)	(9,315)
Net deferred tax assets/liabilities	46,597	4,581
Total	**35,616**	**(51,799)**

As shown in the breakdown table, the cost of current taxes (IRES/Direct tax on corporate income and IRAP) is significantly lower than that recorded in the previous year due to a deterioration in the result for the year.
In terms of deferred taxation, the financial year saw the recognition of tax assets or the release of tax liabilities previously set aside among non-recurring items. An analysis of the main effects, broken down by sector, is reported below.

Production Sector:

- Deferred tax liabilities of Euro 18.3 million have been released as a result of the tax realignment of the values of some of the properties held by group companies in accordance with Article 110 of Decree Law no. 104 of 2020. As described in note 21, INALCA, Italia Alimentari and Corticella have carried out the tax realignment provided for in Decree Law no. 104 of 2020 by paying a 3% substitute tax on the buildings that generated the discrepancy between statutory and tax values arising from fair value measurement according to IAS. Therefore, the tax redemption option has been applied to the higher value of buildings for an overall amount of Euro 65,692 thousand, recording a total substitute tax of Euro 1,970 thousand and releasing total deferred tax liabilities of Euro 18,329 thousand;
- A benefit of Euro 4.4 million has been recognised in terms of reduction in IRES and IRAP taxes for the five-year period from 2015 to 2019, concerning the Patent Box scheme for Inalca and Montana brands.

Catering Sector

- A benefit of Euro 0.4 million has been recognised in terms of reduction in IRES and IRAP taxes for the five-year period from 2015 to 2019, arising from the Patent Box regime and accounted for following the signature of the tax ruling relating to the Roadhouse brand and know-how;
- A deferred tax asset of Euro 23.7 million has been accounted for, which arose from the revaluations carried out on the "Chef Express" and "Roadhouse" brands according to the provisions laid down in Law no. 126 of 13 October 2020, as already described above.

Information required by Law no. 124/2017

In accordance with the above rules, the list below shows the subsidises, grants, places of profit and financial benefits of any kind obtained from Public Authorities and similar entities, with the particulars of the paying entity, the beneficiary, the amounts received and the type of benefit:

Beneficiary company	Paying entity	Reason	Amount paid (Euro/000)
Inalca S.p.A.	GSE	Grants for sale of energy	1,006
Inalca S.p.A.	GSE	GRIN (Incentive Payment Management) grants (formerly Green Certificates)	362
Inalca S.p.A.	Fondimpresa	Personnel training	66
Inalca S.p.A.	Agea	Storage	RNA
Inalca S.p.A.	Invitalia	Covid-19 emergency	150
Italia Alimentari S.p.A.	Fondi interprofessionali	Personnel training	RNA
Italia Alimentari S.p.A.	MISE	R&D tax credit	87
Italia Alimentari S.p.A.	CSEA	Energy-intensive industries	RNA
Realbeef S.r.l.	Agea	Guarantee costs	RNA
Realbeef S.r.l.	MCC	Grants on account of interest	RNA
Realbeef S.r.l.	Agea	Storage	RNA
Fiorani S.p.A.	CSEA	Energy-intensive industries	RNA
Fiorani S.p.A.	INAIL	OT24	142
Società Agricola Corticella S.r.l.	AGREA	EU livestock premiums	SIAN
Società Agricola Corticella S.r.l.	AGREA	EU livestock premiums	2,676
Società Agricola Corticella S.r.l.	GSE	Grants for sale of energy	515
Roadhouse Grill Roma S.r.l.	Agea	Guarantee costs	RNA
Caio S.r.l.	Agea	Guarantee costs	RNA
Casa Maioli S.r.l.	Agea	Guarantee costs	RNA
W. Italia S.r.l.	Agea	Guarantee costs	RNA

In 2020, the Group benefited from a number of tax and social security concessions granted as a result of the economic crisis resulting from the Covid-19 health emergency.
The concessions in question are essentially as follows:

- write-off of the IRAP tax balance for 2019 (Law 77/2020);
- write-off of the first IRAP tax advance payment for 2020 (Law 77/2020);
- write-off of TARI waste tax (Law 77/2020);
- write-off of IMU Single Municipal Tax (LAW 77/2020 AND Law 126/2020);
- sanitization tax credit (Law 77/2020);
- partial exemption from payments of social security contributions for entities in Southern Italy (Law 77/2020).

It should also be noted that certain Group companies have benefited from the Redundancy Fund and the Wages Guarantee Fund, as well as from tax credits for advertising investments (Decree Law 50/2017), leases (Law 77/2020 and Law 126/2020), non-refundable grants (Law 126/2020) and for investments in Southern Italy (Law 208/2015).

Other information

Pursuant to the law the total fees due to the directors, members of the Board of Statutory Auditors and independent auditors, where applicable, are noted below:

- Directors/ Statutory Auditors: Euro 6,077 thousand
- Independent auditors: Euro 1,065 thousand

Subsequent events

With regard to the events subsequent to the year-end, please refer to the Directors' Report.

* * * * * *

Castelvetro di Modena, 6 May 2021

THE CHAIRMAN

OF THE BOARD OF DIRECTORS

(Claudia Cremonini)

Annexes

These annexes contain information additional to that reported in the notes to the consolidated financial statements, and form an integral part thereof:

Annex 1	-	Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2020;
Annex 2	-	Breakdown of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2020;
Annex 3	-	Statement of changes in tangible assets for the financial year ended as at 31 December 2020;
Annex 4	-	Statement of changes in rights of use for the financial year ended 31 December 2020;
Annex 5	-	Statement of changes in other intangible assets for the financial year ended as at 31 December 2020;
Annex 6	-	List of equity investments classified under financial assets as at 31 December 2020 and others;
Annex 7	-	List of equity investments in subsidiaries and associated companies as at 31 December 2020 (Article 2427, paragraph 5, of the Italian Civil Code) with an indication of those falling within the scope of consolidation.
Annex 8	-	List of consolidated companies broken down by sector.

Annex 1

Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2020

(Euro/000)	Trade		Other		**Total**	
	Receivables	Payables	Receivables	Payables	**Receivables**	**Payables**
Subsidiaries:						
Dolfen Srl	2	318	1,010	-	**1,012**	**318**
E-Marco Polo Spa	-	-	-	-	**-**	**-**
Inalca Russia LLC	3	-	1	-	**4**	**-**
Italia Alimentari USA Corporation	185	-	-	-	**185**	**-**
Macello di Parma S.r.l.	-	1	-	-	**-**	**1**
Royi Wine Shanghai	326	-	-	-	**326**	**-**
Società Agricola Transumanza S.r.l.	53	4	1,287	-	**1,340**	**4**
Provision for bad debts	-	-	-	-	**-**	**-**
Total subsidiaries	**569**	**323**	**2,298**	**-**	**2,867**	**323**
Associated companies:						
A.G.M. S.r.l.	71	4	493	-	**564**	**4**
Bottega Mediterranea Sdn Bhd	-	-	-	-	**-**	**-**
Castello di Godego S.r.l.	7	151	1,000	-	**1,007**	**151**
Farm Service S.r.l.	381	-	333	-	**714**	**-**
Frigomacello s.R.L.	-	-	758	-	**758**	**-**
Frimo	-	(7)	-	-	**-**	**(7)**
Inalca Emirates Trading Llc	538	-	-	-	**538**	**-**
Inalca West Africa Food & Beverage Ltd	249	-	-	-	**249**	**-**
La Torre Soc.Agr.Consortile Ar.l.	-	2,217	14,250	-	**14,250**	**2,217**
Sì Frutta S.r.l.	-	-	-	-	**-**	**-**
Società Agricola Marchesina S.r.l.	1,436	2,518	400	-	**1,836**	**2,518**
Time Vending S.r.l.	13	1	20	650	**33**	**651**
Unieffebi Srl	-	-	13	-	**13**	**-**
Unitea S.r.l.	665	271	-	-	**665**	**271**
Provision for bad debts	-	-	-	-	**-**	**-**
Total associated companies	**3,360**	**5,155**	**17,267**	**650**	**20,627**	**5,805**
Related and controlling companies:						
Cremofin S.r.l.	-	-	-	2,178	**-**	**2,178**
Creso S.r.l.	193	21	-	-	**193**	**21**
Le Cupole S.r.l.	-	-	-	4,093	**-**	**4,093**
LLc Soyuz	20	-	-	-	**20**	**-**
Namsov Fishing Enterprises Ltd	-	-	1,697	-	**1,697**	**-**
Total related companies	**213**	**21**	**1,697**	**6,271**	**1,910**	**6,292**

Annex 2

Breakdown of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2020

(Euro/000)	Trade		Other		**Total**	
	Revenues	Costs	Revenues	Costs	**Revenues**	**Costs**
Subsidiaries:						
Dolfen Srl	20	5,184	10	-	**30**	**5,184**
Inalca Russia LLC	3	-	-	-	**3**	**-**
Italia Alimentari USA Corporation	26	-	-	-	**26**	**-**
Royi Wine Shanghai	332	-	-	-	**332**	**-**
Società Agricola Transumanza S.r.l.	-	37	-	-	**-**	**37**
Total subsidiaries	**381**	**5,221**	**10**	**-**	**391**	**5,221**
Associated companies:						
A.G.M. S.r.l.	-	58	-	-	**-**	**58**
Bottega Mediterranea Sdn Bhd	-	-	-	-	**-**	**-**
Castello di Godego S.r.l.	1	763	-	-	**1**	**763**
Farm Service S.r.l.	3,612	-	2	-	**3,614**	**-**
Frimo S.a.m.	-	-	7	-	**7**	**-**
Jolanda De Colò S.p.A.	-	1	-	-	**-**	**1**
Società Agricola Marchesina S.r.l.	7,997	11,572	80	-	**8,077**	**11,572**
Time Vending S.r.l.	28	-	227	3	**255**	**3**
Unitea S.r.l.	4,615	1,429	8	-	**4,623**	**1,429**
Total associated companies	**16,253**	**13,823**	**324**	**3**	**16,577**	**13,826**
Controlling companies						
Cremofin S.r.l.	-	-	4	17	**4**	**17**
Total controlling companies	**-**	**-**	**4**	**17**	**4**	**17**
Related companies:						
Creso S.r.l.	1,551	-	-	-	**1,551**	**-**
La Torre Soc.Agr.Consortile Ar.l.	-	19,889	-		**-**	**19,889**
Le Cupole S.r.l.	-	-	-	37	**-**	**37**
LLc Soyuz	240	-	-	-	**240**	**-**
Namsov Fishing Enterprises Ltd	-	9,679	49	-	**49**	**9,679**
Total related companies	**1,791**	**29,568**	**49**	**37**	**1,840**	**29,605**

Annex 3

Statement of changes in tangible assets for the financial year ended as at 31 December 2020

(Euro/000)	Opening position			Changes over the period							Closing position		
	Initial cost	Depreciation provision	Balance at 31.12.2019	Net effects of the change in consolidation area	Acquisitions	Net decreases	(Impairment) Reversal of an impairment	Reclassif./ Other changes	Exchange Differences	Depreciation	Initial cost	Depreciation provision	Balance at 31.12.2020
Land and buildings	1,143,097	(325,325)	817,772	4,601	29,158	(2,210)	(410)	17,637	(25,264)	(40,484)	1,149,815	(349,015)	800,800
Plant and machinery	615,321	(439,688)	175,633	2,023	25,998	(1,449)	(420)	9,739	(4,759)	(36,308)	634,588	(464,131)	170,457
Industrial and business equipment	51,865	(39,307)	12,558	244	3,283	(422)	(81)	563	(259)	(4,736)	53,814	(42,664)	11,150
Other assets	179,633	(111,670)	67,963	1,073	9,566	(3,421)	(714)	5,889	(1,942)	(16,201)	181,014	(118,801)	62,213
Fixed assets under construction and advances	77,586	0	77,586	-	76,563	(1,641)	-	(34,188)	(4,481)	-	113,839	0	113,839
Total	**2,067,502**	**(915,990)**	**1,151,512**	**7,941**	**144,568**	**(9,143)**	**(1,625)**	**(360)**	**(36,705)**	**(97,729)**	**2,133,070**	**(974,611)**	**1,158,459**

Annex 4

Statement of changes in rights of use for the financial year ended as at 31 December 2020

(Euro/000)	Opening position			Changes over the period							Closing position		
	Initial cost	Depreciation provision	Balance at 31.12.2019	Net effects of the change in consolidation area	Acquisitions	Net decreases	(Impairment) Reversal of an impairment	Reclassif./ Other changes	Exchange Differences	Depreciation	Initial cost	Depreciation provision	Balance at 31.12.2020
Land and buildings - Right of use	354,129	(51,420)	302,709	7,248	46,810	(12,980)	(164)	(562)	(293)	(54,880)	384,097	(96,209)	287,888
Plant and machinery - Right of use	4,518	(1,169)	3,349	-	316	(3)	-	-	-	(1,238)	4,451	(2,027)	2,424
Industrial and business equipment - Right of use	1,308	(283)	1,025	-	-	-	-	59	(31)	(197)	1,137	(281)	856
Other assets - Right of use	139	-	139	-	1,809	(5)	-	-	-	(558)	1,942	(557)	1,385
Total	**360,094**	**(52,872)**	**307,222**	**7,248**	**48,935**	**(12,988)**	**(164)**	**(503)**	**(324)**	**(56,873)**	**391,627**	**(99,074)**	**292,553**

Annex 5

Statement of changes in intangible assets for the financial year ended as at 31 December 2020

(Euro/000)	Opening position			Changes over the period						Closing position		
	Initial cost	Amortization provision	Balance at 31.12.2019	Net effects of the change in consolidation area	Acquisitions	Net decreases	Reclass. Other changes	Exchange Differences	Amortiz.	Initial cost	Amortization provision	Balance at 31.12.2020
Patents and intellectual property rights	25,306	(19,214)	6,092	51	1,500	(26)	283	(37)	(2,916)	26,844	(21,897)	4,947
Development costs	655	(463)	192	-	-	-	-	-	(131)	655	(594)	61
Concessions, licences, trademarks and similar rights	23,047	(9,599)	13,448	6	223	-	2,483	(185)	(1,694)	24,687	(10,406)	14,281
Fixed assets under development and advances	1,637	-	1,637	1	800	(1)	(138)	-	-	2,299	-	2,299
Other intangible assets	11,351	(6,824)	4,527	1,849	208	(12)	353	(250)	(1,037)	12,495	(6,857)	5,638
Total	**61,996**	**(36,100)**	**25,896**	**1,907**	**2,731**	**(39)**	**2,981**	**(472)**	**(5,778)**	**66,980**	**(39,754)**	**27,226**

Annex 6

List of equity investments classified under financial assets as at 31 December 2020 and others

(Euro/000) Company name	%	Initial value	Purchases or subscriptions	Disposals	(Write-downs) Revaluations	Other Changes	%	Final value	Notes
Subsidiaries:									
C&P S.r.l.	60.00	6,236				(6,236)	60.00	-	(a)
Castelfrigo L.V. S.r.l. (ex D'Autore Food S.r.l.)	100.00	64	2,533	-	-	(2,597)	100.00	-	(a)
Dolfen S.r.l.		-	100	-	-	-	51.00	100	
Imprenditori per E-Marco Polo S.r.l. in liquidation	100.00	357	-	-	(357)	-	100.00	-	
Inalca Eurasia Holdings Gesmbh	60.00	61	-	-	-	-	60.00	61	
Inalca Food & Beverage Beijing Holding Ltd	60.00	412	-	-	-	(412)	60.00	-	(a)
Inalca Foods Nig Limited (in liquidation)	57.00	-	-	-	-	-	57.00	-	
Inalca Russia L.l.c.		-	2	-	-	-	100.00	2	
Italia Alimentari Canada Ltd	60.00	-	-	-	-	-	60.00	-	
Italia Alimentari USA Corporation	100.00	366	-	-	-		100.00	366	
Ital Pan S.r.l.	-	-	100	-	-	(100)	100.00	-	
Montana Farm S.p.zo.o.	100.00	100	-	-	-	5	100.00	105	
Royi Wine (Shanghai) LTD	100.00	63	-	-	-	(4)	100.00	59	
Società Agricola Transumanza S.r.l.	51.00	5	-	-	-	1	51.00	6	
Treerre Food S.r.l.		-	200	-	-	(200)	90.00	-	(a)
Total subsidiaries		**7,664**	**2,935**	**0**	**(357)**	**(9,543)**		**699**	
Associated companies									
A.G.M. S.r.l.	29.56	66	9	-	-	-	29.56	75	
Avirail S.a.s.	49.00	314	-	-	-	-	49.00	314	
Consorzio I.R.I.S. S.a.r.l.	37.50	4	-	-	-	-	37.50	4	
Creso S.r.l. in liquidation		-	10				50.00	10	
Farm Service S.r.l.	37.00	257	-	-	-	-	37.00	257	
Frigomacello S.r.l.	50.00	65	17	-	-	-	50.00	82	
Frimo SAM	45.30	527	-	-	-	-	45.30	527	
Inalca Emirates Trading Llc in liq.	49.00	-	-	-	-	-	49.00	-	
Inalca West Africa Food & Beverage Ltd	45.00	76	-	-	-	-	45.00	76	
Jolanda De Colò S.p.A.	34.00	2,046	-	-	(218)	-	34.00	1,828	
Longsi Italia Co Ltd	40.00	58	-	-	-	(58)	40.00	-	
SCEA PBL	30.00	90	-	-	-	-	30.00	90	
SC Pulsar	30.00	240	-	-	-	-	30.00	240	
Sì Frutta S.r.l.	40.00	406	-	-	-	(406)	40.00	-	(a)
Società Agricola Castello di Godego S.r.l.	50.00	322	-	-	-	1	50.00	323	
La Torre Soc. Agr. Cons. a r.l.	25.00	-	10	-	-	5,000	33.33	5,010	
Società Agricola Marchesina S.r.l.	50.00	2,780	-	-	-	-	50.00	2,780	
Time Vending S.r.l.	50.00	101	-	-	567	-	50.00	668	
Unitea S.r.l.	50.00	1,450	-	-	(500)	-	50.00	950	
Total associated companies		**8,802**	**46**	**0**	**(151)**	**4,537**		**13,234**	
Other companies:									
Banca Centro Padana		40	-	-	-	-		40	
B.F. Holding S.p.A.		14,036	-	-	(685)	-		13,351	(b)
Class China e Commerce S.r.l.		127	-	-	(127)	-		-	
Centro Agroalimentare Riminese S.p.A.		280	-	-	-	-		280	
Futura S.p.A.		963	-	-	-	-		963	
Gester Soc. Coop		533	-	(230)	-	-		303	
La Torre Soc. Agr. Cons. a r.l.		5,000	-	-	-	(5,000)		-	
Montagna Spa		490	-	-	-	-		490	
Nuova Campari S.p.A.		1,549	-	(1,549)	-	-		-	
Others		175	-	-	(6)	1		170	
Total other companies		**23,193**	**0**	**(1,779)**	**(818)**	**(4,999)**		**15,597**	
Non-current financial assets held for sale									
Government securities of the state of Angola		2,843	-	-	-	(496)		2,347	
Total non-current financial assets held for sale		**2,843**	**-**	**-**	**-**	**(496)**		**2,347**	
Current financial assets held for sale									
Banco Popolare Società Cooperativa *		196	-	-	(22)	-		174	(b)
Angolan Securities		-	-		-	-		-	
Total current financial assets held for sale		**196**	**0**	**0**	**(22)**	**0**		**174**	

(a) Company now included in the scope of consolidation starting from 2020
(b) the impairment of the equity investments has been recorded in th eequity reserve for the purpose

Annex 7

List of equity investments in subsidiaries and associated companies as at 31 December 2020 (Article 2427, paragraph 5, of the Italian Civil Code) with an indication of those falling within the scope of consolidation

(Euro/000) Company name	HQ	Share capital (expressed in Euro, unless otherwise indicated)	Result for the financial year ended 31.12.2020	Shareholders' equity at 31.12.2020	Control share at 31.12.2020	Shareholding at 31.12.2020	Consolidation method	Participants at 31.12.2020	Control share at 31.12.2019	Shareholding at 31.12.2019	Notes
Companies consolidated on a line-by-line basis:											
Agrosakmara Llc.	Orenburg (Russia)	RUR 10.000	(63)	1,625	100.00%	42.96%	Line by line	99% Orenbeef Llc;1% Kaskad Llc	-	-	(a)
Agrosakmara Bashkiria Llc.	Ufa (Republic of Bashkortostan)	RUR 10.000	(255)	864	100.00%	42.96%	Line by line	99% Orenbeef Llc;1% Kaskad Llc	-	-	(a)
As.Ca. S.p.A.	Santarcangelo di Romagna (RN)	518,000	1,368	8,258	100.00%	50.42%	Line by line	MARR S.p.A.	100.00%	50.42%	
Avirail Italia S.r.l. in liq.	Milan	100,000	3	22	51.00%	51.00%	Line by line	Chef Express S.p.A.	51.00%	51.00%	
Bagel Nash (Retail) Limited	London (UK)	GBP 100	(193)	106	100.00%	100.00%	Line by line	Gabf Holdings Limited	100.00%	100.00%	(a)
Bright View Trading HK Ltd	Chai Wan (Hong Kong)	MYR 1.588.921	517	2,474	69.81%	49.98%	Line by line	Inalca Food & Beverage S.r.l.	69.81%	49.98%	(a)
Caio S.r.l.	Castelvetro di Modena (MO)	20,000	(268)	1,086	100.00%	60.00%	Line by line	C&P S.r.l.	-	-	(b)
Casa Maioli S.r.l.	Castelvetro di Modena (MO)	100,000	(1,295)	845	100.00%	60.00%	Line by line	C&P S.r.l.	-	-	(b)
Castelfrigo LV S.r.l.	Castelnuovo Rangone (MO)	2,500,000	(1,509)	1,133	100.00%	71.60%	Line by line	Italia Alimentari S.p.A.	-	-	(b)
C&P S.r.l.	Castelvetro di Modena (MO)	100,000	(299)	9,714	60.00%	60.00%	Line by line	Chef Express S.p.A.	-	-	(b)
Chef Express S.p.A.	Castelvetro di Modena (MO)	8,500,000	(30,112)	36,285	100.00%	100.00%	Line by line	Cremonini S.p.A.	100.00%	100.00%	
Chef Express UK Ltd.	London (UK)	GBP 80.000	(351)	1,476	100.00%	100.00%	Line by line	Chef Express S.p.A.	100.00%	100.00%	(a)
Cibo Sapiens S.r.l.	Gazoldo degli Ippoliti (MN)	15,000	41	117	100.00%	71.60%	Line by line	Italia Alimentari S.p.A.	100.00%	71.60%	
Comit - Comercial italiana de alimentaciòn S.L.	Tenerife (Spain)	146,880	(518)	1,755	60.00%	42.96%	Line by line	Inalca Food & Beverage Srl	60.00%	42.96%	
Cremonini Restauration S.a.s.	Paris (France)	1,500,000	(221)	1,677	100.00%	100.00%	Line by line	Chef Express S.p.A.	100.00%	100.00%	
Cremonini S.p.A.	**Castelvetro di Modena (MO)**	**67,073,932**	**(2,980)**	**293,403**			**Holding**				
Cremovit S.r.l.	Castelvetro di Modena (MO)	3,000,000	(319)	5,263	51.00%	36.52%	Line by line	Società Agricola Corticella S.r.l.	-	-	(b)
Fiorani & C. S.p.A.	Piacenza	500,000	6,591	13,491	51.00%	36.52%	Line by line	INALCA S.p.A.	51.00%	36.52%	
Fratelliditalia SA	Playa del Carmen (Mexico)	MXN 100.000	(1,252)	(2,304)	80.00%	57.28%	Line by line	Inalca Food & Beverage S.r.l.	80.00%	57.28%	(a)
Fresco Gourmet Pty Ltd	North Sidney (Australia)	AUD 5.125.000	(614)	888	100.00%	71.60%	Line by line	Inalca Food & Beverage Srl	100.00%	71.60%	(a)
Gabf Holdings Limited	London (UK)	GBP 7.880.953	(852)	(3,833)	100.00%	100.00%	Line by line	Chef Express UK Ltd.	100.00%	100.00%	(a)
Ges.Car. S.r.l.	Castelvetro di Modena (MO)	500,000	9,491	13,938	100.00%	71.60%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Global Service S.r.l.	Castelvetro di Modena (MO)	93,000	546	1,084	100.00%	100.00%	Line by line	Cremonini S.p.A.	100.00%	100.00%	
Guardamiglio S.r.l.	Piacenza	1,500,000	8,094	14,718	90.00%	64.44%	Line by line	INALCA S.p.A.	100.00%	64.44%	
Hosteria Butarelli S.L.	Gran Canaria (Spain)	353,000	(107)	65	100.00%	42.96%	Line by line	Comit S.L.	100.00%	42.96%	
IF&B Holding Inc	Dover (US)	USD 179.960	(6)	46	100.00%	71.60%	Line by line	Inalca Food & Beverage Srl	100.00%	64.44%	(a)
INALCA S.p.A.	Castelvetro di Modena (MO)	187,017,167	22,870	489,060	71.60%	71.60%	Line by line	Cremonini S.p.A.	71.60%	71.60%	
Ina.Ten. S .r.l.	Castelvetro di Modena (MO)	100,000	49	149	51.00%	36.52%	Line by line	INALCA S.p.A.	-	-	(b)
Inalca Algerie S.a r.l.	Algiers (Algeria)	DA 500.000.000	(126,464,087)	(1,553)	70.00%	50.12%	Line by line	INALCA S.p.A.	70.00%	50.12%	(a)
Inalca Angola Ltda.	Luanda (Angola)	Kwanza 18.665.927.186	6,871	31,331	95.00%	68.02%	Line by line	INALCA S.p.A.	95.00%	68.02%	(a)
Inalca Brazzaville S.a r.l.	Brazzaville (Republic of Congo)	1,981,837	(3,087)	(703)	100.00%	71.60%	Line by line	INALCA S.p.A.	100.00%	71.60%	(a)
Inalca CI S.a.r.l.	Abidjan (Ivory Coast)	FCFA 38.500.000	845	1,157	99.00%	70.88%	Line by line	INALCA S.p.A.	99.00%	70.88%	(a)
Inalca Food & Beverage Beijing Co.	Beijing - China	CNY 5.000.000	51	50	100.00%	23.63%	Line by line	Inalca Food & Beverage Beijing Holding Ltd	-	-	(a)(b)
Inalca Food & Beverage Beijing Holding Ltd	Hong kong - China	CNY 500.000	0	0	60.00%	23.63%	Line by line	Inalca Food & Beverage China Holding Ltd	-	-	(a)(b)
Inalca Food & Beverage China Holding Ltd	Kwai Fong (Hong Kong)	HKD 25.545.183	(4)	2,648	55.00%	39.38%	Line by line	Inalca Food & Beverage Srl	55.00%	39.38%	(a)
Inalca F&B Sdn Bhd	Klang Selangor (Malaysia)	MYR 999.999	(145)	(698)	100.00%	71.60%	Line by line	Inalca Food & Beverage Malaysia Holding Sdn Bhd	100.00%	71.60%	(a)
Inalca Food & Beverage Cabo Verde Lda	Isla de Sal (Capo Verde)	CVE 100.026.500	(808)	(1,153)	80.00%	57.28%	Line by line	Inalca Food & Beverage Srl	80.00%	57.28%	(a)
Inalca Food & Beverage (Thailand) Co. Ltd	Samutprakarn (Thailand)	THB 117.650.000	(4,254)	(8,830)	99.99%	71.59%	Line by line	Inalca Food & Beverage Srl	99.99%	71.59%	(a)
Inalca Food & Beverage Malaysia Holding Sdn Bhd	Klang Selangor (Malaysia)	MYR 1.000.000	(44)	(340)	100.00%	71.60%	Line by line	Inalca Food & Beverage Srl	100.00%	71.60%	(a)
Inalca Food & Beverage North America Llc	New York (US)	USD 200.000	(536)	(430)	80.00%	57.28%	Line by line	IF&B Holding Inc	80.00%	57.28%	(a)
Inalca Food & Beverage Queensland Pty Ltd	Brisbane (Australia)	AUD 175.120	21	(23)	75.00%	53.70%	Line by line	Fresco Gourmet Pty Ltd	75.00%	53.70%	(a)
Inalca Food & Beverage S.r.l.	Modena	8,500,000	(4,987)	5,013	100.00%	71.60%	Line by line	INALCA S.p.A.	90.00%	71.60%	
Inalca Food & Beverage Shanghai Co Ltd	Shanghai (China)	CNY 8.168.007	7	244	100.00%	71.60%	Line by line	Inalca Food & Beverage China Holding Ltd	100.00%	71.60%	(a)
Inalca Food Service Kaz Llp	Almaty (Republic of Kazakhstan)	KZT 40.000.000	(4)	654	100.00%	32.22%	Line by line	Marr Russia L.l.c.	100.00%	32.22%	(a)
Inalca Kinshasa S.a.r.l.	Kinshasa (Democratic Republic of Congo)	USD 3.000.000	(5,395)	1,525	85.00%	60.86%	Line by line	INALCA S.p.A.	85.00%	60.86%	(a)
Industria Alimentar Carnes de Mocambique Ltd	Maputo (Mozambique)	MZN 390.000.000	2,083	9,381	60.00%	42.96%	Line by line	INALCA S.p.A.	60.00%	42.96%	(a)
Inter Inalca Angola Ltda.	Luanda (Angola)	Kwanza 4.596.799	6,871	793	100.00%	71.60%	Line by line	INALCA S.p.A.	100.00%	71.60%	(a)
Interjet S.r.l.	Castelvetro di Modena (MO)	2,500,000	(499)	3,693	100.00%	100.00%	Line by line	Cremonini S.p.A.	100.00%	100.00%	
Italia Alimentari S.p.A.	Busseto (PR)	40,248,000	11,234	77,476	100.00%	71.60%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Italia Alimentari Canada Ltd.	Brampton (Canada)	CAD 1.750.000	(224)	(722)	60.00%	42.96%	Line by line	Italia Alimentari S.p.A.	-	-	(a)(b)
ITAUS Pty Ltd	North Sidney (Australia)	AUD 225.105	(128)	(1,081)	100.00%	71.60%	Line by line	Inalca Food & Beverage Srl	100.00%	71.60%	(a)

Continued

a) Amounts expressed in Euro resulting from the translation of the original amounts in foreign currencies. /(b) Subsidiary consolidated starting from 2020

Continued: Annex 7

(Euro/000) Company name	HQ	Share capital (expressed in Euro, unless otherwise indicated)	Result for the financial year ended 31.12.2020	Shareholders' equity at 31.12.2020	Control share at 31.12.2020	Shareholding at 31.12.2020	Consolidation method	Participants at 31.12.2020	Control share at 31.12.2019	Shareholding at 31.12.2019	Notes
Continued											
Kaskad L.l.c.	Moscow (Russia)	RUB 3.028.105.232	(697)	38,203	60.00%	42.96%	Line by line	INALCA S.p.A.	100.00%	42.96%	(a)
Lounge Services S.a.s.	Paris (France)	40,000	1	93	100.00%	100.00%	Line by line	Chef Express UK Ltd.	100.00%	100.00%	
Marr Foodservice Iberica S.A.U. in liq.	Madrid (Spain)	600,000	(5)	400	100.00%	50.42%	Line by line	MARR S.p.A.	100.00%	50.42%	
Marr Russia L.l.c.	Moscow (Russia)	RUB 100.000.000	6,040	56,601	75.00%	32.22%	Line by line	Kaskad L.l.c.	75.00%	32.22%	(a)
MARR S.p.A.	Rimini	33,262,560	(4,100)	327,948	50.42%	50.42%	Line by line	Cremonini S.p.A.	50.42%	50.42%	
Mille Sapori Due S.p.z.o.o (Gdansk)	Gdansk (Poland)	PLN 100.000	(84)	313	100.00%	42.96%	Line by line	Mille Sapori Plus S.p.z.o.o.	100.00%	42.96%	(a)
Mille Sapori Krakow S.p.z.o.o.	Kraków (Poland)	PLN 5.000	(37)	9	100.00%	42.96%	Line by line	Mille Sapori Plus S.p.z.o.o.	100.00%	42.96%	(a)
Mille Sapori Plus S.p.z.o.o.	Warsaw (Poland)	PLN 500.000	(1,075)	1,537	60.00%	42.96%	Line by line	Inalca Food & Beverage S.r.l.	60.00%	42.96%	(a)
Momentum Services Ltd.	Birmingham (UK)	269,258	306	2,875	100.00%	100.00%	Line by line	Chef Express UK Ltd.	100.00%	100.00%	
Montana Alimentari GMBH	Monaco (Germany)	25,000	91	377	100.00%	100.00%	Line by line	Italia Alimentari S.p.A.	100.00%	100.00%	
MSP Transport S.p.z.o.o.	Warsaw (Poland)	PLN 100.000	8	(27)	100.00%	42.96%	Line by line	Mille Sapori Plus S.p.z.o.o.	100.00%	42.96%	(a)
New Catering S.r.l.	Santarcangelo di Romagna (RN)	33,900	402	9,593	100.00%	50.42%	Line by line	MARR S.p.A.	100.00%	50.42%	
Orenbeef L.l.c.	Orenburg (Russia)	RUB 942.857.143	(3,493)	40,854	100.00%	42.96%	Line by line	Kaskad L.l.c.	100.00%	42.96%	(a)
Parma Capel S.a.s.	Saint Jal (France)	900,000	234	1,931	66.67%	24.35%	Line by line	Parma France S.a.s.	66.67%	24.35%	
Parma France S.a.s.	St Didier au Mont d'or (France)	1,000,000	834	6,512	51.00%	36.52%	Line by line	INALCA S.p.A.	51.00%	36.52%	
Parma Lacombe S.a.s.	St Santin de Maurs (France)	167,500	225	1,323	100.00%	36.52%	Line by line	Parma France S.a.s.	70.00%	36.52%	
Parma Serv S.r.l.	Parma	10,000	60	256	51.00%	36.52%	Line by line	INALCA S.p.A.	51.00%	36.52%	
Parma Turc S.a.s.	Ambronay (France)	100,000	574	4,401	51.00%	18.62%	Line by line	Parma France S.a.s.	51.00%	18.62%	
Parmaubrac S.a.s.	Malbouzon (France)	770,000	292	1,761	100.00%	36.52%	Line by line	Parma France S.a.s.	51.00%	18.62%	
Railrest S.A.	Bruxelles (Belgium)	500,000	(486)	1,463	51.00%	51.00%	Line by line	Chef Express S.p.A.	51.00%	51.00%	
Realbeef S.r.l.	Flumeri (AV)	9,500,000	(729)	8,071	51.00%	36.52%	Line by line	INALCA S.p.A.	51.00%	36.52%	
Roadhouse S.p.A.	Castelvetro di Modena (MO)	20,000,000	(12,424)	63,716	100.00%	100.00%	Line by line	Chef Express S.p.A.	100.00%	100.00%	
Roadhouse Grill Roma S.r.l.	Castelvetro di Modena (MO)	1,200,000	(475)	1,654	55.00%	55.00%	Line by line	Roadhouse S.p.A.	55.00%	55.00%	
Sara S.r.l.	Castelvetro di Modena (MO)	300,000	(255)	(30)	51.00%	36.52%	Line by line	INALCA S.p.A.	100.00%	36.52%	
Sì Frutta S.r.l.	Cervia (RA)	210,000	(448)	576	100.00%	50.42%	Line by line	MARR S.p.A.	-	-	(b)
Società Agricola Corticella S.r.l.	Spilamberto (MO)	5,000,000	(2,271)	17,112	100.00%	71.60%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Tecali S.L.	Tenerife (Spain)	363,000	38	3,442	62.81%	26.98%	Line by line	Comit S.L.	62.81%	26.98%	
TECNO-STAR DUE S.r.l.	Castelvetro di Modena (MO)	10,400	10	833	100.00%	71.60%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Top Best International Holding Ltd	Kwai Fong - Hong Kong	HKD 6.507.000	33	104	100.00%	39.38%	Line by line	Inalca Food & Beverage China Holding Ltd	100.00%	39.38%	(a)
Treerre Food S.r.l.	Gerenzago (PV)	80,000	569	665	90.00%	58.00%	Line by line	Guardamiglio S.r.l.	-	-	(b)
W Italia S.r.l.	Castelvetro di Modena (MO)	10,000	(1,337)	2,739	100.00%	60.00%	Line by line	C&P S.r.l.	-	-	(b)
Zaklady Miesne Soch. S.p.zo.o.	Warsaw (Poland)	Zloty 70.000.000	(2,793)	14,488	100.00%	71.60%	Line by line	INALCA S.p.A.	100.00%	71.60%	(a)
Zhongshan Inalca Food & Beverage Co Ltd	Changsha City - China	CNY 4.865.849	(145)	268	100.00%	39.38%	Line by line	Inalca Food & Beverage China Holding Ltd	100.00%	39.38%	(a)

a) Amounts expressed in Euro resulting from the translation of the original amounts in foreign currencies. /(b) Subsidiary consolidated starting from 2020

Annex 8

List of consolidated companies broken down by sector

The Group, which operates in the food sector, carries out its activity in three macro areas of business:

- Production;
- Distribution;
- Catering.

The companies operating in each sector are reported below.

Production Sector

The following companies operates in various segments of this sector:

Company	Business

a) Production

INALCA S.P.A. Via Spilamberto n. 30/C - Castelvetro di Modena (MO)	Slaughtering, processing and trading of beef-based products.
CREMOVIT S.R.L. Via Spilamberto 30/C - Castelvetro di Modena (MO)	Calf breeding.
FIORANI & C. S.P.A. Via Coppalati n.52 - Piacenza	Processing and trading of beef-based products.
GES.CAR. S.R.L. Via Spilamberto n. 30/C - Castelvetro di Modena (MO)	Services connected to beef processing and treatment at the INALCA plant in Ospedaletto Lodigiano.
GUARDAMIGLIO S.R.L. Via Coppalati n. 52 - Piacenza	Operation of retail stores (butcher shops and delicatessens).
INA TEN S.R.L. Via Spilamberto 30/C - Castelvetro di Modena (MO)	Lease of the Group-owned property for processing of by-products.
PARMA SERV S.R.L. Viale Solferino 11- Parma	Selling cattle in Italy and providing services to Parma France and its subsidiaries.
REALBEEF S.R.L. Contrada Tierzi - Flumeri (AV)	Slaughtering, processing and trading of beef-based products.
SOC. AGR. CORTICELLA S.R.L. Via Corticella n. 15 - Spilamberto (MO)	Breeding of cattle, both directly and under agistment contracts.
SARA S.R.L. Via Spilamberto n. 30/C - Castelvetro di Modena (MO)	Recovery and processing of waste from agricultural and livestock activities.
TECNO-STAR DUE S.R.L. Via dei Marmorari , 88 - Spilamberto (MO)	Design of buildings and plants, management of maintenance and refurbishment activities.
TREERRE FOOD S.R.L. Via Madre Tersa di Calcutta 18/A - Gerenzago (PV)	Operation of retail stores of fresh products (butcher shops and delicatessens).

b) Distribution

AGROSAKMARA LLC. Dorozhnaya str.50, Chernyi Otrog - Orenburg - Russia	Breeding of cattle in Russia.
AGROSAKMARA BASHKIRIYA LLC.	Feedlot development in the Russian region.

Via Admiral Makarov,26 (b. 2, office 16) - Ufa - Republic of Bashkortostan	
INALCA ALGERIE S.a.r.l. 08, Rue Cherif Hamani - Algiers – Algeria	Trading and processing of food products.
INALCA ANGOLA Ltda. Rua Deolinda Rodrigues n. 563 - Luanda - Angola	Trading and processing of food products.
INALCA BRAZZAVILLE S.a r.l.u. Immeuble Lincoln, 15 Boulevard Charles de Gaulle - Pointe Noire – Republic of Congo	Trading of food products.
INALCA CI S.a.r.l. 04 BP Abidjan 04-Plateau Bvrd Carde- Ivory Coast	Company active in trading food products in general in the Ivory Coast.
INALCA FOOD SERVICE KAZ LLP Bekmakhanova street, 96/2 - Almaty - Republic of Kazakhstan	Start-up company that conducts HoReCa businesses in Almaty.
INALCA KINSHASA S.p.r.l. Kinshasa 11eme - Rue Limete Industriel n. 112, Limete (Kinshasa) – Democratic Republic of Congo	Trading and processing of food products.
INDUSTRIA ALIMENTAR CARNES DE MOCAMBIQUE Lda. – Avenida de Mocambique Km 9.5 Barrio Zimpeto Distretto 5- Maputo - Mozambique	Trading of food products.
INTER INALCA ANGOLA Ltda. Rua Major Kayangulo n. 504 - Luanda - Angola	Trading and processing of food products.
KASKAD OOO L.l.c. Via Vostochnaya 5, Odintsovo (Moscow) – Russia	Real estate services.
MARR RUSSIA LLC. Via Vostochnaya 5, Odintsovo (Moscow) – Russia	Trading of food products.
ORENBEEF LLC Via Pionerskaya 2 - Orenburg - Russia	Slaughtering, processing and trading of beef-based products in Orenburg.
PARMA CAPEL S.A.S. Le Pradel 19700 - Saint Jal - France	Sells live cattle in France specialising in the Limousines breed.
PARMA FRANCE S.A.S. 13 rue Claude Chappe, Le Parc de Crécy 69370 St - Didier au Mont d'or – France	Sub-holding company in the Parma France Group, which sells livestock in France.
PARMA LACOMBE S.A.S. La Trémlolière 15600 St Santin de Maurs - France	Selling cattle in France.
PARMA TURC S.A.S. LD Les Brosses 71880 Curbigny - France	Selling cattle in France.
PARMAUBRAC S.A.S. Le Bourg 48720 Malbouzon - France	Selling cattle in France.
ZAKLADY MIESNE SOCH. S.p.z.o.o. L.l.c. Al. Jana Pawła II 80, Warsaw – Poland	Dormant company. The construction of the new beef slaughtering plant is underway in Poland at the Sochocin property.

c) Cured meats and snacks

ITALIA ALIMENTARI S.P.A. Via Europa n. 14 - Busseto (PR)	Production and trading of food products (cured meats and delicatessen).
CASTELFRIGO LV S.R.L. Via Aldo Moro 4a - Castelnuovo Rangone (MO)	Processing and distribution of fresh and frozen pork, specialising in the preparation of bacon and jowls.
CIBO SAPIENS S.R.L. via Marconi 3 - Gazoldo degli Ippoliti (MN)	Company incorporated with the objective of taking advantage of the emerging trends in the field of food

	consumption with a protein-based matrix other than that of animal origin.
ITALIA ALIMENTARI CANADA LTD 116, Nugget Court - L6T5A9 Brampton - Ontario - Canada	Subsidiary operating in the production (slicing) and distribution in Canada concerning cured meats produced by the parent company.
MONTANA ALIMENTARI GMBH. Kirschstrasse 20 - Munich – Germany	Trading and distribution of food products (cured meats and delicatessen) in Germany.

c) Food & Beverage

INALCA FOOD & BEVERAGE S.r.l. Via della Pace 6/C – Castelnuovo Rangone (MO)	Trading and distribution of food products and beverages.
BRIGHT VIEW TRADING HONG KONG LTD. Unit B, 13/F Wah Shing Centre, 5 Fung Yip Street - Chai Wan, Hong Kong	Distribution of food products to foodservice in Hong Kong.
COMIT – COMERCIAL ITALIANA DE ALIMENTACION S.L. Calle Peres Galdòs s/n, San Isidro - Granadilla de Albona - Tenerife	Distribution of food products to foodservice in the Canary Islands.
FRATELLIDITALIA SA Calle 11 sur, mza 248 late 1 zona 1 Col Ejido sur, local 9 Palmeiras Business Center - Playa del Carmen - Mexico	Distribution of Italian food products in Mexico.
FRESCO GOURMET PTY LTD 90, Arthur Street - North Sidney - Australia	Distribution of food products to foodservice in Australia.
HOSTERIA BUTARELLI S.L. Calle Herraje s/n, nave 29, Poligono Industrial de Arinaga Agiunes - Grand Canary	Production of fresh pasta in the Canary Islands.
INALCA FOOD & BEVERAGE BEIJING CO. Beijing Logistics Center,2 Beihoujie, Louzizhuang, Chaoyang District - Beijing – China	Distribution of Italian food products in Bejing.
INALCA FOOD & BEVERAGE BEIJING HOLDING LTD. Unit A 5/F Max Share CTF King's RD North Point - Hong Kong	Subsidiary of IFB China Holding, sub-holding company for operations in China.
INALCA FOOD & BEVERAGE CHINA HOLDING LTD Unit 701, block 2 Golden Industri Bldg 16/26 - Kwai Tak Street, Kwai Fong - Hong Kong	Coordination and sub-holding company for operations in China.
INALCA FOOD & BEVERAGE LDA (Cabo Verde) Rua Amilca Cabra, 1°Andar do Predio Argos - Santa Maria - Ilha do Sal - Cape Verde	Distribution of Italian food products in Cape Verde.
INALCA FOOD & BEVERAGE Co. LTD (Thailand) Amphur no.333/2 Moo 9 Tambol Bangpla – The Bangplee, Samutprakarn- Thailand	Distribution of Italian food products in Thailand.
INALCA FOOD & BEVERAGE MALAYSIA HOLDING SDN BHD47B Jalan Batai Laut 5 Kawasan 16 Taman Intan 41300 - Klang Selangor – Malaysia	Coordination and sub-holding company for operations in Malaysia.
INALCA FOOD & BEVERAGE NORTH AMERICA LLC 5 West, 19° Street, 10th Floor, 10011 New York	Distribution of Italian food products in the USA.
INALCA FOOD & BEVERAGE QUEENSLAND PTY LTD. Building 5,237 Flemming Road–Queensland- Australia	Distribution of Italian food products in the Queensland region (Australia), based in Brisbane.
INALCA F&B SDN BHD 151 B, Jalan Batu Tiga Lama Taman Rashna - Klang Selangor Darul Ehasan – Malaysia	Distribution of Halal food products to foodservice in Malaysia.
INALCA FOOD & BEVERAGE (SHANGHAI) CO LTD Room 2807, No 1277 Dingxi Road, Changning District	Distribution of Italian food products in Shanghai.
IF&B HOLDING INC 1679 South Dupont Highway, Suite 100, Dover – USA	Sub-holding company controlling all the operations developed by Inalca Food & Beverage in the United States of

	America.
ITAUS PTY LTD 90, Arthur Street - North Sidney – Australia	Distribution of food products to the retail channel in Australia.
MILLE SAPORI PLUS S.P.Z.O.O. ul. Kazimierza Gierdziejewskiego 7- Warsaw – Poland	Leading company in the distribution of Italian food products in the Polish foodservice market.
MILLE SAPORI DUE SP.ZO.O. ul. Budowlanych 27 - Gdańsk – Poland	Distribution of Italian food products in the Polish foodservice market, in the Gdansk region.
MILLE SAPORI KRAKOW SP.ZO.O. ul. Przewóz 2, 30-716 - Krakow – Poland	Distribution of Italian food products in the Polish foodservice market in the Krakow region.
MSP TRANSPORT SP.ZO.O. ul. Kazimierza Gierdziejewskiego 7- Warsaw - Poland	Transport company owned by Mille Sapori Plus SP.ZO.O.
TECALI S.L. Camino Real de la Oratava 215,El Ortigal - La Laguna – Tenerife	Production of mozzarella and fresh cheeses in the Canary Islands.
TOP BEST INTERNATIONAL HOLDING LTD Unit 701 2920, Block 1, Golden Industrial Bldg 16-26, Kwai Tak Street - Hong Kong Kwai Fong	Subsidiary company of IFB China Holding, which conducts mozzarella production in Hong Kong.
ZHONGSHAN INALCA FOOD & BEV. CO LTD No. 431 Shaoshan North Road, Dongtang Ruifu, A Area-Hunan Province,508# Changsha City, Yuhua District	Distribution of food products to foodservice in the Chinese Zhongshan area.

Distribution Sector

The following companies operate in this sector:

Company **Business**

Foodservice (distribution to catering)

MARR S.p.A. Via Spagna n. 20 – Rimini	Trading and distribution of fresh, dried and frozen food products for foodservice operators.
AS.CA. S.p.A. Via dell'Acero n.1/A, Santarcangelo di Romagna (RN)	Trading and distribution of fresh, dried and frozen food products for catering operators.
MARR FOODSERVICE IBERICA S.A.U. Calle Lagasca n. 106 1° centro - Madrid – Spain	Non-operating company (subject to pre-liquidation).
NEW CATERING S.r.l. Via dell'Acero n.1/A, Santarcangelo di Romagna (RN)	Trading and distribution of food products to bars and fast-food outlets.
SìFRUTTA S.R.L. via Lesina, 25 - Cervia (RA)	Supply of fresh fruit and vegetable products to customers in the channel of hotels, restaurants, organised catering and industrial processing activities.

Catering Sector

The business conducted in this sector is divided into three areas, through the following companies and/or corporate divisions:

Company **Business**

a) On-board catering

Company	Business
CHEF EXPRESS S.p.A. – Railway Division Registered and administrative office, Via Modena n. 53 Castelvetro di Modena (MO)	Concession for operating on-board catering.
AVIRAIL ITALIA S.r.l. in liquidation Via Modena n. 53, Castelvetro di Modena (MO)	Operation of logistical services for trains in Italy.
CHEF EXPRESS UK LTD. 1-3 Union Street, Kingston Upon Thames, Surrey, London – United Kingdom	Holding company mainly operating in the on-board sector and under concession agreements.
CREMONINI RESTAURATION S.a.s. 83, Rue du Charolais, Paris – France	Concession for operating on-board catering and related logistics operations in Turkey.
LOUNGE SERVICES S.a.s 91, Rue du Faubourg Saint-Honoré – Paris – France	Concession for operating welcome services in the Eurostar passenger lounges in Paris.
MOMENTUM SERVICES LTD. 90a Tooley Street, London, SE1 2TH - United Kingdom	Concession for operating on-board catering on the trains connecting London to Paris and Brussels through the Eurotunnel.
RAILREST S.A. Rue de France 95 (Frankrijkstraat) 1070, Brussels - Belgium	Concession for operating on-board catering on Thalys high-speed trains connecting Belgium to France, Holland and Germany.

b) Concession Catering

Company	Business
CHEF EXPRESS S.p.A. – Concession Division Registered and administrative office, Via Modena 53 Castelvetro di Modena (MO)	Operator in the commercial concession catering area. Specifically, catering is managed in the premises of major Italian railway stations, airports and hospitals and service stations of the motorway network.
BAGEL NASH (RETAIL) LTD. 90a Tooley Street, London, SE1 2TH – United Kingdom	It runs eleven bagel-theme outlets in northern England.
GABF HOLDING LTD. 90a Tooley Street London – United Kingdom	Sales of bagels in London and Ireland.

c) Commercial Catering

Company	Business
ROADHOUSE S.P.A. Via Modena n. 53, Castelvetro di Modena (MO)	Operating a chain of steakhouse restaurants in Italy.
CAIO S.R.L. Via Modena n. 53, Castelvetro di Modena (MO)	Operating a chain of “Caio” brand restaurants in Italy.
CASA MAIOLI S.R.L. Via Modena n. 53, Castelvetro di Modena (MO)	Operating a chain of “Casa Maioli” brand restaurants in Italy.
C&P S.R.L. Via Modena n. 53, Castelvetro di Modena (MO)	Holding company operating in catering under “Caio”, “Casa Maioli” and “Wagamama” brands.
W ITALIA S.R.L. Via Modena n. 53, Castelvetro di Modena (MO)	Operating a chain of “Wagamama” brand restaurants in Italy.
ROADHOUSE GRILL ROMA S.R.L. Via Modena n. 53, Castelvetro di Modena (MO)	Operating a chain of steakhouse restaurants in Rome.

Centralized activities (holding company, property and services)

The activities carried out in this area are mainly connected to the provision of specialised services supporting the operating sectors and management of real estate assets, and include the following companies:

Company	Business
CREMONINI S.p.A. Via Modena 53, Castelvetro di Modena (MO)	Provides support services to Group companies in the areas of finance, insurance, legal and management/administration. It also manages the Group's real estate assets.
GLOBAL SERVICE S.r.l. Via Modena 53 - Castelvetro di Modena (MO)	Personnel services: processing and administrative management of payrolls.
INTERJET S.r.l. Via Belvedere 23 - Castelvetro di Modena (MO)	Air transport services (P.P.T).

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Independent auditor's report

in accordance with article 14 of Legislative Decree no. 39 of 27 January 2010

To the Shareholders of Cremonini SpA

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Cremonini SpA (hereinafter also the "Company") and its subsidiaries (the "Cremonini Group" or the "Group"), which comprise the consolidated statement of financial position as of 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated cash flow statement for the year then ended, and 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 Cremonini 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.

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.

Responsibilities of the Directors and those charged with governance ("Collegio Sindacale") for the consolidated financial statements

The Directors of Cremonini 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 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.

PricewaterhouseCoopers SpA

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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 Cremonini SpA or to cease operations, or have no realistic alternative but to do so.

Those charged with governance (the *"Collegio Sindacale")* of Cremonini SpA are 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 auditor's 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 our 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 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 the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 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;

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- 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.

Report on compliance with other laws and regulations

Opinion in accordance with article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010

The Directors of Cremonini SpA are responsible for preparing a report on operations of the Group as of 31 December 2020 (jointly prepared for both separate and consolidated financial statements), including its consistency with the relevant consolidated financial statements and its 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 with the consolidated financial statements of the Cremonini Group as of 31 December 2020 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of the Cremonini Group as of 31 December 2020 and is 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, 18 May 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 consolidated financial statements refer to the consolidated financial statements in original Italian and not to any their translation."