2019 Annual Report
La Doria Group

Contents

Letter to the Shareholders

Antonio Ferraioli
Chairman

Andrea Ferraioli
Chief Executive Officer

Dear Shareholders,

In 2019 the La Doria Group successfully continued to pursue its strategy of increasing its sales volumes and market share, in spite of an unfavourable international economic situation and industry scenario.

Gross operating profit improved, exceeding projections despite the rise in production costs tied to inflation of the prices of certain raw materials and a difficult 2018 tomato processing campaign. This was made possible by the greater volumes produced, higher sales prices and positive effects of the gradual implementation of the four-year investments plan launched in 2018. This result was achieved despite the severe competitive pressure on prices, and thus on companies' margins, exerted by traditional large supermarket chains and discount stores, above all in the private labels segment.

Specifically, with regards to the industrial operations of the Parent Company La Doria S.p.A. (hereafter the "Company" or the "Parent Company") and its subsidiary Eugea Mediterranea S.p.A., good growth is reported on the basis of increased sales volumes and rising prices. Operating margins also improved as a result of higher production volumes, greater industrial efficiency, particularly in the sauces area, and the aforementioned increase in sales prices.

The trading activities of the subsidiary LDH (La Doria) Ltd (hereafter also "LDH") on the English market reported a sharp increase in revenues, owing to higher prices and sustained volume growth, even through the company already has a position of leadership and has now reached very high market share. Margins declined, while remaining at appreciable levels for the UK market, which is extremely competitive as a result of the high level of concentration of large supermarket chains, the unstoppable growth of discount stores and Brexit.

CONSOLIDATED REVENUES
EURO 717.6 MILLION

Within this scenario, in 2019 LDH made significant investments as part of the Group's plan to improve logistical efficiency, cut costs and become more competitive. In view of these goals, in the second half of 2018 the Company began to implement an important, highly automated logistics platform for stocking and handling goods for distribution on the UK market. This platform, which will require a total outlay of approximately GBP 47 million, will begin functioning in the third quarter of the current year and will become fully operational in 2021.

The financial performance at Group level showed consolidated revenues of Euro 717.6 million, increasing 4.3% on Euro 687.9 million in 2018.

EBITDA amounted to Euro 56 million, compared to Euro 52.8 million in the previous year. The EBITDA margin increased from 7.7% in 2018 to 7.8% in 2019.

EBITDA AT EURO 56 MLN

In contrast, EBIT was Euro 34.6 million, stable on Euro 34.8 million in 2018, mainly due to higher amortisation and depreciation as a result of the investments called for in the above-stated plan. The EBIT margin reduced from 5.1% to 4.8%.

The net profit totalled Euro 19.9 million, reducing on Euro 27.3 million in 2018 as a result of losses on exchange rates attributable to financing activity of Euro 5 million (exchange gains of Euro 3.2 million in 2018).

The Group's financial base proved solid, with a Debt/Equity ratio of 0.59 and a and Debt/EBITDA ratio of 2.65, despite declining on the previous year due to the effect of the extensive investments undertaken.

Consolidated revenue growth in 2019 was entirely attributable to international markets, where sales increased by more than 6%. In addition to the United Kingdom, the best performances were achieved in Eastern European countries, which in recent years have continued to report double-digit growth. Excellent results were also achieved in smaller markets such as South Africa.

In Italy, sales declined by approximately 3%, partly due to the decrease in demand for certain categories of products, and partly to continuing very strong competition, particularly in the discounts channel. In recent years, this scenario has made it more difficult to maintain volumes.

Breaking sales performance down into the various product categories, the Group performed excellently on the "Pulses and vegetables" market and reported more-than-satisfactory growth in "Ready-made sauces" and "Fruit". Sales of "Tomato-based products" were stable, penalised by the performance on the Italian market, whereas "Other lines", i.e. products purchased from third parties and sold by the subsidiary LDH, made robust gains.

At the level of margins, there were significant improvements in the categories "Ready-made sauces" and, to a lesser extent, "Tomato-based products". The former achieved this improvement primarily as a result of the higher sales volumes sold, the greater production efficiency driven by the considerable investments made in the Parma plant and the closure of the Acerra facility at the end of 2018.

The improved profitability for the "red line" was due to higher prices, which offset the increase in production costs for the 2018 summer processing campaign as a result of highly inclement weather conditions. In contrast, the "Fruit juices line" margin declined, adversely affected by the higher costs of certain ingredients, as did the "Pulses and vegetables line" margin, due to significant procurement cost increases for dried pulses as a result of the introduction of European import duties on certain products originating from the US as a counter-measure to US tariffs on a number of products imported from the European Union.

MAJOR FOUR-YEAR INVESTMENT PLAN

In 2019 the Group continued to implement its 2018-2021 Investments Plan, deploying total resources of Euro 138 million to allow the La Doria Group to expand in the product categories with the higher added value products with stronger growth rates and better margins, while also making the Group more cost-competitive by leveraging economies of scale and production and logistical streamlining. In accordance with the objectives set in the Plan, Euro 60 million was invested in 2019 (approximately Euro 46 million in 2018), with an additional approximately Euro 20 million in resources planned for 2020.

In particular, in 2019 the most significant investments were concentrated in the United Kingdom for the construction of the above-mentioned logistics platform of the subsidiary LDH. In Italy, resources were allocated to a further increase in production capacity in the ready-made sauces area, with the implementation of a new production line at the Sarno plant, following the significant investments already made at the Parma facility in 2018, in order to meet the increasing demand for sauces from customers. In addition, production capacity was increased in the packaging area in support of the Group's commercial development by adding a new easy open lid production line for internally produced cans at the Sarno plant. This investment follows that undertaken in 2018 in a new metal container production line.

In the coming years, we will continue to pursue organic growth, while seeking to expand the scope of our markets, improve our position where we have a smaller presence and offer a full range of products to our existing customers. We will also strive to focus our efforts on differentiating our products and on sustainability to capture changes in purchasing behaviour and new consumer trends relating to health and wellbeing, in addition to responding to the increasing attention paid by consumers to sustainability.

Although organic growth remains a priority, we are ready to assess inorganic growth opportunities to increase our footprint and to gain access to new markets and distribution channels in addition to retail, where strong pressure is being exerted by large supermarket chains.

Increasing international demand for Italian food products will remain the driver of our growth strategy for global markets, whereas our business model will continue to focus mainly on private labels, which are playing an increasingly prominent role in consumer behaviour, and have now begin to be perceived as brands in their own right, ensuring quality and reliability, capable of growing and innovating on a par with the top industrial brands and adding value to the store brand. Given this situation, the La Doria Group seeks to act as a partner to large retailers, with whom we have established long-term relationships, above all in markets where the distributor's brand is better developed.

In recent years, we have also focused closely on sustainability issues, in perfect synergy with our customers, driven by the common conviction that private labels can convey sustainable values and are in fact proving to be highly dynamic by responding well to consumers' new needs (http://www.gruppoladoria.it/IT/csr/bilancio-di-sostenibilita.xhtml). This year we will present our fourth Sustainability Report, which represents a precious opportunity to ensure all our stakeholders are aware of our strong commitment.(http://www.gruppoladoria.it/IT/csr/bilancio-di-sostenibilita.xhtml).

For La Doria, 2020 will be a year of consolidation in which the scenario in the food-vegetable processing sector will remain unfavourable due to inflation in the costs of certain raw materials and ingredients. The year will also be shaped by the higher tomato-processing costs incurred during the summer 2019 campaign.

Despite operating in a difficult macroeconomic scenario and a highly competitive market such as food-vegetable processing, we remain optimistic regarding our Group's future prospects, aware of the potential of Italian food products and private labels, but also of our strength.

The four-year Investments Plan currently being implemented will yield its full effects starting in 2021 and will allow us to gradually improve our operating efficiency and margins, but above all to be stronger as we rise to the challenges that await us. In particular, we aim to consolidate our leading role in the private label market and to take advantage of all the growth opportunities that we see in the food sector, both in Europe and at the global level, convinced that there is still considerable room for growth in the future.

The Chairman
Antonio Ferraioli

The Chief Executive Officer
Andrea Ferraioli

Corporate Boards

BOARD OF DIRECTORS

Chairman and Chief Executive Officer
Antonio Ferraioli

Vice Chairman
Sergio Persico

Chief Executive Officer
Andrea Ferraioli

Directors
Michaela Castelli (Independent)
Elena David (Independent)
Iolanda Ferraioli
Diodato Ferraioli
Enzo Diodato Lamberti
Michele Preda (Independent)

BOARD OF STATUTORY AUDITORS

Chairman
Ottavia Alfano

Statutory Auditors
Adele Caldarelli
Maurizio D'Amore

EXECUTIVE OFFICER FOR FINANCIAL REPORTING

Alberto Festa

CONTROL AND RISKS COMMITTEE

Chairman
Elena David

Members
Michaela Castelli
Sergio Persico

REMUNERATION AND APPOINTMENTS COMMITTEE

Chairman
Michele Preda

Members
Sergio Persico
Michaela Castelli

SUPERVISORY BOARD

Chairman
Michaela Castelli

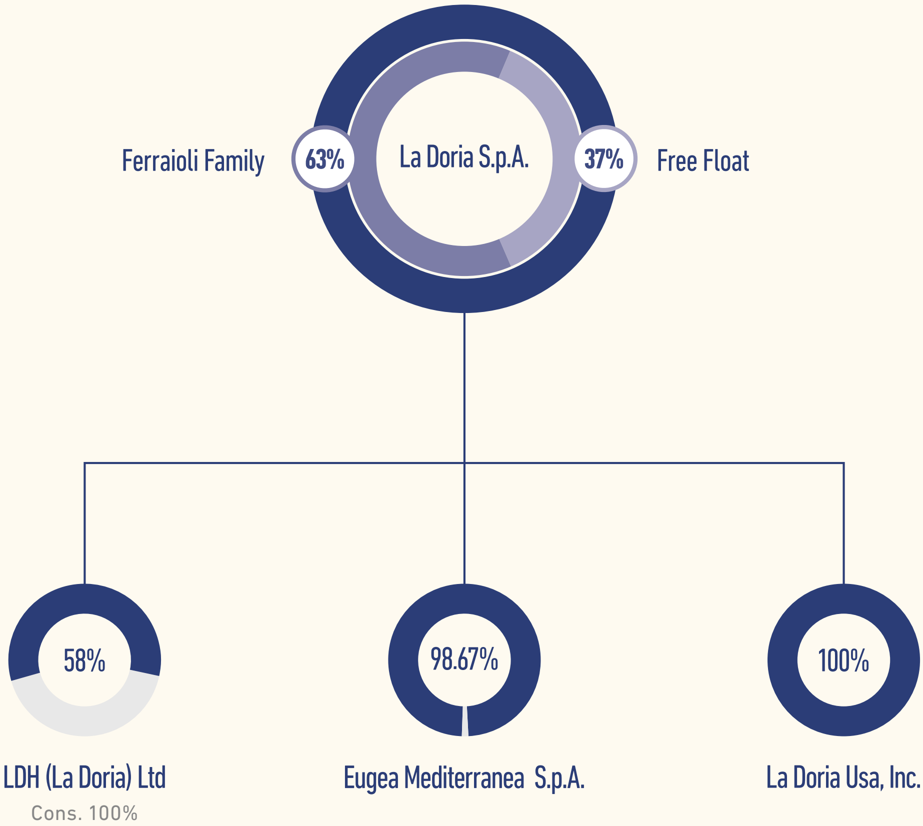
Members
Sergio Persico
Elena Maggi (Internal Audit)

INDEPENDENT AUDIT FIRM

Deloitte & Touche S.p.A.

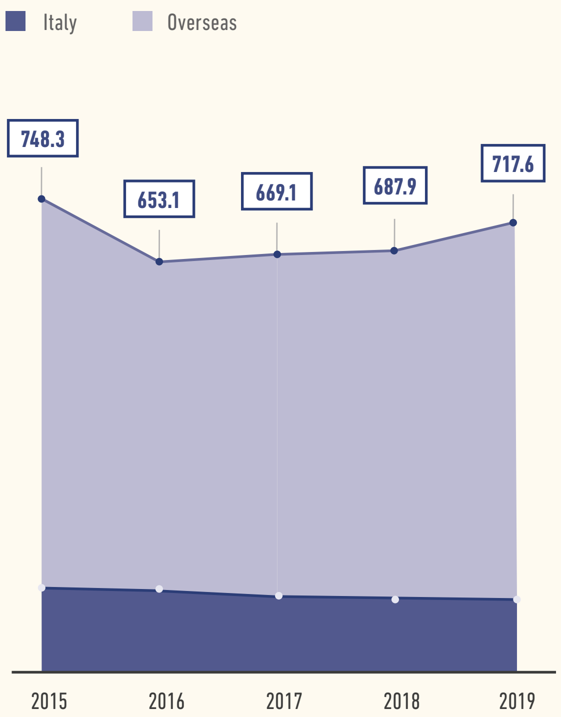
LA DORIA S.P.A.
Registered office: Angri (SA) – Via Nazionale, 320
Share Capital Euro 46,810,000 (fully paid-in) - Exporters' Role: No. 398
Tax Code and Registration No.: 00180700650 at the Salerno Companies Registration Office

Group structure

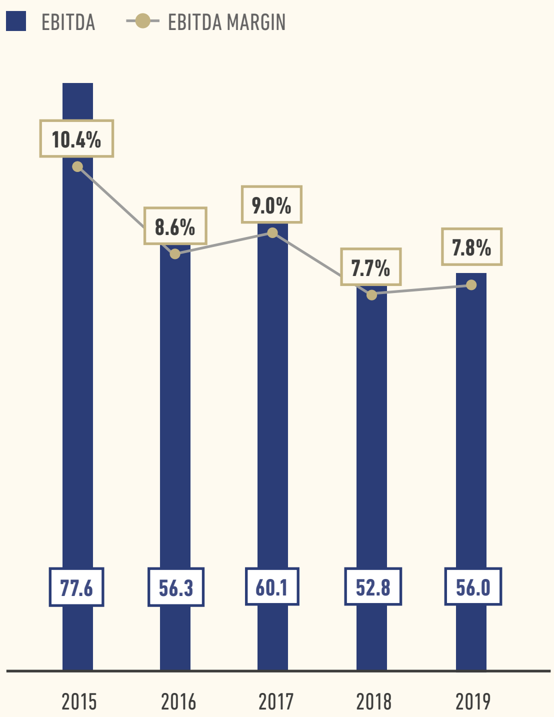


Group Results

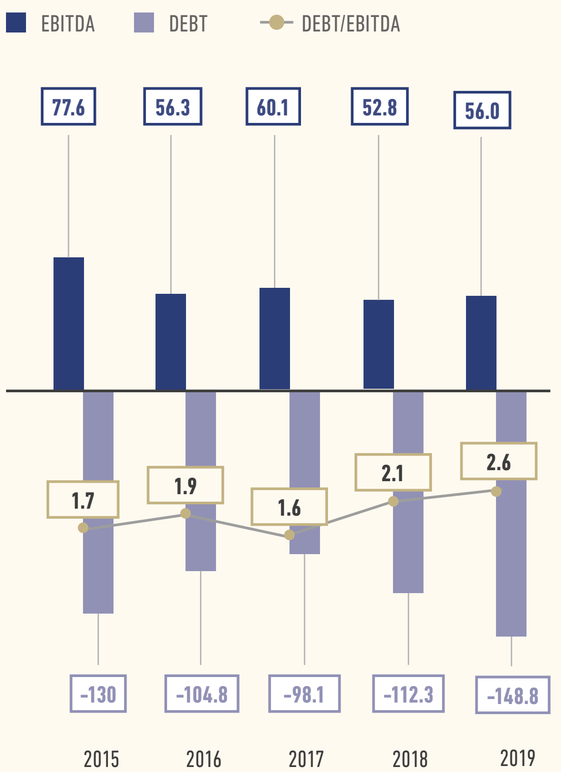
CONSOLIDATED REVENUE TREND
Euro Millions



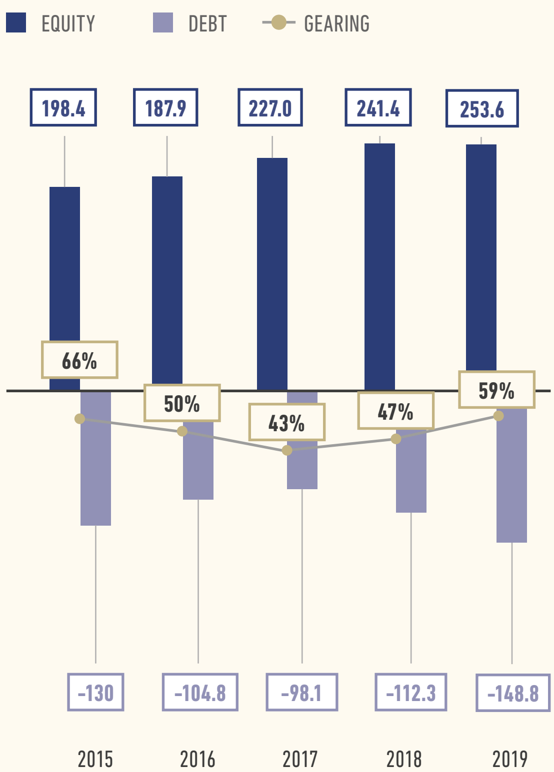
EBITDA – EBITDA MARGIN
Euro Millions



DEBT/EBITDA RATIO
Euro Millions



DEBT/EQUITY (GEARING)
Euro Millions



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DIRECTORS' REPORT

INTRODUCTION

Economic overview

The Italian economy slowed considerably in 2019. GDP expanded by 0.3%, compared with an increase of 0.8% in 2018, the lowest level of growth seen since 2014.

In contrast, the deficit/GDP ratio improved to 1.6%, the lowest level since 2007 and a sharp decrease on 2.2% in 2018.

Italy continues to produce less wealth than its European counterparts. According to the Eurostat estimates, in 2019 gross domestic product grew 1.2% in the euro area and 1.4% in the European Union. In 2018 GDP rose by 1.8% and 1.9% in these areas, respectively.

The reporting year closed with a decline in Italian industrial output of 1.3% on 2018, when the growth rate was 0.6%, the first decline in five years. In contrast, the "food, beverage and tobacco industry" reported an increase of 3% (+1.1% in 2018).

Industrial revenues also declined. In 2019 ISTAT reported a decrease of 0.3% (+2.3% in 2018) both in Italy and internationally.

In 2019 Italian export sales on international markets rose (+2.3%), albeit to a much lesser degree than in the previous year (+3%).

The increase in exports is primarily to be attributed to EU countries (+1.1%) and, to a lesser extent, to non-EU countries (+3.8%). For food exports specifically, growth amounted to 6.6%.

In 2019 retail sales grew 0.8%, a higher rate than in 2018 (+0.2%), with +0.1% for food products and +1.2% for non-food products. Growth performances differed considerably at the level of the various distribution channels. In particular, whereas there was 1.4% growth in the large supermarket chain channel (+0.8% in 2018), small store sales fell for the third consecutive year (-0.7%). In mass retail, attention should be drawn to the positive performance of food discount stores (+4.5%).

There was a significant increase in e-commerce (+18.4%), which showed a rise in growth rates on 2018.

Italy's Statistics Institute has confirmed the weak inflation that prevailed in 2019. In Italy consumer prices increased by 0.6%, half the rate seen in 2018 (+1.2%).

GROSS DOMESTIC PRODUCT

FOOD PROCESSING SECTOR PERFORMANCE

Tomato-based products

The tomato-based product market 2019 was largely impacted by the 2018 summer processing campaign, which was particularly critical due to the poor weather conditions.

Reduced yields, together with the lesser number of tomato hectares planted, resulted in a decrease in quantities processed in Italy to 4.65 million tonnes, down 10.5% on 5.2 million tonnes in 2017.

The reduced availability of the raw material and its non-optimal quality, translated into higher production costs, due to the increased cost of fresh tomatoes, poorer industrial yields and reduced production efficiency as a result of gaps in raw material delivery which did not permit the full operability of processing plant.

In terms of finished product sales prices, after the contraction over the 2016-2017 period and the stability of 2018, the market in 2019 saw a turnaround, with prices increasing on the basis of the significant rise in processing costs.

In late 2019 the tomato products market was affected by the summer campaign, which had also been extremely difficult due to adverse climatic conditions, which on the one hand resulted in significant planting delays, resulting in the campaign being brought forward and on the other hand deferred tomato maturation timeframes, with a consequent slowdown and interruption to harvesting which extended until the beginning of October.

Raw material quantities for processing in Italy reached approx. 4.8 million tonnes, increasing approx. 3% on 2018 and against a 2016-2018 average of 5 million tonnes.

Higher fresh tomato procurement costs due to poor harvest levels and the non-optimal quality of the raw material, together with lower industrial returns and reduced production efficiency due to interrupted deliveries and the low production plant saturation levels, resulted in (as in 2018) higher production costs.

At year-end the market showed a tendency towards a further increase in finished products prices due to the considerable increase in product costs.

The financial effects of the summer 2019 tomato campaign will mainly be seen from 2020, given the seasonality of production.

In terms of consumption, the Italian tomato market continues to decline, although to a more contained extent. According to the Iri Infoscan figures (including the Discount channel), in the year to December 2019 volumes declined by 2% and values by 0.8% (-4.3% in terms of both volumes and values in 2018). Private label market share rose to 31.4% from 30.8% in 2018.

A number of the larger export markets for the Group expanded, such as Great Britain, where – according to the Kantar World Panel figures – the tomato-based products market maintained a stable trend during the year ended in December 2019, up 1.1% in terms of volumes and 2.1% in terms of value on 2018. Private labels recorded strong growth at 2.6%, outperforming the market at large and increasing their share from 71.6% to 72.7%. Brands contracted 2.7%, with market share falling from 28.4% to 27.3%.

Italian exports of tomato-based products in the January-October 2019 period continued to perform positively, with an increase of 4.3% in terms of quantities and of 6.3% in terms of value.

Fruit juices and beverages

For the Italian fruit juices market, 2019 was mainly influenced, with specific regards to nectars, by the 2018 fruit processing campaign, which featured a reduced domestic supply level of apricots, peaches and nectarines on the previous year, essentially due to low spring temperatures affecting the pre-blooming and blooming phase. The drop in production translated into higher provisioning costs for peaches and nectarines, while apricots reported a degree of stability.

The procurement price of pineapple and orange concentrates utilised for the production of 100% fruit juices and fruit beverages was stable, while the cost of sugar was up significantly.

On the sales prices front, overall the price of juices in 2019 was again stable, despite the above-stated increase in costs. This is partly due to a market featuring a drop in consumption and a competitive marketplace with a greater focus on winning and/or maintaining market share, particularly in the private labels segment.

In the final months of the year, the market was impacted by the new summer processing campaign, which saw a general stability in the cost of fruit used to produce juices, such as pears, peaches and apricots.

In terms of domestic consumption, according to Iri-Infoscan figures (including the discount channel), in the year to December 2019 fruit juices reported a decrease of 2.7% in volume terms (-4.8% in 2018) and in value terms of 3% (-5.4% in 2018). The private labels segment presented an increase in market share by volume to 45.2% (44% in 2018).

Canned pulses

For the canned pulses sector, 2019 was impacted mainly by the 2018 summer harvest - featuring overall substantially stable quantities and procurement prices. However, at the same time this raw material cost was penalized by the customs duties levied by the European Union on imports from the United States in response to the US duties that began to be applied in late June 2018 to certain goods imported from the EU. The increase in the cost of dried pulses was impacted, in addition, by the strengthening US Dollar against the Euro.

In terms of finished product prices, during the period sales prices at the Supermarkets increased slightly following a significant rise in the total cost of dried pulses due to the above-stated customs duties.

In relation to consumption levels, according to the Iri Infoscan figures (including the discount channel), in the reporting year the Italian processed vegetables market was essentially stable both in volume (-0.8%) and in value terms (-0.3%). In 2018 the market had declined by 4.3% in volume and by 3.5% in value. Private labels improved in terms of market share by volume, rising to 61.8% from 60.4% in the previous year.

On the main international markets, the British baked beans market, according to the Kantar World Panel figures, in 2019 decreased in volume terms by 1.9% and contracted slightly in value terms (-1.1%). Private labels grew slightly (+1.1% in volume terms), increasing market share from 43.8% to

45.2%. Brands contracted 4.4%, with their share of the market falling from 56.2% to 54.8%.

Ready-made sauces

In 2019, the ready-made sauces market saw stability for the costs of the main raw materials and ingredients utilised for the production of sauces and also for prices, particularly in the private labels segment.

The higher cost of purchase of semi-finished tomato products recorded during the summer 2019 processing campaign will have an impact on sauce production in 2020.

Iri-Infoscans figures (not including the Discount channel) indicate 5.9% growth in volume terms and of 7% in value terms for ready-made sauces domestically (+2.1% and 3.5%, respectively, in 2018).

Specifically, tomato-based sauces expanded volumes 5.1%, while pesto sauces increased 9.1%. For the former, the private labels segment grew in volume terms by 10.2%, with a market share of 17.9%, up from 17% in the previous year, while for the latter growth of 17.5% was reported, with market share at 18.3%, up from 17.3% in 2018.

In relation to the international markets, in Great Britain the ready-sauces market (excluding pestos), according to Kantar World Panel's figures, increased slightly in the year to December 2019 by 1.1% in volume terms and declined slightly by 1% in value terms. Private labels were up by 9.6%, with market share expanding from 47% to 50.9%, at the expense of brands, which contracted 6.4%, with market share falling from 53% to 49.1%.

The English pesto market saw growth in volume terms of 3.3% and slight decline in value terms of -1.2%. As was the case for tomato-based products, private label pestos also continued to grow considerably (+8.4% in volume terms), with their share increasing from 70.2% to 73.6%, while brands contracted by 8.7% and also lost market share (declining from 29.8% to 26.4%).

GROUP SALES PERFORMANCE

Consolidated revenues in 2019 amounted to Euro 717.6 million, up 4.3% compared to Euro 687.9 million in the previous year.

At like-for-like exchange rates (€/£) of the English subsidiary LDH (La Doria) Ltd, consolidated revenues would amount to Euro 714.3 million (+3.8% on Euro 687.9 million in 2018).

Consolidated sales featured satisfying volume growth (+2.7%) and a slight increase in sales prices.

In particular, the improved volumes related to the strong industrial business performance and trading activity, while prices slightly increased.

A breakdown of sales is shown in the table below.

CONSOLIDATED REVENUES AT € 717.6 MLN IN 2019 (+4.3%)

BREAKDOWN OF CONSOLIDATED SALES BY PRODUCT LINE

Euro millions

	2019	2018	/\ %	% on sales 2019	% on sales 2018
PULSES, VEG./PASTA LINE	208.0	191.1	+8.8%	29.0%	27.8%
RED LINE	150.2	150.4	-0.1%	20.9%	21.9%
READY-MADE SAUCES	92.1	87.9	+4.8%	12.8%	12.8%
FRUIT LINE	69.0	66.3	+4.1%	9.7%	9.6%
OTHER LINES	198.3	192.2	+3.2%	27.6%	27.9%
TOT. LINES	717.6	687.9	+4.3%	100%	100%

The pulses, vegetables and canned pasta line mainly includes cooked pulses, baked beans, carrots and canned pasta. This product category continued to return very strong performances, up overall 8.8% in 2019, thanks to the strong increase in international market volumes. The prices applied to customers slightly rose as a result of higher raw material costs across various procurement regions, due to the introduction of European import duties on certain products originating in the US as a countermeasure to US tariffs, including dried pulses.

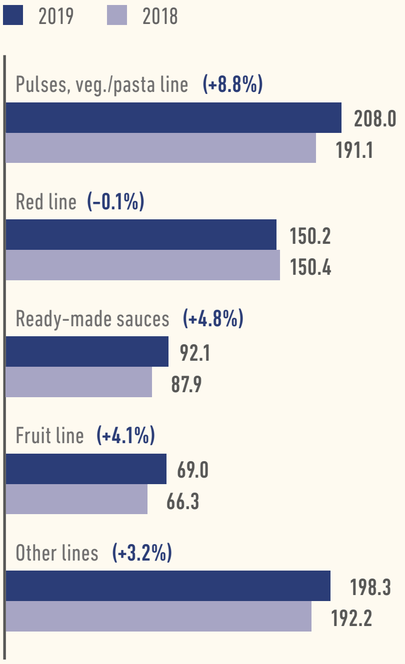
In 2019, the "red line" was stable, featuring increased overseas volumes and a reduction on the domestic market, due in part to lower consumption levels and also the loss of a discount channel order amid extremely aggressive competitor pricing. Sales prices rose on the basis of higher 2018 summer processing campaign production costs.

The sauces line includes ready-made sauces and meat-based, pesto, fish and white sauces. Line revenues in 2019 (+4.8%) indicate on the one hand more than satisfying volume growth thanks to the overseas markets, and on the other stable prices.

The fruit line (+4.1%), which includes juices and beverages produced by the parent company La Doria S.p.A. for the Italian market, in addition to canned fruit marketed by the subsidiary LDH on the English market,

CONSOLIDATED REVENUE TREND BY PRODUCT LINE

Euro millions



reported a recovery in volumes although amid reduced consumption both on the British and domestic markets. Sales prices were substantially stable despite the considerable increase in the cost of sugar.

Finally, the other lines (+3.2%), referring principally to products imported from third parties, i.e. not produced by the parent company La Doria or by the subsidiary Eugea Mediterranea S.p.A. and sold on the British market by the subsidiary LDH, such as dry pasta, tuna, salmon, canned sweet corn and other products, saw sales volumes and prices slightly increase.

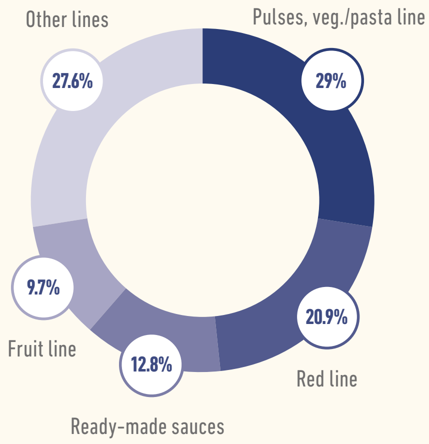
Breaking down sales by brand, in 2019 private labels accounted for 95.7% of the market, with the remaining 4.3% consisting of company brands and co-packing.

In relation to the breakdown of revenues by region, the Italian market accounted for 18.2% (19.7% in 2018), while the export market accounted for 81.8% (80.3% in the prior year).

The main overseas market was again Great Britain, followed by Germany and Australia, the Scandinavian countries, Eastern Europe, France, Japan and others. Overseas sales increased considerably, up 6.2%.

In contrast, on the domestic market – the second largest after the UK – revenues fell by 3.3%, due in part to a decline in consumption of certain categories of products, and in part to the loss of a number of discount channel orders featuring heightened price competition, as explained above.

CONSOLIDATED REVENUE BREAKDOWN BY PRODUCT LINE



BREAKDOWN OF CONSOLIDATED SALES BY REGION

Euro millions

	2019	%	2018	%
NORTH EUROPE	448.5	62.5%	412.6	60.0%
OTHER EUROPEAN COUNTRIES	69.4	9.7%	69.3	10.1%
ITALY	130.8	18.2%	135.2	19.7%
AUSTRALIA AND NEW ZEALAND	34.3	4.8%	35.3	5.1%
ASIA	16.3	2.3%	18.2	2.6%
AFRICA	8.3	1.1%	7.7	1.1%
THE AMERICAS	10.0	1.4%	9.6	1.4%
TOTAL	717.6	100%	687.9	100%

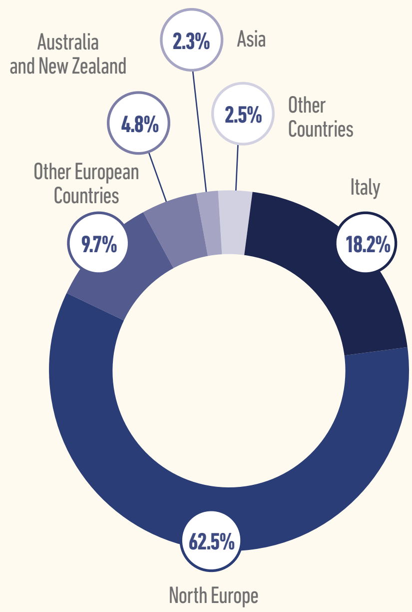
PRINCIPAL ALTERNATIVE PERFORMANCE INDICATORS

The Group evaluates performance based on some indicators not covered by the IFRS. As described below, as required by the CESR/05-178b communication, taking account also of the new ESMA guidelines issued on October 5, 2015 and applicable from July 3, 2016, the following performance indicators are reported:

- Gross operating result or EBITDA – earnings before interest, taxes, depreciation and amortisation: the pre-tax result before amortisation, depreciation, write-downs and financial income and charges. EBITDA also excludes income and charges from investments and securities, as well as the results from the sale of investments, classified in the financial statements under "financial income and charges". EBITDA is a profitability indicator which reports the earnings of a business based only on operating activities. This indicator is considered appropriate to compare the results of different businesses operating in the same sector; in addition, the indicator clearly shows whether the business is capable of generating profit through operating activities.
- Net operating result or EBIT – earnings before interest, taxes: the pre-tax result before financial income and charges, without any adjustment. EBIT also excludes income and charges from investments and securities, as well as the results from the sale of investments, classified in the financial statements under "financial income and charges". This indicator expresses the earnings the business is capable of generating before the remuneration of capital, both third party capital (debt) and own capital (equity).
- Net Capital Employed: the sum of non-current assets, non-current liabilities and Net Working Capital. This indicator reports the overall sources of capital to be remunerated explicitly (shareholders and external financiers).
- Net Financial Debt: the format for the calculation is in accordance with paragraph 127 of the CESR/05-054b recommendations implementing EU Regulation 809/2004, taking account in addition of the new ESMA guidelines issued on July 3, 2016 on alternative performance indicators. This indicator reports the overall level of enterprise debt.

These indicators are particularly significant given the status of listed company as provides investors with clear information on the profitability and financial performances of the company.

BREAKDOWN OF CONSOLIDATED SALES BY REGION



CONSOLIDATED RESULTS IN ACCORDANCE WITH EU/IFRS

As thoroughly illustrated above, the La Doria Group's operating results in 2019 show a sound revenue performance, driven by a significant increase in sales volumes and an improvement in EBITDA on the previous year and compared to projections, despite the increase in the purchase prices of several raw materials, the higher costs of processing tomato-based products and increased energy and personnel costs. This result was also made possible by the partial transfer of cost increases to higher sale prices – obtained despite the Group's operating scenario of intensifying competition and strong bargaining power wielded by large distribution channels – larger production volumes and, above all, the positive effects – on the sauces area in particular – of the gradual implementation of the four-year Investments Plan launched in 2018.

GOOD PERFORMANCE IN TERMS OF SALES

EBIT, essentially in line with the previous year, was affected by the higher amortisation and depreciation relating to the execution of the aforementioned investments, while pre-tax profit was impacted by currency losses, against exchange gains reported in the previous year.

The Group presents a solid financial position, despite an increase in bank debt, motivated by the extensive four-year investment plan mentioned above.

OPERATING RESULTS

In relation to the results below, reference should be made to the reclassified income statement attached to the present report.

Consolidated revenues in 2019 amounted to Euro 717.6 million, growth of 4.3% on Euro 687.9 million in the previous year.

The Group EBITDA amounted to Euro 56 million, improving on Euro 52.8 million in 2018. The EBITDA margin (EBITDA/revenues) thus amounted to 7.8%, in line with 7.7% in the previous year.

EBITDA AT € 56 MLN IN 2019

Amortisation, depreciation, write-downs and provisions totalled Euro 21.5 million (Euro 18.1 million in the previous year), of which Euro 15.6 million concerning depreciation/amortisation (Euro 13.7 million in 2018) and Euro 5.8 million concerning provisions and write-downs (Euro 4.3 million in 2018). This latter account includes an impairment loss of Euro 1.8 million on assets held for sale relating to the difference between the carrying amount and potential realizable value of the Acerra plant property through disposal (at December 31, 2018 the property had been written down by Euro 2.2 million). For further details on the write-down of the above property, reference should be made to the separate financial statements.

The EBIT amounted to Euro 34.5 million, in line with on Euro 34.7 million in 2018. The EBIT margin (EBIT/revenues) decreased slightly, falling from 5.1% in 2018 to 4.8%.

EBIT AT € 34.5 MLN IN 2019

Net financial charges amounted to Euro 1.8 million, an increase compared to Euro 1.6 million in the previous year, due to the increase in debt.

In addition, net exchange losses amounted to Euro 5.0 million, compared to net exchange gains of Euro 3.2 million in the previous year. These derive mainly from the measurement at fair value, in accordance with IFRS/EU accounting standards, of the hedging operations in place at December 31 in order to protect budget exchange rates and relating to commercial operations which will be undertaken subsequent to the reporting date.

Profit before taxes amounted to Euro 27.7 million, down from Euro 36.3 million for 2018, whereas net profit was Euro 19.9 million, down on Euro 27.3 million in the previous year.

The cash flow for the year (net profit + amortisation/depreciation and write-downs) amounted to Euro 41.3 million compared to Euro 45.4 million in 2018.

BALANCE SHEET

In relation to the results below, reference should be made to the reclassified balance sheet attached to the present report.

The balance sheet and financial position at December 31, 2019 reported net fixed assets of Euro 246 million, an increase on Euro 203.5 million on December 31, 2018 deriving from higher capex expenditure in the year.

Working capital totalled Euro 188.5 million, up from Euro 184.2 million as at December 31, 2018, due in part to the increased inventories attributable to the higher volumes produced.

Net capital employed was thus Euro 402.4 million, an increase on Euro 353.6 million at December 31, 2018.

The net financial position was a debt position of Euro 148.8 million, an increase compared to Euro 112.3 million at the end of the previous year.

DEBT POSITION
INCREASE FROM
€ 112.3 MLN TO € 148.8 MLN

Financial payables at December 31, 2019 include, for Euro 32.1 million (Euro 30.6 million at December 31, 2018), the payable for the acquisition of the minority share in the subsidiary LDH based on put and call options in accordance with the current Shareholder Agreement and, therefore, the operating financial payables amount to Euro 116.7 million (Euro 81.7 million at December 31, 2018).

Finally, net equity amounts to Euro 253.6 million, an increase compared to Euro 241.4 million at the end of 2018.

The Debt/Equity ratio was 0.59 (0.47 in 2018), with the Debt/EBITDA ratio increasing from 2.12 at December 31, 2018 to 2.65 at December 31, 2019.

IN 2019
GEARING AT 0.59
DEBT/EBITDA AT 2.65

The ROI (operating net profit/net capital employed) was 8.6% compared to 9.8% at December 31, 2018.

ROE (net profit/net equity) of 7.8% compared to 11.3% in 2018.

INVESTMENTS

Group capex amounted to Euro 60.4 million, compared to Euro 45.7 million in 2018.

Capital expenditures were Euro 59.8 million, compared with Euro 45.3 million in 2018. Investments were mainly undertaken by the parent company La Doria S.p.A. (Euro 23 million, compared with Euro 32.4 million in the previous year) and essentially involved the implementation of a new glass container ready-made sauces production line at the Sarno facility, the installation of a new easy-open lid production line at the Angri facility, the construction of a new warehouse at the Fisciano facility and consolidation works at the Angri facility involving the replacement of the roofing on some of the warehouses for earthquake-preparedness.

The subsidiary LDH (La Doria) Ltd undertook investments of Euro 36.1 million, compared with Euro 12.1 million in 2018. The investments in question were aimed at creating a large-scale logistics platform in the United Kingdom, a process that began last year and is expected to be completed by the third quarter of 2020.

The Group's intangible assets – which are attributable to the Parent Company – amounted to Euro 551 thousand compared to Euro 432 thousand as at December 31, 2018 and pertain to preparations for implementing a new SAP/HANA ERP management system.

GROUP INVESTMENTS
OF € 60.4 MLN

WORKFORCE

Group employees at December 31, 2019 numbered 794 full-time employees, with an annual average of 366 seasonal workers.

Executives	White-collar	Blue-collar	Tot. Full-time	Tot. Seasonal staff
26	299	469	794	366

The workforce consisted entirely of full-time employees at December 31, 2019. The number of seasonal workers is calculated on an annual average and includes blue-collar, temporary and contract employees. A summary of the Group workforce compared to December 31, 2018 and 2019 is shown below.

	2019	2018
Full-time employees	794	754
Seasonal staff (average on monthly basis)	366	330

The increase in the number of full-time employees was primarily due to the implementation of new production lines at several of the Parent Company's facilities, whereas the increase in the number of seasonal workers essentially relates to those hired as a result of the increase in volumes processed during the summer tomato campaign.

HUMAN RESOURCES

In accordance with Legislative Decree 32/2007, enacting EU directive 2003/51/EC, for information relating to the workforce, staff turnover, remuneration composition and the data relating to the health and security of the Parent Company and the subsidiary companies, reference is made, for La Doria SpA, to the paragraph "Human resources" and for Eugea Mediterranea and LDH (La Doria) Ltd. to the paragraphs "Eugea Mediterranea S.p.A." and "LDH (La Doria) Ltd".

RESEARCH AND DEVELOPMENT

Research and development efforts in 2019 were extremely intense and focused on two priority activities:

- design of innovative new recipes in the categories pestos (vegan and free-from pestos) and sauces, beverages without added sugar, and purées and soups in composite cartons.
- environmental sustainability projects relating to the reduction of plastic in secondary packaging and increased use of recycled cardboard for trays.

The Quality Assurance and Research and Development team has also consistently committed itself to managing the social responsibility projects, with a particular focus on the agricultural world (the training of farmers and the monitoring of operator working conditions, the reduction of waste throughout the supply chain and the reuse of production waste, the reduction of plastics in the fields with the clean campaign project).

SHARES OF THE PARENT COMPANY

The subsidiaries did not hold shares in the parent company at December 31, 2019, nor have they bought and/or sold La Doria S.p.A. shares during the year, either through trustee companies or third parties.

The Parent Company in 2019 carried out treasury share purchases for 113,000 shares at an average price of Euro 7.80 including commissions, for a total value of Euro 881,091.

In the same period the Company did not carry out any treasury share sale operations.

The operations comply with the share buy-back authorisations conferred to the Board of Directors by the Shareholders' Meetings of June 8, 2018.

At December 31, 2019, the company holds 233,000 treasury shares in portfolio, equal to 0.752% of the share capital, purchased at an average price of Euro 7.93 including fees, for a total pay-out of Euro 1,848,037.

CONSOLIDATED NON-FINANCIAL REPORT

The Consolidated Non-Financial Report of La Doria S.p.A. for 2019, drawn up as per Legs. Decree 254/16 is a separate report ("Sustainability Report") from this Directors' Report, as per Article 5 paragraph 3, letter *b*) of Legs. Decree 254/16, and is available on the website www.gruppoladoria.it, in the "CSR" section.

INFORMATION ON COMPLIANCE WITH THE CODE OF CONDUCT

The Company has adopted the Self-Governance Code on Corporate Governance of companies listed on the Italian Stock Exchange. The corporate governance and share ownership report for 2019 is available on the Company's website www.gruppoladoria.it, in the Corporate Governance section.

DISCLOSURE IN ACCORDANCE WITH ARTICLE 123 BIS OF LEGS. DECREE NO. 58/98

The information in accordance with Article 123 bis of Legislative Decree 58/98 (Consolidated Finance Act) relating to the shareholder structure, corporate governance, risk management and internal control systems within the financial disclosure process, the shareholders' meetings and the administrative and control boards, are reported in the previously mentioned Corporate Governance and Ownership Structure Report for 2019. The information in accordance with Article 123-bis, paragraph 2, letter b) of Legislative Decree 58/98 is reported also in the present Report, as indicated below.

INFORMATION IN ACCORDANCE WITH ARTICLE 123 *BIS*, PARAGRAPH 2, LETTER B) OF LEGISLATIVE DECREE 58/98 RELATING TO THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS WITHIN THE FINANCIAL DISCLOSURE PROCESS

The Internal Control over Financial Reporting (ICFR) system is an integral, essential part of the wider internal control system. This system introduced by La Doria S.p.A., concerns an analysis of the internal control system which oversees the preparation of the financial statements, the interim financial statements and all financial disclosure.

This system, prepared by the Executive Officer and the Internal Audit Function, aims to guarantee that the administrative – accounting procedures adopted and their application are adequate to ensure, with reasonable certainty, the correctness, the reliability of the financial disclosures and the appropriateness of the financial statement preparation process in producing reliable and timely accounting and financial information, in accordance with applicable accounting standards. The analysis of the internal control system was carried out in line with the Committee of Sponsoring Organisations principles and incorporated the principles outlined in the publication "internal control for reliable financial reporting". The analysis of the internal control system within the IT processes, with particular reference to those put in place to support the financial reporting processes, was conducted according to the principles laid out in the "Control Objectives for Information and related Technology" ("COBIT") model. In 2019, the updating continued on the defined control matrix and testing. This activity was also extended to the strategic subsidiary LDH, which in 2019 updated its control design, appointing a leading consultancy firm.

A description of the principal characteristics of the risk management and internal control system in place in relation to Group financial disclosure follows.

A. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM PHASES

For the completion of the system, a risk assessment was undertaken in order to identify and evaluate the risk areas which could arise such as to compromise the reliability of the financial disclosure.

The approach taken for the analysis of the system is broken down into 5 phases, each of which relating to a specific element of the Internal Control System (control environment, risk assessment, control activity, information systems and communication flows and monitoring activities) as defined by the benchmark framework in order to guarantee the completeness of the analysis and provide adequate support to the Executive Responsible and the Chief Executive Officer for the declarations required by Article 154 of the CFA.

The approach was broken down into 5 phases:

1. **Identification of financial statement accounts and of the processes analysed ("Scoping"):** in this phase the financial statement accounts and the "significant" processes related to them are identified.
2. **Analysis of the principles relating to operational controls ("Entity level controls"):** once the intervention priorities are defined (so-called "Top down risk based" approach), the internal control principles which operate at entity level to cover the components of internal control such as Control Environment, Information and Communications and Monitoring are recorded.
3. **Recording and verification of relative controls of processes subject to analysis:** in this phase, beginning with the identification of risks, defined as potential events, accidental or due to fraud, which may compromise the reaching of the System objectives (accuracy, completeness, reliability and trustworthiness of the financial disclosure), the control of processes subject to analysis were recorded. In this phase, the adequacy of the control documentation is evaluated, identifying the controls which are inadequate or which must be improved and identifying the critical areas and the relative corrective actions.
4. **Tests on the effectiveness of controls** centre on:

- key controls identified;
- control frequency;
- the category of control (preventive or subsequent);
- the method of control (automatic or manual).

The test plan and the type of test to be carried out in order to verify the effectiveness of the controls in place have been drawn up.

A "Remediation Plan" was subsequently prepared, in which the areas to be improved, the relative corrective actions to be taken and the ambit of responsibility for such are reported.

5. **Preparation and release of the declaration:** Based on the documentation and verification of the effectiveness of the controls and the analysis of the critical areas and the status of the corrective actions, the Executive Officer, supported by internal certifications, releases the declaration in accordance with article 154 of the CFA.

B. MAINTENANCE OF THE SYSTEM AND ROLES AND RESPONSIBILITY

In order to maintain over time the effectiveness of the controls, both from the formulation and operational viewpoints, the controls are subject to monitoring on the one hand by the Manager responsible for significant processes/activities (line monitoring) and on the other by the Internal Audit Department (independent monitoring activities) based on the predefined Activity Plan; this monitoring establishes a process of "continuous improvement", creating an increasingly reliable control system for financial disclosure.

The Internal Audit Manager supports the Executive Responsible for the preparation of the corporate accounting documents, preparing reports for the Senior Management on the adequacy of the System through the Report to the Control and Risks Committee, indicating the deficiencies uncovered, the corrective actions to be taken and the relative responsibility. Reporting to the Executive Responsible is based on a system of internal certifications to ensure adequate internal formalisation of responsibilities for the adequacy and effective application of administrative and accounting procedures.

Each year the Group's subsidiary, which is within the scope of application of the 262 audits, sends the Executive Responsible for the preparation of La Doria's corporate accounting documents a certification letter, signed by the CFO, attesting to the reliability and proper application of financial reporting processes and the accuracy and completeness of the financial data in the reporting package.

On May 14, 2019 the Board of Directors verified the adequacy and effective functioning of the internal control and risk management system.

RISKS AND UNCERTAINTIES

Within its industrial activities, the La Doria Group is exposed to a series of risks, whose identification, evaluation and management involve the BoD, the Chief Executive Officer, also as Executive Director, in accordance with the Self-Governance Code of Borsa Italiana S.p.A., and the business area and central administration managers.

Within La Doria's risk management process, the different types of risks are classified based on the evaluation of their impact on achieving the objectives, that is to say based on the consequences which may arise from the risk in strategy, operating, reputational, financial and/or regulatory terms, as well as their probability of occurrence and the level of efficiency of the actions undertaken against their occurrence. The risk assessment has the objective to assign a priority to the factors of risk identified and to the actions taken to reduce such risks. The effective management of the risks is a key factor in maintaining the Group's value over time.

In order to undertake a mapping of the risks and the annual update which is as close as possible to the business operations, the Parent Company La Doria SpA, in 2019, finalised the ERM (Enterprise Risk Management) project in order to develop the risk assessment method. This auto-diagnostic process is carried out by managers in individual areas of operation and seeks to provide an estimate of the probability and impact of potential damaging events. This estimate is based on the perceived risk that the Managers of the Departments/Functions associate with the processes under their control.

The structured and systematic approach follows the top-down approach, allowing for the updating of the risk catalogue by adopting a methodological approach, which - through structured interviews - identified the main risks which may impact the achievement of company objectives. "Potential" risks were identified, i.e. those risks assessed regardless of the internal control systems adopted (organisation, responsibilities, operating controls etc.) and the management tools which have been established and put in place to reduce the probability of their occurrence and/or their impact. These "potential" risks are broken down into five categories:

- **Strategic:** these are risks related to undertaking non favourable business decisions or incorrect implementation of the strategic decisions undertaken. In this regard, the company is exposed to concentration risk. This risk is principally related to the particular nature of the English market, on which the subsidiary LDH operates. The English food sector is in fact dominated by Large Supermarket Chains, which control the vast majority of the market. In order to reduce as much as possible the impact of this risk on the Company's results, La Doria Spa implemented strategic actions targeting Group international expansion and consolidation on the domestic market. This risk is mitigated also by the development of a strategy which can consolidate commercial partnerships, which in some cases are based also on long-term supply contracts, and differentiates the group from its competitors levering a solid and reliable corporate governance system.

- **External and Compliance:** these are external risks related to climate change, competition, the timely introduction of new technology and a lack of monitoring of - and compliance with - regulations which the Group must adhere to. Climate change risks affects many sectors, and agriculture is one of the most vulnerable. Agriculture and climate change are linked by a cause-effect relationship. The agricultural sector, in fact, creates climate risks and subsequently suffers the impacts of climate change. Temperature increases and greater concentrations of greenhouse gases in the atmosphere are believed to reduce the yields and quality of many crops. Climate change will also affect the availability of water resources and the proliferation of plant pests, thus affecting agricultural production. La Doria's business is vulnerable to these risks, and as such it has already implemented corrective actions within its remit to ensure sustainable management of resources and the local area, using an approach based on mitigation and adjustment. Action has been taken to promote the transfer of knowledge and skills to our suppliers/farmers regarding good sustainability practices and reduction in waste, both of natural resources and products, using biodiversity as a tool to counteract the effects on crops, and in particular on tomatoes. With regard to pulses, both the transfer of good sustainable agriculture practices and the diversification of supply countries reduce the financial impact of these risks on our business.

  Another external risk has been concentrated since January 2020, the domestic and international picture has been dominated by the spread of Coronavirus and the resulting restrictive containment measures implemented by the public authorities of the countries affected. With regard to the assessment of the impact of the above-mentioned restrictive measures and the actions taken by the Company to protect the safety of workers, please refer to the more detailed "Subsequent events" section.

  La Doria is exposed to the external risk of fluctuating margins based on downturns in the market following surpluses in supply.

  This risk relates to the corporate mission to supply Private Labels and low-price products to the Large Supermarket and Discount chains, in addition to tomato business line concerns which, cyclically over the years, saw surplus supply on the market following a lowering of the price and the line margin. In order to mitigate this risk, and notwithstanding the current Company Mission focused on Private Labels which has enabled the delivery of ambitious revenue and market share objectives, the Company has diversified towards higher margin products through acquisition-led growth (PA.FI.AI. Group). The revenue breakdown has altered, with a greater share for the juices and pulses lines, which are not subject to margin fluctuations from poor tomato market performances. In 2019, major investments were rolled out to extend the ready-made sauces production lines of the Parma and Sarno facilities and the storage capacity at the Fisciano plant.

  In addition, the optimisation of industrial processes and procurement created economies of scale and improved fixed cost absorption.

In order to reduce fixed costs, resources were invested in order to render the production lines more versatile.

In relation to legal compliance risks, in recent years particular significance has been placed on monitoring and compliance with Safety and Environmental legislation, in Administrative Responsibility (Leg. Decree 231/01), Savings Protection and Financial Markets Regulations (Law 262/05), Privacy for compliance with the new GDPR and the Non-Financial Declaration (Leg. Decree 254/16).

Considering the globalised nature of operations, the Group is also exposed to risks from the development of the political, social and economic framework, compromising access to sales and/or procurement channels. Unfavourable regulatory and political developments, such as the imposition of import/export duties, changes to initiatives put in place by global organisations and to the relative agreements, wars, civil conflicts and terrorism, may have a significant impact on the Company's business prospects, in addition to its results and/or financial situation. This risk materialised on June 23, 2016 with the referendum and subsequently the United Kingdom's exit from the EU on 31/01/2020. From 2/03/2020, negotiations with the EU will begin to define the future relationships at the end of the transition period which will conclude on 31/12/2020. This risk materialised in relation to the application of countermeasures by the European Union in response to the imposition of customs duties by the USA. With regards to the former event, in a "hard Brexit" scenario, there is a high risk that tariffs will be levied, potentially penalizing export business to the United Kingdom, particularly in lines of business where there are local competitors that would benefit from such levies. With regards to the latter event, the application of customs duties to pulses by the European Union entailed an increase in the cost of raw materials, which drove down the line's margins, despite being partly passed on in the form of higher consumer prices. In response to this risk, the Company reduced imports of pulses subject to duties by diversifying its supplier base, while also taking advantage of the duty suspension scheme, where the finished product was to be sold in a non-EU country. With regard to safety and environmental compliance, the production activity of the Group companies, the introduction of increasingly stringent regulations concerning the environment and safety and product characteristics, together with frequent inspections which the company is subject to due to its size (compared to other competitors), has made it necessary to closely monitor these issues, implementing all necessary actions to mitigate such risks. La Doria has in place certified operating systems to continuously monitor compliance with environmental regulations and those for the protection of workers.

Similarly to all industries, La Doria produces, by its very nature, an environmental impact in terms of energy consumption, the use of water and the production of waste material. Therefore, numerous investments were made to reduce consumption and waste, by monitoring the performances of the production facilities. Despite the focus on environmental issues, increasingly stringent and continuously evolving regulations which remain open to interpretation expose the company to the risk of criminal, civil and administrative penalties.

On November 12, 2019, a summons was issued for 14/04/2020 concerning the criminal case regarding waste concerning the provision, relating to the three facilities of Angri, Sarno and Fisciano, requiring the utilisation of a differing EWC for the waste deriving from the cleaning and the removal of top soil from tomatoes, requiring landfill disposal instead of recovery, as applied. On this matter, the top management of La Doria Spa has already obtained a full acquittal in criminal proceedings and a ruling by the Regional Administrative Court of Salerno that establishes the correct classification of this waste.

- **Operative:** these are risks relating to the occurrence of accidents, malfunctions and breakdowns, with damage to individuals, the quality of the product and the environment, with a consequent impact on results. The quality of the product, the safeguarding of our consumers health and their full satisfaction are Company priorities which, in order to guarantee them, has procedures and controls in place which govern all procurement of raw material processes to the processing and distribution of the finished product, which are applied at all production sites. High production volumes require increasingly stringent product and process quality control, resulting in the need to improve the control process to reduce non-compliance, guaranteeing food safety. Resources have been invested in production line improvement to mitigate this risk. La Doria also adopted the standards for the security of foods in the supermarkets such as BRC and IFS for the Angri, Fisciano, Lavello, Sarno and Parma factories. Increasing focus will be dedicated to process improvement, with a view to avoiding non-standard production as part of the total quality policy and with increased investment in new control systems.

The Company operates at 6 Production Sites, of which two seasonal facilities are exposed to the risk concerning the optimisation and efficiency of the existing production capacity and concerning their industrial capacity in general. The merger by incorporation follows the acquisition of the Pa.Fi.Al. Group, which required the further optimisation of the La Doria Group production structure. In 2019, in order to optimise and increase the production capacity of the ready-made sauces line, a new line was built in Sarno, which will be completed in 2020. Also in 2019, investments were made in the Angri plant with the installation of a new line for the production of “easy open” lids. The installation of the new line will increase the efficiency of the sauce area’s production processes. These investments improve the optimisation of industrial processes and procurement created from economies of scale and better fixed cost absorption. Finally, IT security has emerged as a risk over recent years due to the increasing digitalisation of companies in terms of devices and IT systems and the parallel emergence and specialisation of attackers or hackers. The inadequacy of basic IT security measures, the lack of a Cyber Security strategy which identifies, in addition to incident response processes, also specific prevention, mitigation or risk transfer measures, may result in financial losses, damage to image, the unavailability of data, the compromising of business data confidentiality, data theft and the interruption of business processes. In order to mitigate this risk, the Company has formalized a plan of action by investing financial resources on the one hand to upgrade infrastructure and on the other to improve the monitoring of IT security. The company has in addition introduced a risk transfer strategy, undertaking a “Crime” policy for the coverage of undue appropriation and IT fraud risks and a “Cyber Risk IT” policy against IT risks.

- **Reputational:** risks related to actions or events which may give rise to a negative perception of the company by stakeholders. These risks derive from “originating” reputational factors, principally due to previously cited risks (strategic, operational and compliance risks). In this regard, the company is exposed to risks concerning the monitoring of compliance with the ethics principles by the procurement chain. The non-monitoring of this risk may result in a reduced level of customer retention and customer satisfaction, difficulties in acquiring new customers, reducing the appeal of the business and causing a loss of customers.

  In order to mitigate this risk, La Doria monitors the tomato supply chain in line with the ISO 26000 Social Responsibility Guide. In the first half of 2019, also for pulses, independent verification began in the area of supply chain monitoring according to the UNI ISO 26000:2010 Guidance Standard on Social Responsibility and the relevant supply chain indicators of the Global Reporting Initiative (GRI) to the pulses supply chain. In 2019, La Doria also obtained “Friend of the Earth” certification which promotes a model of agricultural production based on integrating innovations that reduce the environmental impact of crop cultivation, as well as respect for workers at every stage of the production chain.

  La Doria manages reputational risk through strengthening compliance, which is considered an integral component of a good corporate culture and represents a further development upon the choice to adopt ethical principles as a bedrock for the daily decision-making process. A detailed programme for external and internal regulation compliance, supported by an effective and voluntary ethical culture, creates value and assists the meeting of social expectations. The compliance culture is accompanied by a culture of controls and greater focus on CSR (Corporate Social Responsibility), which concerns an extended scope of governance which, without stifling the pursuit of earnings objectives, seeks to establish a difficult but achievable voluntary balancing of all interests. The Company intends to continue down this path by publishing its third Sustainability Report in 2019 and adopting a formal Sustainability, Human Rights and Diversity & Inclusion Policy.

  La Doria formalised a “Modern day slavery declaration” document focused on avoiding any kind of involvement and showing any kind of tolerance to slavery and human trafficking connected with the company’s products or commercial activities. In 2019, La Doria conducted a campaign to raise awareness among suppliers with regards to obtaining GLOBAL GRASP certification and enrolment in the Sedex platform for suppliers of pulses.

- **Financial:** these are risks related to inefficient management in the financial operations of the company. The La Doria group in its normal operating activities is exposed to various financial risks. For a detailed analysis of risks and the relative financial instruments, reference is made to the section in the Notes to the financial statements where the disclosure required by IFRS 7 is reported.

INFORMATION RELATING TO FINANCIAL INSTRUMENTS

The Group aims, where possible, for the elimination and reduction of the interest and exchange risk and to the optimisation of the borrowing costs. The management of these risks is made in accordance with prudent principles and "best market practices".

In relation to La Doria S.p.A., the company manages the exchange and interest rate risk (limited to the "cash-flow risk") relating to its normal operations. The exchange risk relates in particular to commercial transactions in US Dollars and UK Sterling and is managed through options and forward currency operations.

In relation to the subsidiary LDH (La Doria) Ltd, the company acquires almost all of its products in currencies other than Sterling (especially in the Euro and US Dollar area), selling in the national market and therefore invoicing in GBP. The policy of LDH (La Doria) Ltd consists in fixing the exchange rate through hedges at the moment of purchase of all products, fixing the relating sales mark ups on these purchase prices.

CONSOLIDATED COMPANIES

(the figures were prepared in accordance with the EU/IFRS accounting standards utilised for the consolidation). The companies prepare the individual financial statements in accordance with local accounting standards.

Eugea Mediterranea S.p.A.

Eugea Mediterranea S.p.A. produces tomato-based products and fruit purées.

In 2019, the revenues of Eugea Mediterranea S.p.A. (hereafter also "Eugea") - generated exclusively from sales to the Parent Company - totalled Euro 25.2 million, against Euro 19.1 million in 2018.

The EBITDA amounted to Euro 890 thousand, compared to Euro 720 thousand in 2018.

The EBIT, after amortisation/depreciation and write-downs of Euro 644 thousand (Euro 648 thousand in 2018), totalled Euro 246 thousand, an increase compared to Euro 72 thousand in 2018.

The net result, after net financial charges of Euro 5 thousand (Euro 4 thousand in 2018), and income taxes of Euro 150 thousand (Euro 95 thousand in 2018) recorded a profit of Euro 91 thousand, compared to a loss of Euro 27 thousand in 2018.

LAVELLO (PZ)
(HELD 98.67%)

The balance sheet reports shareholders' equity of Euro 5.3 million at December 31, 2019, stable on December 31, 2018.

The net financial position was a debt position of Euro 3.9 million, an improvement on Euro 5.6 million recorded at the end of the previous year.

The net quantity processed by Eugea Mediterranea in 2019 was 46,610 tonnes, up 27.2% on 36,640 tonnes in 2018.

The tomatoes processed amounted to 41,069 tonnes, an increase of 20.2% compared to 34,154 tonnes in the previous year. In addition, 5,541 tonnes of fruit purée were produced, increasing 123% on 2,486 tonnes in 2018.

The headcount at December 31, 2019 consisted of 17 full-time employees, down on 23 full- time employees at December31, 2018, and 78 seasonal employees (average over the year), compared to 60 seasonal employees (average over the year) at the end of the previous year.

In accordance with Legislative Decree 32/2007, enacting EU directive 2003/51 the following information is provided in relation to Human Resources:

COMPOSITION OF WORKFORCE IN 2019

	Executives	Managers	White-collar	Blue-collar
Men (number)	-	1	1	12
Women (number)	-	-	3	-
Average age	-	61	55	48
Part-time employees	-	1	4	12
Part-time contracts	-	-	-	2
Other				

COMPOSITION OF TURNOVER 2019

	1/1/2019	New Loans	Departures, Retirements & departures	Transfers	31.12.2019
FIXED-TERM EMPLOYEES					
Executives		-		-	-
Managers	1	-	-	-	1
White-collar	4				4
Blue-collar	18	2	8		12
Other					
FIXED-TERM CONTRACTS					
Executives					
Managers					
White-collar					
Blue-collar		291	289		2
Other					

COMPOSITION OF REMUNERATION IN 2019
in Euro

	Executives	Managers	White-collar	Blue-collar
Averge remuneration Full-time employees		68,080	30,837	30,480
Average remuneration Fixed-term contracts				5,068
Average remuneration gross other types				

DATA RELATING TO HEALTH/SAFETY IN 2019
in days

	Illness	Injury	Maternity	Other
Full-time employees	71			
Part-time contracts	254			
Part-time contracts				
Other				

LDH (La Doria) Ltd

In 2019, the sales of LDH (La Doria) Ltd, a company engaged in the marketing of tomato-based products, fruit, pulses, canned tuna and salmon, dry pasta and other products in the United Kingdom were GBP 351.3 million, up 7.8% on GBP 325.8 million in the previous year principally due to strong volume growth and rise in sales prices.

The results for the year report an EBITDA of GBP 10.9 million, down from GBP 11.7 million in 2018. The sales margin was 3.1%, down from 3.6% in the previous year.

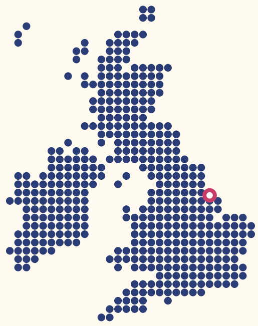
After amortization, depreciation and write-downs of GBP 2.3 million (GBP 423 thousand in 2018), EBIT totalled GBP 8.6 million, also down from GBP 11.2 million in the previous year. The increased amortisation and depreciation in the year relates to the significant investments begun in 2018 and continuing during the year. The operating margin was 2.4% and reduced on 3.4% for 2018.

Net financial charges amounted to GBP 218 thousand, compared to net financial income of GBP 91 thousand in 2018.

Currency losses were also recorded of GBP 1.2 million, compared to income of GBP 942 thousand in the previous year.

Therefore, the pre-tax profit totalled GBP 7.1 million, down on GBP 12.3 million in 2018. The currency performance had a negative impact.

Finally, the net profit was GBP 5.2 million, down on GBP 10 million in 2018.



ST. IVES (UK)
(HELD 58%)

LDH CONSOLIDATED REVENUES AT £ 351.3 MLN IN 2019 (+7.8%)

The balance sheet of LDH (La Doria) Ltd reports net equity of GBP 65 million, down on GBP 66.9 million at December 31, 2018.

The net financial position was a debt position of GBP 20.5 million, against a cash position of GBP 10 million at December 31, 2018. This deterioration is due to the significant investments made.

LDH's results in 2019 indicate, as outlined above, higher sales on the basis of strong volume growth, despite particularly aggressive competition on the UK market and also the fact that the company already leads a number of product categories with very significant market shares. The drop in earnings is due to the characteristics of this highly competitive market, due to the significant concentration of Major Retailers, the unstoppable growth of the Discounts and Brexit, a situation whereby it becomes rather difficult to transfer higher procurement costs onto sales prices.

In this environment, LDH last year launched a major investment plan, as part of the 2018-2021 four-year plan to introduce a major highly automated logistics platform for the stocking and movement of goods to be distributed on the English market, in order to strengthen the company's logistics efficiency, cut costs and improve competitivity in a fiercely competitive market. The Plan establishes for LDH overall resources of GBP 46.6 million, of which GBP 30.3 million used for investments made in 2019 (GBP 10.8 million in 2018).

LDH (La Doria) Ltd was confirmed as the British market leader for private label tomato-based products, pulses, dry pasta and canned tuna.

The workforce at December 31, 2019 numbered 77 full-time employees compared to 72 at December 31, 2018. There were 4 fixed-term contract employees (compared with 6 at the end of the previous year).

PERFORMANCE SUBSEQUENT TO THE END OF THE YEAR

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

As noted, since January 2020, the domestic and international picture has been dominated by the spread of Coronavirus and the resulting restrictive containment measures implemented by the public authorities of the countries affected. These developments, which are extraordinary in nature and extent, have direct and indirect repercussions on economic activity giving rise to an environment of general uncertainty and whose evolution and effects are unforeseeable. The potential effects on the financial statements currently may not be predicted and shall be constantly monitored for the remainder of the year. The Group is managing the contingent situation concerning the Covid-19 emergency in line with the central Government's orders and those imposed in the regions in which Group facilities are located. In particular, the Group has introduced specific measures to reduce the contagion risk for its employees and to ensure at the same time continuity of company operations, also through "smart working" (working from home). Similar measures have also been taken for the subsidiary LDH (La Doria) Ltd. In addition, at all of the Group production

Facilities - four of which located in areas at low epidemiological risk - has put in place a series of measures to contain the spread of the virus: prohibition of Facility visits, limited travel, the installation of hand disinfection devices and the circulation of conduct guidelines to its employees in line with that issued by the Ministry for Health. With regards however to the economic impact on the business, La Doria, as mainly involved in the retail segment, is responding to the demand peaks from both Italian and overseas customers.

SALES

Consolidated sales in the first two months of 2020 amounted to Euro 129.5 million, up 9.7% on Euro 118.1 million in the same period of the previous year. This increase is in small part attributable to the high demand from both Italian and foreign customers as a result of the spread of Coronavirus, which has created an environment of general uncertainty leading the Trade to increase stocks since the last week of February.

CONSOLIDATED SALES TO 28.02.2020 AT € 129.5 MLN (+9.7%)

OUTLOOK

For La Doria, 2020 will be a year of consolidation in which the scenario in the food-vegetable processing sector will remain unfavourable due to inflation in the costs of certain raw materials. The year will also be shaped by the higher tomato-processing costs incurred during the summer 2019 campaign.

The Group will continue to roll out the four-year investment plan launched in 2018. The Plan, which whose full effects will be evident from 2021, seeks to grow the higher added-value products and pursue continued efficiency gains and cost containment.

INFORMATION ON THE PERFORMANCE OF LA DORIA S.P.A.

REVENUES

Revenues of La Doria S.p.A in 2019 amounted to Euro 439.3 million, up 3% on Euro 426.4 million in 2018 thanks to the strong increase in sales volumes and the slight increase in sales prices for all the reasons outlined in detail above.

PARENT COMPANY REVENUES AT € 439.3 MLN IN 2019 (+3%)

Sales were 30.9% attributable to the Italian domestic market (32.8% in 2018), with the remaining 69.1% attributable to foreign markets (67.2% in the previous year). International markets grew 6% on 2018, while Italian sales dropped 3.2% due to the decline in the consumption of some product categories and particularly fierce competition in the discount channel.

Sales by product line are shown in the table below.

ANALYSIS OF SALES BY PRODUCT LINE

Euro millions

	2019	2018	/\%	% sales 2019	% sales 2018
PULSES, VEG./ PASTA LINE	169.7	160.9	+5.5%	38.6%	37.7%
RED LINE	126.7	129.0	-1.8%	28.8%	30.3%
SAUCES LINE	88.9	84.0	+5.8%	20.2%	19.7%
FRUIT LINE	48.3	47.7	+1.3%	11.0%	11.2%
OTHER LINES	5.7	4.8	+18.8%	1.3%	1.1%
TOT. LINES	**439.3**	**426.4**	**+3.0%**	**100%**	**100%**

The *pulses, vegetables and canned pasta line*, including cooked pulses, baked beans, carrots and canned pasta, continued to perform strongly, thanks to the increase in volumes - particularly on international markets. Sales prices increased due to the above-stated increase in the cost of raw materials due to the introduction of European customs duties on the import of dried pulses from the United States.

The "*red line*" contracted due to the domestic market decline, partly due to reduced consumption and partly to the loss of a number of premium price segment orders in which competition levels are intense. Sales slightly increased due to higher production costs during the 2018 summer processing campaign.

Fruit juices and beverages, sold exclusively in Italy, saw slightly reduced sales volumes in a market featuring reduced domestic consumption and extremely aggressive competition, particularly in the private labels segment. The sales prices applied to clients remained stable, despite the increase in the cost of sugar.

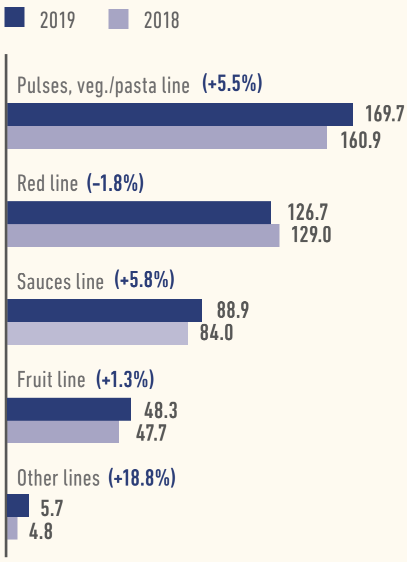
For the *sauces line*, which includes traditional Italian recipe tomato-based ready-made sauces and meat-based, pesto, fish and white sauces, the strong performance in terms of volumes was again evident thanks to the overseas markets, while sales prices were largely unchanged.

Finally, the "*other lines*" concern metal cans produced internally and sold to the subsidiary Eugea Mediterranea S.p.A. The considerable increase in sales is attributable to the higher volumes of tomatoes produced by the latter.

For further details on the revenue performance, reference should be made to that described for the Group in the paragraph "Group sales overview".

PARENT COMPANY REVENUE TREND BY PRODUCT LINE

Euro millions



RESULTS OF THE PARENT COMPANY (PREPARED IN ACCORDANCE WITH EU/IFRS)

For the comment on the 2019 results of the Parent Company reference should be made to the previous paragraph relating to the "Group Results prepared in accordance with IFRS/EU". "Group sales performance - Revenue Analysis".

OPERATING RESULTS

In relation to the results below, reference should be made to the reclassified income statement attached to the present report.

Parent Company revenues in 2019 amounted to Euro 439.3 million, an increase of 3% on Euro 426.4 million in the previous year, principally due to higher sales volumes.

The EBITDA amounted to Euro 42.9 million, an increase on Euro 38.9 million in 2018. The EBITDA margin was 9.8% compared to 9.1% in 2018.

EBITDA MARGIN AT 9.8% IN 2019

EBIT, after amortisation/depreciation, write-downs and provisions of Euro 18.2 million (Euro 16.9 million in 2018) totalled Euro 24.7 million, also up on the previous year (Euro 22 million in 2018).

The EBIT margin (EBIT/revenue) increased from 5.2% to 5.6%. The increase in "amortisation, depreciation, write-downs and provisions" is essentially due to higher amortisation and depreciation (increasing from Euro 11.9 million to Euro 13.8 million) as a result of the investments made, as outlined below. The account includes an impairment loss of Euro 1.8 million on assets held for sale attributable to the difference between the carrying amount and potential realizable value of the Acerra plant through disposal (the impairment loss at December 31, 2018 was Euro 2,2 million). For further details on the write-down of the above property, reference should be made to the separate financial statements.

Net interest charges totalled Euro 1.6 million, in line with Euro 1.7 million in 2018.

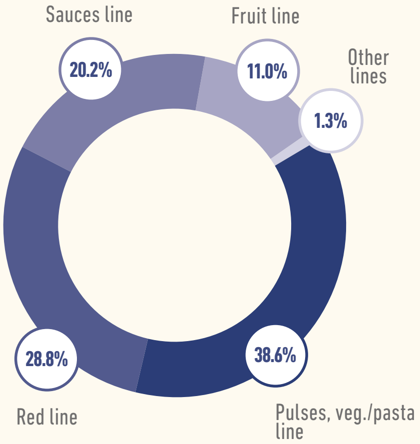
Investment income amounted to Euro 3.1 million, an increase compared to Euro 2.8 million in the previous year. This derives from dividends distributed by the subsidiary LDH (La Doria) Ltd.

Exchange losses were also recorded of Euro 2.1 million compared to exchange gains of Euro 1.7 million in 2018. These derive mainly from the measurement at fair value, in accordance with IFRS/EU accounting standards, of the hedging operations in place at December 31 in order to protect budget exchange rates and relating to commercial operations which will be undertaken subsequent to the reporting date.

The pre-tax profit was Euro 24.2 million, a small decrease on Euro 24.8 million in the previous year. This was impacted by the currency performance.

The net profit totalled Euro 18.6 million, in line with Euro 18.5 million in 2018.

PARENT COMPANY REVENUE BREAKDOWN BY PRODUCT LINE



BALANCE SHEET

In relation to the results below, reference should be made to the reclassified balance sheet attached to the present report.

The balance sheet and financial position at December 31, 2019 reported net fixed assets of Euro 189.5 million, an increase on Euro 182 million at December 31, 2018 deriving from higher capex expenditure in the year.

Working capital totalled Euro 137 million, up from Euro 133 million as at December 31, 2018, due in part to the increased inventories attributable to the higher volumes produced.

Net capital employed was Euro 295.8 million, an increase on Euro 282.4 million at the end of 2018.

Financial debt rose to Euro 88.6 million from Euro 87.3 million at December 31, 2018 as a result of the aforementioned investments.

Finally, net equity amounts to Euro 207.2 million, an increase on Euro 195.1 million at the end of 2018.

The Debt/Equity ratio decreased from 0.45 to 0.43 and the Debt/EBITDA ratio decreased from 2.2 to 2.1.

PRODUCTION INFORMATION

Net quantities processed in 2019 totalled 548,251 tonnes, an increase of 3.9% on 527,641 in 2018.

The tomatoes processed by the Parent Company amounted to 143,564 tonnes, a small increase compared to 142,379 tonnes in the previous year.

In addition, 264,366 tonnes of pulses were produced, an increase of 2.4% on 258,283 tonnes in 2018.

In addition, 83,606 tonnes of fruit juices and beverages were produced, up 6.7% on 78,374 tonnes in 2018.

Finally, ready-made sauces processed amounted to 56,716 tonnes, an increase of 16.7% on 48,606 tonnes in the previous year.

INVESTMENTS

PARENT COMPANY INVESTMENTS IN 2019 OF € 23.5 MLN

Total Parent Company investments amounted to Euro 23.5 million, compared to Euro 32.9 million in 2018.

Capex amounted to Euro 23 million, compared with Euro 32.4 million in 2018 and essentially involved, as already described for the Group, in the implementation of a new glass container ready- made sauces production line at the Sarno facility, the installation of a new easy-open lid production line at the Angri facility, the construction of a new warehouse at the Fisciano facility and consolidation works at the Angri facility involving the replacement of the roofing on some of the warehouses for earthquake-preparedness.

The intangible asset investments amounted to Euro 513 thousand, compared to 422 thousand in 2018. They mainly concern the preparatory activities for the roll-out of a new ERP SAP/HANA management system.

WORKFORCE

The number of employees of La Doria S.p.A. at 31/12/2019 was as follows:

Executives	White-collar	Foremen	Blue-collar	Tot. Full-time	Tot. Seasonal
18	225	0	457	700	289

The workforce consisted entirely of full-time employees at December 31. The number of seasonal workers is calculated on an annual average and includes blue-collar, temporary and contract employees.

A summary of the workforce compared to December 31, 2018 is shown below.

	2019	2018
Full-time employees	700	659
Seasonal staff (average on monthly basis)	289	264

The increase in the number of full-time employees was primarily due to the implementation of new production lines, whereas the increase in the number of seasonal workers essentially relates to those hired as a result of the increase in volumes processed during the summer tomato campaign.

HUMAN RESOURCES

Pursuant to Legislative Decree 32/2007, enacting EU directive 2003/51, the following information is provided.

COMPOSITION OF WORKFORCE IN 2019

	Executives	Managers	White-collar	Blue-collar	Other
Men (number)	17	21	129	450	1
Women (number)	1	8	73	47	
Average age	55.5	49	42.5	41	69
Part-time	18	29	196	457	
employees	-	-	6	40	
Part-time contracts	-	-	-	-	1
Other					

COMPOSITION OF WORKFORCE IN 2019

	01.01.2019	Hires	Retirements & departures	Transfer	31.12.2019
FULL-TIME EMPLOYEES					
Executives	16	3	2	1	18
Managers	30	1	2	-	29
White-collar	185	11	6	6	196
Blue-collar	422	55	33	13	457
Other					
FIXED-TERM CONTRACTS					
Executives	-				-
Managers	-				-
White-collar	4	12	9	1	6
Blue-collar	38	734	719	13	40
Other	2		1		1

COMPOSITION OF REMUNERATION IN 2019

in Euro

	Executives	Managers	White-collar	Blue-collar
Average remuneration Full-time employees	220,490	72,884	37,201	29,015
Average remuneration Fixed-term Contracts	-	-	10,421	5,995
Average remuneration gross other types	-	-	-	-

DATA RELATING TO HEALTH/SAFETY IN 2019

Figures expressed in days

	Illness	Injury	Maternity	Other
Full-time employees	4,530	757	503	-
Fixed-term contracts	503	45	63	-
Part-time contracts	629	26	133	-
Other	-	-	-	-

RESEARCH AND DEVELOPMENT

Research and development expenses in 2019 were entirely expensed to the income statement. This activity is carried out in order to continually improve recipes and to support the development of new products, also on the request of the Supermarket Chains. For further information, reference should be made to the similar paragraph concerning the Group.

PRINCIPAL SUBSIDIARIES AND/OR HOLDINGS

Subsidiaries

LDH (La Doria) Ltd (direct holding 58%). This is a trading company which sells the products of the Group on the British market.
At December 31, 2019, the share capital and consolidated net equity amounted, respectively, to GBP 1 million and GBP 65 million.
Sales totalled GBP 351.3 million and the net profit was GBP 5.2 million. The investment is carried in the balance sheet at Euro 6 million.

Eugea Mediterranea S.p.A. (direct control of 98.67%). This company produces tomato-based products and fruit purées. At December 31, 2019, the share capital amounted to Euro 1.5 million and the net equity was Euro 5.3 million. The sales amounted to Euro 25.2 million and the net profit Euro 91 thousand. The investment is carried in the balance sheet at Euro 3.3 million.

La Doria USA Inc (directly controlled 100%), incorporated on July 20, 2016 with the objective for the medium-term commercial expansion in the US market, in particular for the ready-made sauces range. The share capital and net equity amounts respectively to USD 32 thousand and USD 15 thousand. The investment is recorded in the accounts for Euro 17 thousand.

Investments in other companies

TFC S.p.A. (direct holding of 15.29%). At December 31, 2018 (last available financial statements), share capital amounts to Euro 260 thousand and net equity amounts to Euro 4.7 million. The sales amounted to Euro 1.5 million and the net profit was Euro 852 thousand. The investment is carried in the balance sheet at Euro 1.2 million.

The financial statements of the subsidiaries were prepared in accordance with IFRS/EU accounting standards utilised for the consolidation. The figures of the associated company TFC S.p.A. were prepared in accordance with Italian accounting standards.

TRANSACTIONS WITH SUBSIDIARY COMPANIES

The following transactions took place in the year with the subsidiaries LDH (La Doria) Ltd and Eugea Mediterranea S.p.A.:

BALANCE SHEET TRANSACTIONS

Euro/000

Current Receivables	31.12.2019	31.12.2018
Financial receivables		
Trade receivables	27,346	23,919
Doubtful debt provision		
Other	1,178	301
TOTAL	**28,524**	**24,220**

Non-current Receivable	31.12.2019	31.12.2018
Other Receivables	835	156
TOTAL	**835**	**156**

Current Payables	31.12.2019	31.12.2018
Financial payables		
Trade payables	14,732	14,317
Other		
TOTAL	**14,732**	**14,317**
Guarantees	**59,773**	**27,126**

Income Statement	31.12.2019	31.12.2018
Revenues	122,059	106,721
Other revenue	904	647
Financial income	-	-
Dividends	3,069	2,842
Costs	(25,224)	(19,213)
Other costs	(119)	(2,129)
Financial Expense	(27)	(21)
TOTAL	**100,662**	**88,847**

The above commercial transactions, in substance and form, took place at market conditions and were entered into solely in order to fulfil the strategic and trading objectives of the company.

The information relating to inter-group transactions is provided in accordance with CONSOB Regulation concerning related parties approved with resolution No.17221 of March 12, 2010, subsequently modified with resolution No.17389 of 23.06.2010. For further information reference should be made to the notes to the financial statements.

RELATED PARTY TRANSACTIONS

The following transactions with other related parties took place:

BALANCE SHEET TRANSACTIONS
Euro/000

Current Receivables	31.12.2019	31.12.2018
Financial receivables	-	-
Trade receivables	151	141
Doubtful debt provision	-	-
Others	-	-
TOTAL	**151**	**141**

Current Payables	31.12.2019	31.12.2018
Financial payables	-	-
Trade payables	1	3
Other	162	154
TOTAL	**163**	**157**

INCOME STATEMENT TRANSACTIONS
Euro/000

Income Statement	31.12.2019	31.12.2018
Revenues	363	342
Other revenue	-	-
Costs	(11)	(11)
Other costs	(2,043)	(1,649)
TOTAL	**(1,691)**	**(1,318)**

TAX SITUATION

An updated summary of the tax dispute in progress with the relative allocations to the "Risks Provision" at 31.12.2019 is outlined below:

For the dispute pending before the Court of Cassation, on the initiative of the Tax Agency, regarding financial years 2001 to 2007 for alleged IRES, IRAP and VAT recoveries, the company on 29/05/2019 filed an application for an agreed settlement as per Article 6 and Article 7, paragraph 2, letter B and paragraph 3 of Legislative Decree No. 119 of 23/10/2018, converted by Law No. 136 of 17/12/2018.

In view of the above:

- for the Assessment concerning the fiscal year 2005, for IRES-IRAP and VAT, the Company previously provisioned Euro 1,054,964.00 to the taxes, penalties and interest risk provision. The Company appeal to the Naples Provincial Tax Court was heard on June 13, 2011. With decision of the President of the Commission, the Appeal was again discussed on October 29, 2012. Through judgment No. 174, filed on March 18, 2013, the Commission partially accepted the appeal relating to the recovery of taxation of Euro 213,492.00, rejecting the remainder and reimbursement of expenses. On October 30, 2013, with hearing on November 21, 2013, the Company appealed to the Campania Regional Tax Court, requesting a reform of the decision. With Judgement No. 6434/31/14 of June 16, 2014, filed on June 24, 2014, the Regional Tax Commission partially accepted the appeal of the Company, cancelling the taxation recovery for IRES purposes of Euro 677,051.35; the recovery of taxation for IRAP purposes of Euro 556,901.93 and declared the recovery of VAT for Euro 169,600.01 as inapplicable. The Commission in addition rejected the incidental appeal presented by the Agency. The Tax Agency appealed the judgements to the Court of Cassation, with Certified Email notification on February 9, 2015. The company, which appointed the Cantillo Legal Firm as representation, was called before the court, producing counter arguments and an incidental appeal. The appeal, unified with the other pending cases, was considered at the hearing of February 5, 2018 and adjourned. Following submission of the agreed settlement application indicated above, the judgment was suspended. The provision previously made of Euro 1,173,844.00 following the first and second level decisions was not amended ahead of the judgment of the Tax Agency on the company's settlement application;

- for the Assessment relating to 2006, the company appeal to the Naples Provincial Tax Court was discussed on November 6, 2012 at section No. 22. The Commission, with judgment No. 84/22/13, filed on February 19, 2013, partially accepted the appeal, confirming the recovery of IRES and IRAP taxes for a total assessable amount of Euro 663,190. With notification of October 1, 2013, the Tax Agency, Campania section, appealed, requesting reform of the judgment. On November 29, 2013, the company produced a counter claim and an appeal for the rejection of the sections appeal and reform of the appealed judgment for the part concerning the liability of the Company. With judgement No. 44/52/15 of November 26, 2014, filed on January 7, 2015, the Regional Commission rejected the Appeal of the Agency, reducing the VAT penalty Euro 9,394.80 for non-application of the Reverse Charge. The Regional Commission, with the above-stated judgment, also considered the first incidental appeal motive of the Company as unfounded, concerning the partial impropriety of the declaration for infringement of the conditions, rejecting the second appeal incidental appeal motive proposed concerning the irregularity of the recovery of prior year taxes of Euro 57,875.74, rejected by the first level judge. The Tax Agency appealed the judgements to the Court of Cassation, with Certified Email notification on July 7, 2015. The company, which appointed the Cantillo Legal Firm as representation, was called before the court, producing counter arguments and an incidental appeal. The appeal, unified with the other pending cases, was considered at the hearing of February 5, 2018 and adjourned. Following submission of the agreed settlement application indicated above, the judgment was suspended. The "Risks provision" accrual made previously of Euro 390,646.00 was not amended ahead of the Tax Agency's decision on the company's settlement application.

- on November 16, 2012 an Assessment for 2007 was notified for higher IRES and IRAP of Euro 1,326,238.84 and higher VAT of Euro 175,962.36. Following the Assessment, the Company on January 14, 2013 produced customary and timely appeal at the Naples Provincial Tax Court, with hearing on January 25, 2013, raising the illegality and unfounded nature of a number of recovery claims based on settlements made by other parties. On May 20, 2013, the appeal was discussed at section No. 19 of the Provincial Tax Court. The Commission has reserved judgment. On November 20, 2013 judgment No. 688 was filed, with which the Commission accepted the appeal concerning the illegality of taxation for IRES and IRAP on the assessable amount of Euro 466,394 concerning leasing payments and the non-deductibility of VAT properly charged on such payments for Euro 175,962, rejecting the further issues presented by the Company. On July 18, 2014, following the Appeal proposed by the Agency, the Company presented a counter appeal. The Regional Tax Commission of Naples with Judgment No. 6383/44/15 of May 21, 2015, filed on June 25, 2015 rejected the principal appeal of the Agency and the incidental appeal of the company. The Tax Agency appealed the judgements to the Court of Cassation, with notification on February 28, 2016. The company, which appointed the Cantillo Legal Firm as representation, was called before the court, producing counter arguments and an incidental appeal. The appeal, unified with the other pending cases, was considered at the hearing of February 5, 2018 and adjourned. Following submission of the settlement application indicated above, the judgment was suspended. The "Risks provision" accrual made previously of Euro 133,400.00 was not amended ahead of the Tax Agency's decision on the company's application;

- on November 15, 2011, the Company was notified of a TARSU (waste disposal tax) Assessment for the years between 2006 and 2011. The Assessment, issued by SO.G.E.T. S.p.A., an agent of the Angri Municipality, provides for the relevant years the payment of a total tax of Euro 2,430,000, in addition to penalties and interest for Euro 1,717,000. Considering the assessment unfounded, also based on the procedure implemented by the Municipality for the awarding of the license, the Company appealed to the Regional Administrative Court and the Salerno Provincial Tax Court. The hearing took place on July 4, 2012 and the Commission with judgment No. 172/4/2013 filed on March 11, 2013 accepted the appeal, judging reimbursement of expenses also against SO.G.E.T. S.p.A.. On October 15, 2013, the Angri Municipality appealed to the Campania Regional Tax Court, requesting an overturn of judgment No. 172/4/13. The service agent SO.G.E.T. S.p.A. also, on October 25, 2013 appealed to the Campania Regional Tax Court, requesting reform of judgment 172/4/13. Against the appeals, the company on December 30, 2013 filed a counterclaim and requested rejection of the proposed appeals, with confirmation of judgment No. 172/4/13. The Naples CTR, Salerno District, with judgement No. 6585/16, pronounced on June 1, 2016, filed on July 8, 2016, substantially rejected the appeals proposed by SO.G.E.T. S.p.A. and the Municipality of Angri establishing the taxable surface for TARSU purposes as 5,964 s. mq., for the years from 2006 to 2010, and 5,327 s. mq. for the year 2011 for a total amount due by the company of Euro 231,104.44. Against this judgement, SO.G.E.T. S.p.A. appealed to the Cassation Court notified through registered e-mail on February 14, 2017.

  The company, appointed the Law Firm Studio Legale Avv. Ettore De Rosa to appeal the decision.

Despite the confirmed lack of grounds of the case brought, considering the appeal to the Cassation Court proposed, the Company did not change the previous Risks Provision of Euro 1,613,797.00.

The administrative process before the Regional Administrative Court was struck out in the absence of Judgment;

- in relation to the IRES – IRAP dispute concerning the years 2003 and 2004, the Tax Authorities appealed to the Court of Cassation against the Campania Provincial Court judgment which rejected the Agency's appeal of the overturning of the previous judgment of the Salerno Provincial Tax Court. The company counter-claimed within the established timeframe. In relation to the VAT dispute concerning the years 2001/2004, the Tax Authorities appealed to the Court of Cassation against the Campania Provincial Court judgment which rejected the Agency's appeal of the overturning of the previous judgment of the Salerno court. The company counter-claimed within the established timeframe. The appeals, unified with the other pending cases, were considered at the hearing of February 5, 2018 and adjourned.

  Following submission of the agreed settlement application indicated above, the judgment was suspended.

  The total payments made by the company, set out by the agreed settlement applications, of Euro 63,222.87, were recognised - ahead of the decision of the Tax Agency with regards to the above applications - to the "Tax Receivables" account.

  The years still open to Assessments:

- IRES – IRAP 2015 – 2018;
- IVA 2015 – 2018.

ALLOCATION OF 2019 RESULT

With regard to the net profit for the year of Euro 18,597,413, it is proposed to allocate it in full to the Retained Earnings Reserve as the Legal Reserve has reached one-fifth of the share capital.

In addition, a gross dividend of Euro 0.18 per Share, a total of Euro 5,580,000.00, is proposed to be distributed to Shareholders, with a corresponding partial use of the Retained Earnings Reserve in the Financial Statements comprising profits generated up to 2017.

GROSS DIVIDEND OF € 0.18 PER SHARE (€ 0.18 IN 2018)

TREASURY SHARES

The Parent Company in 2019 carried out treasury share purchases for 113,000 shares at an average price of Euro 7.80, for a total value of Euro 881,091.

In the same period the Company did not carry out any treasury share sale operations.

The operations comply with the share buy-back authorisations conferred to the Board of Directors by the Shareholders' Meetings of June 8, 2018.

At December 31, 2019, the company holds 233,000 treasury shares in portfolio, equal to 0.752% of the share capital, purchased at an average price of Euro 7.93 including fees, for a total pay-out of Euro 1,848,037.

SHARE PERFORMANCE

An analysis of the share performance of La Doria S.p.A. in 2019 shows an average annual daily price of Euro 8.502 (Euro 11.5337 average annual price in 2018). The lowest price was on May 13, 2019 at Euro 7.4076, while the highest price was on 16/09/2019 at Euro 9.5875. The average daily volume traded in 2019 was 38,411 (58,424 average daily volume traded in 2018).

The La Doria share is listed on the STAR segment which hosts Companies meeting high liquidity, transparency and corporate governance requirements.

INFORMATION IN ACCORDANCE WITH ARTICLE 2428, PARAGRAPH 5 OF THE CIVIL CODE

La Doria S.p.A. does not have any secondary offices.

OTHER INFORMATION

In relation to use by the Group of financial instruments in relation to the evaluation of the balance sheet, financial situation and result for the year, reference is made to the paragraph "Information relating to financial instruments".

ATYPICAL AND/OR UNUSUAL OPERATIONS

There were no atypical and/or unusual transactions carried out in the year.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

As noted, since January 2020, the domestic and international picture has been dominated by the spread of Coronavirus and the resulting restrictive containment measures implemented by the public authorities of the countries affected. With regard to the assessment of the impact of the above-mentioned restrictive measures and the actions taken by the Company to protect the safety of workers, please refer to the more detailed paragraph for the Group.

OUTLOOK

In relation to the forecasts for the Parent Company for the year 2020, reference should be made to the comments for the Group.

Attachments to the Directors' Report

LA DORIA GROUP- RECLASSIFIED CONSOLIDATED BALANCE SHEET
Euro/000

	31.12.2019		31.12.2018	
		of which related parties		of which related parties
Trade receivables	109,824	151	110,242	141
Inventories	219,051		204,410	
Other current receivables	13,513		17,980	
Total current assets	342,388		332,632	
Trade payables	127,391	1	124,626	3
Other payables	26,496	162	23,799	154
Total current liabilities	153,887		148,425	
WORKING CAPITAL	**188,501**		**184,207**	
Net Intangible assets	5,134		5,523	
Net tangible assets	221,636		175,939	
Investments	1,260		880	
Other assets	18,013		21,186	
FIXED ASSETS	**246,043**		**203,528**	
Non-current liabilities	20,281		21,483	
Post-employment benefits and pensions	11,883		12,606	
Total non-current liabilities	32,164		34,089	
NET CAPITAL EMPLOYED	**402,380**		**353,646**	
Liquidity	(42,044)		(86,804)	
Short-term debt	92,669		93,877	
Medium/long-term debt	98,177		105,183	
NET FINANCIAL POSITION	**148,802**		**112,256**	
Group shareholders' equity	253,507		241,320	
Minority interest shareholders' equity	71		70	
TOTAL SHAREHOLDERS' EQUITY	**253,578**		**241,390**	

LA DORIA GROUP – RECLASSIFIED CONSOLIDATED INCOME STATEMENT

Euro/000

	31.12.2019			31.12.2018		
			of which related parties			of which related parties
Revenues	**717,650**	**100.0%**	**363**	**687,918**	**100.0%**	**342**
Change in finished and semi-finished products	12,518	1.7%		(5,955)	-0.9%	
Other revenues	11,255	1.6%		10,534	1.5%	
Value of production	**741,423**	**103.3%**		**692,497**	**100.7%**	
Costs of production	627,952	87.5%	922	586,274	85.2%	955
Value added	**113,471**	**15.8%**		**106,223**	**15.4%**	
Labour costs	57,459	8.0%	1,132	53,402	7.8%	705
Gross operating profit	**56,012**	**7.8%**		**52,821**	**7.7%**	
Amortisation, depreciation and write-downs	21,458	3.0%		18,071	2.6%	
Net operating profit	**34,554**	**4.8%**		**34,750**	**5.1%**	
Net financial charges	(1,811)	-0.3%		(1,652)	-0.2%	
Net exchange gains	(5,028)	-0.7%		3,185	0.5%	
Profit from normal operations	**27,715**	**3.9%**		**36,283**	**5.3%**	
Gain/(loss) from discontinued operations	0	0.0%		0	0.0%	
Profit before taxes	**27,715**	**3.9%**		**36,283**	**5.3%**	
Income taxes	7,864	1.1%		8,946	1.3%	
Net Profit	**19,851**	**2.8%**		**27,337**	**4.0%**	
of which Group	19,850	2.8%		27,337	4.0%	
Minorities	1	0.0%		0	0.0%	

RECONCILIATION BETWEEN PARENT COMPANY AND CONSOLIDATED

Euro/000

	Net Profit		Net Equity	
	2018	2019	2018	2019
Balances as per parent company	18,519	18,597	195,062	207,189
Result and Equity of subsidiaries	11,279	6,064	80,004	81,718
Elimination of subsidiary dividends	(2,842)	(3,069)		
Elimination inventory intercompany margins	(37)	(230)	(1,852)	(2,082)
Other consolidation adjustments	191	61	(45)	6
Elimination of investments			(9,354)	(9,352)
Recognition & adjustment payable for acq. minority share LDH	227	(1,572)	(30,589)	(32,065)
Diff. PaFial Goodwill due to brands, deferred taxes			8,164	8,164
Balances as per group consolidation	**27,337**	**19,851**	**241,390**	**253,578**

LA DORIA SPA – RECLASSIFIED BALANCE SHEET

Euro/000

	31.12.2019		31.12.2018	
		of which related parties		of which related parties
Trade receivables	82,264	27,497	80,643	24,060
Inventories	153,381		148,743	
Other current receivables	10,410	1,161	13,663	301
Total current assets	**246,055**		**243,049**	
Trade payables	94,089	14,733	95,906	14,320
Other payables	14,992	162	14,147	154
Total current liabilities	109,081		110,053	
WORKING CAPITAL	**136,974**		**132,996**	
Net Intangible assets	2,957		3,155	
Net tangible assets	167,109		158,014	
Investments	10,609		10,231	
Other assets	8,869	826	10,634	156
FIXED ASSETS	**189,544**		**182,034**	
Non-current liabilities	19,300		20,527	
Post-employment benefits and pensions	11,424		12,124	
Total non-current liabilities	30,724		32,651	
NET CAPITAL EMPLOYED	**295,794**		**282,379**	
Liquidity	(41,212)		(74,148)	
Short-term debt	31,700		56,282	
Medium/long-term debt	98,117		105,183	
NET FINANCIAL POSITION	**88,605**		**87,317**	
Share capital	46,458		46,629	
Reserves + Net Profit	160,731		148,433	
TOTAL SHAREHOLDERS' EQUITY	**207,189**		**195,062**	

LA DORIA -RECLASSIFIED INCOME STATEMENT

Euro/000

	31.12.2019		of which related parties	31.12.2018		of which related parties
Revenues	**439,301**	**100.0%**	**122,422**	**426,399**	**100.0%**	**107,063**
Change in finished and semi-finished products	6,058	1.4%		(5,952)	-1.4%	
Other revenues	11,682	2.7%	904	10,767	2.5%	647
Value of production	**457,041**	**104.0%**		**431,214**	**101.1%**	
Costs of production	365,946	83.3%	26,310	347,737	81.6%	22,297
Value added	**91,095**	**20.7%**		**83,477**	**19.6%**	
Labour costs	48,205	11.0%	1,132	44,535	10.4%	705
Gross operating profit	**42,890**	**9.8%**		**38,942**	**9.1%**	
Amortisation, depreciation and write-downs	18,166	4.1%		16,946	4.0%	
Net operating profit	**24,724**	**5.6%**		**21,996**	**5.2%**	
Investment income	3,069	0.7%	3,069	2,842	0.7%	2,842
Net financial charges	(1,568)	-0.4%		(1,751)	-0.4%	
Net exchange gains/(losses)	(2,074)	-0.5%	(27)	1,724	0.4%	(21)
Profit from normal operations	**24,151**	**5.5%**		**24,811**	**5.8%**	
Gain/(loss) from discontinued operations	0	0.0%		0	0.0%	
Profit before taxes	**24,151**	**5.5%**		**24,811**	**5.8%**	
Income taxes	5,554	1.3%		6,292	1.5%	
Net Profit	**18,597**	**4.2%**		**18,519**	**4.3%**	


Product 1
Product 2
Product 3
Product 4

2

CONSOLIDATED FINANCIAL STATEMENTS AT 31.12.2019

Consolidated financial statements

BALANCE SHEET

Euro/000

ASSETS	NOTE	31.12.2019	of which related parties	31.12.2018	of which related parties
NON-CURRENT ASSETS					
Intangible assets	1	5,134		5,523	
Property, plant & equipment	2	221,636		175,939	
Goodwill	3	10,401		12,297	
Other investments	4	1,260		880	
Other non-current financial assets	5	0		123	
Deferred Tax Assets	6	5,004		5,080	
Non-current other assets	7	902		203	
TOTAL CURRENT ASSETS		**244,337**		**200,045**	
Non-current assets held-for-sale	**8**	1,706		3,483	
CURRENT ASSETS					
Inventories	9	219,051		204,410	
Trade receivables	10	109,824	151	110,242	141
Other assets	11	7,760		7,815	
Tax receivables	12	5,753		10,165	
Other financial assets	13	38,585		14,622	
Cash and cash equivalents	14	42,044		86,804	
TOTAL CURRENT ASSETS		**423,017**		**434,058**	
TOTAL ASSETS		**669,060**		**637,586**	

BALANCE SHEET

Valori in Euro/000

LIABILITIES	NOTE	31.12.2019	of which related parties	31.12.2018	of which related parties
SHAREHOLDERS´ EQUITY					
Share capital	15	46,458		46,629	
Reserves and retained earnings	16	187,199		167,354	
Net profit	17	19,850		27,337	
Group Net Equity	18	253,507		241,320	
Minority interest	19	71		70	
TOTAL SHAREHOLDERS' EQUITY		**253,578**		**241,390**	
NON-CURRENT LIABILITIES					
Financial payables	20	98,177		105,183	
Other non-current liabilities	21	7,773		8,116	
Post-employment benefit and pension provision	22	3,837		4,157	
Deferred tax liabilities	23	12,508		13,367	
Provisions for risks and charges	24	8,046		8,449	
TOTAL NON-CURRENT LIABILITIES		**130,341**		**139,272**	
CURRENT LIABILITIES					
Financial payables	25	131,254		108,499	
Trade payables	26	127,391	1	124,626	3
Tax payables	27	3,240		3,399	
Other current liabilities	28	23,256	162	20,400	154
TOTAL CURRENT LIABILITIES		**285,141**		**256,924**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**669,060**		**637,586**	

INCOME STATEMENT

Euro/000

	NOTE	31.12.2019	of which related parties	31.12.2018	of which related parties
Revenues	**29**	**717,650**	**363**	**687,918**	**342**
Other operating revenues	30	11,255		10,534	
Changes in inventory	31	10,516		(4,869)	
- of which: Finished and Semi-finished		12,518		(5,955)	
- of which: Raw materials		(2,002)		1,086	
Purchase of raw materials and goods	32	525,067		497,198	
Services	33	87,594	922	78,175	955
Labour costs	34	57,459	1,132	53,402	705
Other operating charges	35	13,289		11,987	
Amortisation, depreciation, write-downs and provisions	36	21,458		18,071	
OPERATING PROFIT		**34,554**		**34,750**	
Financial income	37	8,425		7,298	
Financial charges	38	15,264		5,765	
Profit before taxes from normal operations		**27,715**		**36,283**	
Income taxes	39	7,864		8,946	
Net profit from normal operations		**19,851**		**27,337**	
Gain/loss from discontinued operations		0		0	
Net Profit		**19,851**		**27,337**	
- of which: Group profit		19,850		27,337	
- of which: Minority interest profit		1		0	

Earnings per share – basic and diluted	**31.12.2019**	**31.12.2018**
Number of shares net of treasury shares	30,767,000	31,000,000
Profit/(loss) of the group per share	0.65	0.88

COMPREHENSIVE INCOME STATEMENT

Euro/000

	NOTE	31.12.2019	31.12.2018
Net profit for the year (Group and minority interest)		**19,851**	**27,337**
Other comprehensive items			
Items which may be recognised to the income statement in subsequent periods			
Change in translation reserve of foreign subsidiaries	16	3,843	(602)
Change in cash flow hedge reserve net of tax effect of Euro 686 thousand at December 31, 2019 and Euro 158 thousand at December 31, 2018	16	(2,957)	662
Change in IAS 39 reserve option LDH			
Total items which may be recognised to the income statement in subsequent periods		**886**	**60**
Items which may not be recognised to the income statement in subsequent periods			
Change in IAS 19 reserve: "Remeasurement of employee benefits"	21	(54)	91
Fair Value IFRS 9: Other investments	4	380	601
Total items which may not be recognised to the income statement in subsequent periods		**326**	**692**
Comprehensive profit for the year		**21,063**	**28,089**
Pertaining to:			
- Group		21,062	28,089
- Minority interest		1	0

CASH FLOW STATEMENT

Euro/000

	NOTE	31.12.2019		31.12.2018	
			of which related parties		of which related parties
Operating activities					
Cash flow					
Group and minority interest net profit		19,851		27,337	
Depreciation and write-downs of tangible assets		14,790		12,719	
Amortisation and write-downs of intangible assets		2,869		3,684	
Total cash flow		**37,510**		**43,740**	
Changes in deferred tax assets and liabilities		(783)		(1,022)	
Post-employment benefits and other benefits:					
provisions/(utilisations)		(374)		(55)	
Provisions for risks and charges:					
provisions/(utilisations)		(403)		919	
Financial income		(2,037)		1,097	
Total cash flow before changes in net working capital		**33,913**		**44,679**	
Working capital					
Change in trade receivables		418	10	(3,744)	23
Change in inventories		(14,641)		5,074	
Change in other current assets		4,467		(6,450)	
Change in trade payables		2,765	(2)	8,944	(2)
Change in tax payable		(159)		212	
Change in other current liabilities		2,856	8	(2,876)	14
Change in working capital		(4,294)		1,160	
Cash generated from operating activities	**40**		**29,619 (a**		**45,839 (a**
Investing activities					
Divestment/(investment) in tangible fixed assetsnet of divestments/investments		(60,487)		(38,739)	
Divestment/(investment) in intangible fixed assets net of divestments/investments		(2,480)		(3,117)	
Disposal of other non-current assets		735		(3,350)	
Goodwill		1,896		16	
Equity Investments net of divestments		2		(12)	
Interest received		2,037		(1,097)	
Cash generated/(absorbed) from investment activity	**40**		**(58,297) (b**		**(46,299) (b**

	NOTE	31.12.2019	of which related parties	31.12.2018	of which related parties
Financing activities					
Medium/long term loans		(6,883)		7,945	
Change in short-term bank debt		(1,208)		26,256	
Dividends paid		(7,708)	(3,515)	(9,162)	(4,492)
Change in purchase and sale of treasury shares		(882)		(969)	
Cash generated/(absorbed) from financing activity	**40**		**(16,681) (c**		**24,070 (c**
Total monetary changes			**(45,359)**		**23,610**
			(a+b+c)		**(a+b+c)**
Changes in net financial position					
Cash and cash equivalents at beginning of year		86,804		66,691	
Cash and cash equivalents at end of year		42,044		86,804	
Of which due to the translation effect		28		(100)	
		(44,760)		**20,113**	
Reconciliations non-monetary changes					
Fair Value Equity Investments		(382)		(601)	
Translation differences		3,842		(602)	
Fair Value of Derivative Instruments		(2,861)		(2,294)	
Total Non-Cash Items		**599**		**(3,497)**	

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Euro/000

	GROUP							
	Share capital	Share premium reserve	Legal reserve	Other (+) reserves	Reserve IFRS 9	Reserve IAS 32	Reserve IAS 19	Retained earnings
Balance at 01.01.2019*	**46,629**	**15,327**	**3,381**	**11,511**	**490**	**9,807**	**270**	**136,767**
Dividends								(7,708)
Allocation of 2018 result								27,337
Purchase/Sale of treasury shares	(171)							(711)
Change in IFRS 9 (other comprehensive income)					(2,957)			
Change in translation reserve (other comprehensive income)								
Valuation LDH third parties payable								96
Change IAS 19 reserve (other comprehensive income)							(54)	
Profit 2019								
Balance at 31.12.2019	**46,458**	**15,327**	**3,381**	**11,511**	**(2,467)**	**9,807**	**216**	**155,781**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Euro/000

	GROUP				MIN. INTEREST			
	Consol. reserve	Translation reserve	Result of the year	Group net equity	Min. int. capital & reserves	Min. int. result	Min. int. net equity	Total net equity
Balance at 01.01.2019*	**0**	**(10,199)**	**27,337**	**241,320**	**70**	**0**	**70**	**241,390**
Dividends				(7,708)			0	(7,708)
Allocation of 2018 result			(27,337)					0
Purchase/Sale of treasury shares				(882)				(882)
Change in IFRS 9 (other comprehensive income)				(2,957)				(2,957)
Change in translation reserve (other comprehensive)		3,842		3,842				3,842
Valuation LDH third parties payable				96				96
Change IAS 19 reserve (other comprehensive income)				(54)				(54)
Profit 2019			19,850	19,850		1	1	19,851
Balance at 31.12.2019	**0**	**(6,357)**	**19,850**	**253,507**	**70**	**1**	**71**	**253,578**

* "Of which" regarding effects of application of new accounting standards not indicated, as concerning insignificant amounts. These effects are commented upon in the respective explanatory notes.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Euro/000

	GROUP							
	Share capital	Share premium reserve	Legal reserve	Other (+) reserves	Reserve IFRS 9	Reserve IAS 32	Reserve IAS 19	Retained earnings
Balance at 01.01.2018*	**42,780**	**15,327**	**3,381**	**11,511**	**(172)**	**9,807**	**179**	**123,289**
Dividends								(9,162)
Allocation of 2017 result								30,414
Purchase/Sale of treasury shares	(181)							(788)
Change in IFRS 9 (other comprehensive income)					662			
Change in translation reserve (other comprehensive Income)								
La Doria share capital increase from retained earnings	4,030							(4,030)
Valuation LDH third parties payable								(2,956)
Change IAS 19 reserve (other comprehensive income)							91	
Profit 2018								
Balance at 31.12.2018	**46,629**	**15,327**	**3,381**	**11,511**	**490**	**9,807**	**270**	**136,767**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Euro/000

	GROUP				MIN. INTEREST			
	Consol. reserve	Translation reserve	Result of the year	Group net equity	Min. int. capital & reserves	Min. int. result	Min. int. net equity	Total net equity
Balance at 01.01.2018*	**0**	**(9,597)**	**30,414**	**226,919**	**70**	**0**	**70**	**226,989**
Dividends				(9,162)			0	(9,162)
Allocation of 2017 result			(30,414)		0	0	0	0
Purchase/Sale of treasury shares				(969)				(969)
Change in IFRS 9 (other comprehensive income)				662				662
Change in translation reserve (other comprehensive Income)		(602)		(602)				(602)
La Doria share capital increase from retained earnings				0				0
Valuation LDH third parties payable				(2,956)				(2,956)
Change IAS 19 reserve (other comprehensive income)				91				91
Profit 2018			27,337	27,337		0		27,337
Balance at 31.12.2018	**0**	**(10,199)**	**27,337**	**241,320**	**70**	**0**	**70**	**241,390**

The "of which" related to effects deriving from the application of the new accounting standards is not indicated, considering the non-materiality of the amounts. These effects are commented upon in the respective accounts in the explanatory notes to the financial statements.

Explanatory notes to the consolidated financial statements

GENERAL ASPECTS

La Doria S.p.A. (hereafter “the Company” or “La Doria” or the “Parent Company”) and its subsidiaries (hereafter “the Group”) operate in the production and marketing of food products particularly in the vegetable and juices processing sector. The Group operates from six production sites and markets its products in Italy and abroad, principally in the United Kingdom, Japan, Australia and in the Scandinavian countries. La Doria is listed on the Star segment of the Italian Stock Exchange. The present consolidated financial statements were approved by the Board of Directors on March 13, 2020, which authorised their publication, and were audited by Deloitte & Touche S.p.A.. Filing at the registered office and at the competent authorities is carried out in accordance with law. The consolidated financial statements were prepared based on the IFRS compliant financial statements at December 31, 2019 prepared by the individual Board of Directors of the companies consolidated. For significant events in 2019 and after the year-end reference should be made to the Directors’ Report.

CONTENT AND FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

The present consolidated financial statements at December 31, 2019 comprise the Balance Sheet, the Income Statement, the Comprehensive Income Statement, the Cash Flow Statement, the Statement of Changes in Shareholders’ Equity and the Notes and were prepared in accordance with International Accounting Standards approved at the date of the present consolidated financial statements by the European Commission, hereafter “IAS/IFRS” supplemented by the relative interpretations (Standing Interpretations Committee “SIC” and International Financing Reporting Interpretations Committee “IFRIC”) issued by the International Accounting Standard Board (IASB), as well as the provisions of Article 9 of Legislative Decree No. 38 of February 28, 2005. of February 28, 2005. The standards and the accounting principles applied to the present consolidated financial statements are in line with those utilised for the preparation of the consolidated financial statements at December 31, 2018. From January 1, 2019 some amendments were made to the international accounting standards, as commented upon below. The main changes are shown in the following section “IFRS standards, amendments and interpretations applied from January 1, 2019”. However, the section “Effects of the changes to the accounting principles adopted” summarises also the accounting standards currently being approved by the European Union, not yet applied by the Group and the accounting standards not yet in force. The general principle adopted in the preparation of the financial statements is the cost method, with the exception of the derivative instruments and some financial assets, for which IFRS 9 is obligatory or - limited to financial assets - valuation in accordance with the fair value method is permitted. The financial statements are expressed in thousands of Euro, except where otherwise indicated. The present Consolidated Financial Statements of the Group were prepared with clarity on a going concern basis, based on the current performance and the future business plans approved by the Board and reflect in a true and fair manner the balance sheet, financial position and result of the company for the year. They are based on the accounting of the Group companies, which fully reflect the operations carried out in the year. The present Financial Statements, in addition, were prepared applying the fundamental principles of the accounting policies adopted and in particular:

- the accruals principle: the recognition of events and operations on occurrence rather than upon the receipt of the related payments;
- the principle of materiality: in the recording of operating events, materiality is placed upon economic substance rather than form.

The valuation of asset and liability items was made referring, where necessary, to estimates based on reliable information, past experience and all information available at the preparation date of the financial statements.

FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

Relating to the form of the financial statements adopted for the present consolidated financial statements the Parent Company opted for the following presentation of the financial statements.

Balance Sheet

The Balance Sheet s prepared with separate indications of the Assets, Liabilities and Shareholders' Equity. The Assets and the Liabilities are classified as current and non-current.

Income Statement

The Income Statement is presented by the nature of the expenses.

Comprehensive Income Statement

The Comprehensive Income Statement is presented in a separate document, as permitted by IAS 1.

Cash Flow Statement

The Cash Flow Statement is prepared applying the indirect method.

Statement of changes in Shareholders' Equity

The Statement of changes in Shareholders' Equity is prepared in accordance with IAS 1. In addition, the following tables are an integral part of the notes to the consolidated financial statements:

- Intangible Assets at December 31, 2019 (**Table A**);
- Net Tangible Assets at December 31, 2019 (**Table B**);
- Investments in Companies directly and indirectly held (**Tables C** and **C1**);
- Remuneration matured to Directors, Statutory Auditors, the General Manager and Management of the Parent Company and subsidiaries and the Independent Audit Company of La Doria S.p.A. and the subsidiary companies (**Tables D**, **E** and **F**), based on Consob Communication No. DEM/11012984 of 24-2-2011 concerning indemnity in the case of the advance conclusion of employment and disclosure on remuneration in accordance with Article 123- ter of Legislation Decree No. 58/1998 (CFA);
- Statements relating to the management of risks in accordance with IFRS 7 (**Tables 1 to 12**).

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements at December 31, 2019 include the financial statements of the Parent Company La Doria S.p.A. and of the companies included in the consolidation scope of the La Doria Group, prepared in accordance with IFRS. These companies are listed in the following table, together with the consolidation percentage:

Company	Registered office	Share capital	Shareholding	Consolid. Share
La Doria S.p.A.	Via Nazionale, 320 84012 Angri (Salerno)	Euro/000 46,458	Parent Company	Parent Company
Eugea Mediterranea S.p.A.	Strada Consorziata s.n. 85024 Gaudiano di Lavello	Euro/000 1,500	98.67%	98.67%
LDH (La Doria) LTD	LDH Hause - Parsons Green - St Ives Cambridgeshire - PE27 4AA	GBP/000 1000	58%	100%
La Doria USA Inc.	5 West 19th Street, 10th Floor, New York, NY 10011	USD/000 22	100%	100%

The consolidation scope has not changed since December 31, 2018. Similar to the year 2018, the English subsidiary LDH (La Doria) Ltd (hereafter "LDH"), and the sub-group to which it belongs, is consolidated 100% (Note 25), although La Doria holds only 58.0% of LDH's share capital. This is due to the fact that the contract in place with the minority shareholders of LDH was considered to transfer to La Doria S.p.A. the risks related to the minority holdings. In particular, there are two types of companies included in consolidation:

a. Food processing companies, in particular canned foods, ready-made sauces and fruit juices: La Doria S.p.A., Parent Company and Eugea Mediterranea S.p.A., which is 98.67% owned.

b. Marketing companies: LDH (La Doria) LTD which is 58.0% owned by the Parent Company and its subsidiaries.

CONSOLIDATION PRINCIPLES AND ACCOUNTING POLICIES

Investments in subsidiaries

The companies in which La Doria S.p.A. exercises control, either due to direct shareholding or the indirect holding of the majority of the voting rights, having the power to determine the financial and operating choices of the company, are consolidated using the line-by-line method. The subsidiaries are consolidated through the line-by-line method, according to which: The subsidiaries are consolidated through the line-by-line method, according to which:

- The assets and liabilities and the income and charges are fully included in the consolidated financial statements.
- The book value of investments is eliminated against the corresponding share of the net equity of the subsidiaries, allocating to the individual assets and liabilities their present value at the date of the acquisition of control. Any residual difference, if positive, is recorded in the asset account "Goodwill"; if negative, this is credited to the income statement.
- The minority interest shares of net equity and profit are recognised to specific accounts; the minority interest share of net equity is calculated according to the percentage of third parties applied to the present values of assets and liabilities.
- The dividends, write-backs, write-downs and impairments on investments in companies included in the consolidation scope, in addition to the gains, losses and inter-company disposals of investments in companies included in the consolidation scope are eliminated.
- The amounts resulting from operations between consolidated companies are eliminated, in particular in relation to receivables and payables at the balance sheet date, as are costs and revenues as well as other charges and income recognised in the income statement. Gains and losses are also eliminated where not representing a loss in value, realised between consolidated companies with the related tax adjustments.

All the subsidiaries are included in the consolidated scope at the date in which the control is acquired by the Group and are consolidated under the line-by-line-method. The companies are excluded from the consolidation scope when the Group no longer has control of the company. The business combinations are recognised applying the "purchase method" in which the buyer acquires the equity and records the assets and liabilities, including the potential liabilities of the company purchased. The cost of the operation is based on the fair value, at the purchase date, of assets given, of liabilities incurred and of any capital instruments issued by the subsidiaries and any other accessory charges. The fair value is also applied in the measurement of the assets/liabilities purchased pertaining to minority interests. Any difference between the cost of the operation and the fair value of the assets and liabilities acquired at the purchase date is residually allocated to goodwill and subject to an impairment test as described below. When the allocation process of the purchase price results in a cost, this is immediately recognised in the income statement at the purchase date. In the case of the purchase of investments not fully controlled, the goodwill is recorded only for the part attributable to the Parent Company.

The financial statements of the consolidated subsidiaries utilised for the preparation of the consolidated financial statements were prepared according to the accounting standards of the parent company. Any consolidation adjustments are made to ensure the uniformity of the accounts affected by the application of differing accounting standards. The mergers between Group companies are recorded using the consolidated values from the previous year.

Investments in other companies

These consider investments in other companies, where the number of shares or the holding does not allow significant or dominant influence on the operations of the company, but however relates to a long-term investment. With the amendments introduced by the new IFRS 9, financial assets represented by equity instruments of other entities (i.e. investments in companies other than subsidiaries, associates and joint control companies), not held for trading purposes, are classified in the category FVOCI. Therefore, changes in the fair value of these instruments are recorded in the OCI and are not subsequently recognised in the income statement on their sale or impairment. Only the dividends earned from these instruments are recorded in the income statement.

Identification of the functional currency

The balances included in the annual report of each company of the Group are prepared in the primary currency where they operate (functional currency). The consolidated financial statements were prepared in Euro, which is the functional currency of the Parent Company.

Translation of the financial statements of the companies in currencies other than the operational currency

The balance sheet at December 31, 2019 of the foreign subsidiary LDH (La Doria) Ltd. was converted at the exchange rate prevailing for the GBP at the balance sheet date of Euro 0.85080, and the income statement at the average rate for the year of Euro 0.87731. The balance sheet at December 31, 2019 of the US subsidiary La Doria USA Inc. was converted at the exchange rate prevailing for the Euro/USD at the reporting date of Euro/USD 1.12340; the income statement was translated at the average rate for the year of Euro/USD 1.11960. The difference between the translation of shareholders' equity at the balance sheet date exchange rate and the prior year-end exchange rate and between the translation of the income statement at the average exchange rate and the balance sheet date exchange rate has been recorded under "translation adjustments" in consolidated shareholders' equity.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED FROM JANUARY 1, 2019

The Group has applied the following accounting standards, amendments and IFRS interpretations for the first time from January 1, 2019:

- On January 13, 2016, the IASB published the new standard IFRS 16 - Leases, which replaced IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard provides a new definition of leases and introduces a criterion based on control (right-of-use) of an asset to distinguish lease contracts from service contracts, identifying essential differences: the identification of the asset, the right of replacement of the asset, the right to obtain substantially all the economic benefits from the use of the asset and the right to use the asset underlying the contract. It establishes a single model to recognise and measure leasing contracts for the lessee, which provides also for the recognition of operating leases under assets with a related financial payable. This standard does not contain significant amendments for lessors. The Group completed its preliminary assessment of the potential impacts of the application of the new Standard as at the transition date (January 1, 2019). This process is divided into stages, including the full mapping and analysis of the contracts including a lease in order to understand the main clauses of such contracts that are relevant to IFRS 16.

The Group has elected to apply the standard retrospectively, and therefore to recognize the cumulative effect of the application of the Standard in shareholders' equity with effect from January 1, 2019 (not restating the 2018 comparative figures), in accordance with IFRS 16:P7-P13 (so-called modified retrospective method) In particular, with regard to lease contracts previously classified as operating leases, the Group recognised the following:

- financial liabilities at the present value of the residual future payments at the transition date, discounted according to the incremental borrowing rate applicable to each contract at the transition date, and assumed at the medium/long-term debt ratio of the parent company, where not expressly indicated as the implied rate in the lease contract;

- a right of use equal to the value of the financial liability at the transition date, net of any prepayments and accruals associated with the lease carried in the balance sheet at the reporting date of these financial statements.

The following table outlines the impacts from the adoption of IFRS 16 on future commitments regarding lease contracts in place at January 1, 2019:

Non-current assets	Euro
Building right-of-use	1,029,295
Internal transport right-of-use	383,648
Vehicle right-of-use	345,382
EDP right-of-use	252,735
Total	**2,011,60**
Non-current liabilities	
Financial liabilities for non-current leases	1,432,506
Current liabilities	
Financial liabilities for current leases	578,554
Total	**2,011,060**

The Group has decided not to apply IFRS 16 for contracts whose underlying asset is an intangible asset.

The Group availed of the exemption permitted in relation to short-term leases (IFRS paragraph 16:5(a)) and lease contracts for which the underlying asset qualifies as a low-value asset (IFRS paragraph 16.5 (b)). Contracts for which the exemption has been applied fall within the following categories:

- computers, telephones, printers and other electronic devices
- clothing
- pallets
- containers

For such contracts, the introduction of IFRS 16 entailed the recognition of the financial liability associated with the lease and relevant right of use. Rather, the lease payments are taken to the income statement on a straight-line basis over the term of the relevant contracts.

Since most lease contracts entered into by the Group do not include an implied interest rate, the discount rate to be applied to future lease payments was the Medium/Long-term interest rate of 1.6%. For some vehicle hire contracts, the repayment plan and relative discount rate made available by the asset's supplier was however recognised.

The following table shows the impact of the adoption of IFRS 16 at December 31, 2019:

NON-CURRENT ASSETS	Euro
Building right-of-use	**821,568**
Specific Plant right-of-use	**93,626**
Internal transport right-of-use	**362,036**

Vehicle right-of-use	**544,959**
EPD usage right-of-use	**156,597**
Total	**1,978,787**
NON-CURRENT LIABILITIES	
Financial liabilities for non-current leases	**1,064,286**
CURRENT LIABILITIES	
Financial liabilities for current leases	903,821
Total	**1,968,107**
Balance sheet difference	**10,680**

Depreciation Building right-of-use	207,727
Depreciation Specific Plant right-of-use	93,626
Depreciation Internal transport right-of-use	131,845
Depreciation Vehicle right-of-use	222,478
Depreciation EPD usage right-of-use	96,138
Accessory leasing services	108,290
Financial charges for lease	51,640
Delta Exchange	(378)
Total	**911,365**
Reversal lease hire charges	922,045
Income statement difference	**(10,680)**

The change of Euro 11 thousand derives from the difference between the lease payments and their discounted value at the borrowing rate.

In addition, with regard to the transition rules, the Group opted for the following practical expedients available in the event of the selection of the modified retrospective transition method:

- Use of a single discount rate for lease contracts that do not specify their interest rate;
- Classification of contracts set to expire within 12 months of the transition date as short-term leases. The lease payments for such contracts are taken to the income statement on a straight-line basis;
- Exclusion of the initial direct costs from the measurement of the right-of-use at January 1, 2019;
- Use of the information available at the transition date to determine the lease term, with particular regard to the exercise of extension and early termination options.

- On December 12, 2017 the IASB published the document "Annual Improvements to IFRSs 2015-2017 Cycle" which reflects the amendments to some standards within the annual improvements process. The principal changes relate to:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendment clarifies that when an entity obtains control of a business which represents a joint operation, it must remeasure its previous holding in the business. This process however is not required in relation to obtaining joint control.

- IAS 12 Income Taxes: The amendment clarifies that all the tax effects related to dividends (including the payments on financial instruments classified within equity) must be recognised in line with the transaction which generated these profits (profit or loss, OCI or net equity).
- IAS 23 Borrowing costs: the amendment clarifies that in the case of loans which remain in place even after the qualifying asset is ready for use or for sale, these become part of the overall financing utilised to calculate the borrowing costs.

  The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

- The IASB published the document "Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)" on February 7, 2018. The document clarifies that an entity must recognise a change (i.e. a curtailment or a settlement) of a defined benefit plan. The amendment requires the entity to update its assumptions and to remeasure the net liability or asset resulting from the plan. The amendments clarify that after the occurrence of this event, an entity utilises updated assumptions to measure the current service cost and interest for the remainder of the period. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.
- On October 12, 2017, the IASB published the document "Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)". This document clarifies the necessity to apply IFRS 9, including the requirements related to impairment, to the other long-term interests in associates and joint ventures which do not apply the equity method. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.
- The IASB published the interpretation "Uncertainty over Income Tax Treatments" on June 7, 2017. The document addresses the issue of uncertainty over income tax treatments. In particular, the interpretation requires an entity to analyse uncertain tax treatments (individually or collectively, depending on their characteristics), always assuming that the tax authority will examine the tax position in question, with access to all relevant information. If the entity believes it is improbable that the tax authorities will accept the tax treatment followed, the entity shall reflect the effect of the uncertainty on the measurement of its current and deferred income taxes. The interpretation does not contain any new disclosure requirements but highlights that an entity should establish whether there will be a need to provide any disclosures based on management considerations relating to any uncertainty over the accounting treatment of taxation, in accordance with IAS 1. The new interpretation has been applied with effect from January 1, 2019. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.
- The IASB published an amendment to IFRS 9 "Prepayment Features with Negative Compensation" on October 12, 2017. This document specifies that instruments which provide for an advance repayment could comply with the Solely Payments of Principal and Interest ("SPPI") test also in the case where the "reasonable additional compensation" to be paid in the event of advance repayment is a "negative compensation" for the lender. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EU, NOT YET MANDATORY AND NOT ADOPTED IN ADVANCE BY THE GROUP AT DECEMBER 31, 2019

- On October 31, 2018, the IASB published the document "Definition of Material (Amendments to IAS 1 and IAS 8)". The document modified the definition of "material" in IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendment aims to provide a more specific definition of "material" and introduce the concept of "obscured information" alongside the concepts of omitted or misstated information previously included in the two amended Standards. The amendment clarifies that information is obscured if it is described in a way that results in an effect for the primary users of the financial statements similar to that which would have resulted if the information in question had been omitted or misstated. The amendments introduced were approved on November 29, 2019 and apply to all transactions subsequent to January 1, 2020. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On March 29, 2018, the IASB published an amendment to the "References to the Conceptual Framework in IFRS Standards". The amendment is effective from periods beginning on or after January 1, 2020, although early application is permitted. The Conceptual Framework defines the fundamental concepts for financial reporting and guides the Board in developing the IFRS standards. The document helps to ensure that the Standards are conceptually consistent and that similar transactions are treated in the same way, thus providing useful information to investors, lenders and other creditors. The Conceptual Framework supports companies in developing accounting standards when no IFRS standard is applicable to a particular transaction and, more generally, helps stakeholders to understand and interpret the Standards.
- The IASB, on September 26, 2019, published the amendment entitled "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform". The same amendment to IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement in addition to IFRS 7 - Financial Instruments: Disclosures. In particular, the amendment changes some of the requirements for the application of hedge accounting, establishing temporary derogations in order to mitigate the impact from the uncertainty of the IBOR reform (still in progress) on future cash flows in the period prior to its completion. The amendment also requires companies to provide additional information in their financial statements on their coverage ratios which are directly impacted by the uncertainties generated by the reform and to which the above derogations apply. The amendments shall enter into force on January 1, 2020, although companies may opt to apply them earlier. The Directors are currently assessing the possible effects of introduction of this amendment on the Group's consolidated financial statements.

IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

At the reporting date, the relevant bodies of the European Union had not yet concluded the process necessary for the implementation of the amendments and standards described below.

- On October 22, 2018, the IASB published the document "Definition of a Business (Amendments to IFRS 3)". The document provides certain clarifications on the definition of a business for the purposes of the proper application of IFRS 3. In particular, the amendment clarifies that while a business normally yields an output, the existence of an output is not strictly necessary to identify a business when there is an integrated set of activities and assets. However, in order to satisfy the definition of a business, an integrated set of activities/processes and assets shall include, at the very least, an input and a substantive process which, together, make a significant contribution towards the ability to create outputs. For this purpose, the IASB has replaced the term "capacity to create output" with "capacity to contribute to the creation of output" to clarify that a business may exist even without all the inputs and processes necessary to create an output.

  The amendment also introduced an optional test ("concentration test"), which allows for the exclusion of the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The amendments apply to all business combinations and acquisitions of activities after January 1, 2020, although advance application is permitted. The directors do not expect this amendment to have effects on the Group consolidated financial statements.
- On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which replaces IFRS 4 - Insurance Contracts.

  The new standard ensures that an entity provides pertinent information which accurately presents the rights and obligations under insurance contracts. The La Doria Group does not issue insurance contracts so it will not be affected by this standard.

Definite intangible assets and amortisation

An intangible asset is an identifiable non-monetary asset without physical substance, identifiable and capable of generating future economic benefits. Intangible assets are originally recognised at purchase and/or production cost, including the costs of bringing the asset to its current use, net of accumulated amortisation, and any loss in value. Amortisation is calculated using the straight-line method over the estimated period of effective utilisation or future benefit. Where there are indications of a permanent loss in value, a specific impairment test is carried out and any loss in value is charged to the income statement and as a reduction of the fixed asset, in accordance with the procedures indicated below in the following paragraph. The balance includes concessions, licenses and trademarks, patents and industrial rights and other intangible assets, including the purchase cost of software and intangible assets recorded on business combinations, in accordance with IFRS 3. The costs of research and the cost of maintenance and software management are charged to the income statement.

Intangible assets with indefinite life
Goodwill

Goodwill relates to business combinations made since January 1, 2004 and represents the difference between the cost incurred for the purchase of a company or a business unit and the sum of the values assigned, based on the fair values at the purchase date of the individual assets and liabilities of the company purchased. Goodwill has an indefinite life and therefore is stated at original cost, net of any write-downs. Goodwill, in fact, is not amortised but subject to an impairment test in accordance with IAS 36, on an annual basis, except when there are market and operational indicators identified by the Group, where it is necessary to carry out the test also in relation to the preparation of interim accounts. The goodwill is allocated to the individual cash generating units (CGU), identified with reference to the organisation, management and control structures of the Group. Within each sector, the CGU's are defined as the smallest independent operational and financially independent units, identified, for uniformity of business and operational management, as companies within a determined area of activity together with its subsidiaries. The goodwill is tested in order to identify any loss in value.

The test is undertaken on the CGU comparing the book value with the higher between the value in use of the CGU and the fair value less selling costs. In particular, the value in use is determined using the "unlevered" version of the discounted cash flow method, applied on the cash flows from the five-year plans approved by the Directors, projected beyond the explicit period covered by the plan according to the perpetual yield method (so-called Terminal value), utilising growth rates not above those expected for the markets in which the individual CGU's operate. The cash flows utilised are those generated from the company's operating activities, in their current conditions and without including the effects deriving from future restructuring of the business or from future investments aimed at improving performance, before financial charges and income taxes and include capital expenditure and working capital changes, while they do not include cash flows relating to financial management, extraordinary events or dividend payments. The base macroeconomic assumptions are determined, where available, according to external information sources, while the estimates of profitability and growth assumed in the plans are determined by management based on past experience and expectations of developments on the markets in which the Group operates.

Property, plant & equipment

Property, plant and equipment are stated at purchase or production cost, including additional charges allocated to the asset and related to its preparation for use during its useful life, net of accumulated depreciation and any loss in value deriving from the impairment test commented upon in the subsequent paragraph. Land is recorded at purchase cost, net of any loss in value and is not subject to depreciation. The deemed cost method was used for buildings, corresponding to the "fair value" or the revalued cost at January 1, 2004 (November 19, 2014 for the Pafial Group merged into La Doria S.p.A. from January 1, 2016); the valuation was carried out by independent third parties. "Fair value" as per IFRS 13 concerns the price that would be received from the sale of an asset or would be paid for the transfer of a liability in a transaction settled between market operators at the valuation date. Ordinary maintenance and repairs in the normal course of business are charged to the income statement. Extraordinary maintenance or repairs on owned assets or of third parties are capitalised and depreciated only if clearly identifiable and having future use. The cost of internally produced fixed assets includes the costs of the materials used, labour costs, the initial estimate, where applicable, of the dismantling and removal costs of the asset, and site reclamation costs. When the asset to be depreciated is composed of separately quantifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is made separately for each part of the asset, with the application of the "component approach" principle. Finance charges are capitalised only when the requirements of IAS 23 are in place. Capital grants are recognised when there is reasonable certainty that they will be received and that they will satisfy the conditions for their approval.

Capital grants are recorded as deferred income under other current and non-current liabilities and are recorded as income to the Income Statement, in the account "Other operating income", in line with the depreciation process of the assets to which they refer.

Non-current assets held-for-sale and discontinued operations

In accordance with IFRS 5, non-current assets, and also current assets and non-current assets of discontinued operations are classified as held-for-sale where their book value will principally be recovered through sale rather than ongoing usage. This condition exists when the sale is highly probable and the asset or discontinued operation is available for an immediate sale in its current conditions. The verification of compliance with the conditions for the classification of an item as held-for-sale requires management to carry out subjective valuations by formulating reasonable and realistic assumptions based on available information.

Non-current assets held-for-sale, current assets and non-current assets of discontinued operations and the liabilities directly related to them are recorded separately to company assets and liabilities in the balance sheet. Immediately before the classification as held-for-sale, the assets and liabilities falling within a discontinued operation are valued in accordance with the accounting standards applicable to them. Subsequently, non-current assets held-for-sale are not depreciated and are valued at the lower of the subscription value and their fair value, less selling costs. Any negative difference between the book value of non-current assets and the Fair Value less selling costs is recorded in the income statement as a write-down; any subsequent recoveries in value are recognised for the amount of the write-downs previously recorded, including those recognised before the definition of the asset as held-for-sale. The results of discontinued operations, as well as any gain/loss made following the disposal, are highlighted and explained in the income statement, including net of the relative tax effect and also for comparative years.

Depreciation of property, plant & equipment

The value of an asset is adjusted by straight-line depreciation, calculated on the basis of the residual useful life of the asset. Depreciation commences when the asset is available for use. In the year in which the asset is recorded for the first time, the depreciation is calculated by applying half the rate used for annual depreciation. The estimated useful lives are those reported in the attached **Table B**. In the year in which the asset is recorded for the first time, the depreciation is reduced proportionally to take account of the lesser use of the asset. Land is not depreciated as it has an indefinite life and is subject to an "impairment test" when there are indications of a loss in value. Applying the principle of the "component approach", when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

Loss in value of tangible and intangible assets (*impairment of the assets*)

As previously described, assets with an indefinite life are subject, at least annually, to a verification of the recovery of the value recorded in the balance sheet on the basis of the value in use. For depreciated assets, an impairment test is made when there are indications of a probable loss in value. When, following an impairment test, write-downs should be made (recovery value lower than carrying value in the financial statements) and recognised in the income statement. If the reasons for the previous write-down no longer apply, the book value of the asset is reinstated and cannot exceed the value that would have been determined had no impairment loss been recognised. The reversal of a loss in value is immediately recorded in the income statement. However, in no case is goodwill reinstated following a previous write-down.

Investments

The equity investments relate to:

- "subsidiaries", in which the Company has the power to determine the financial and operating policies, and to obtain the relative benefits;
- "associated companies", in which the investee company exercises significant influence (assumed when at least 20% of the votes at the Shareholders' Meeting may be exercised). The account also relates to jointly controlled companies (joint ventures);
- "other companies" which are not classified in any of the categories above.

The investments held for sale, such as those acquired with the sole purpose to be sold within twelve months, are classified, where applicable, separately in the account "assets held for sale".

Investments in "other companies" are valued at Fair Value; the adjustment of the investment value at its Fair Value is recorded in the OCI and is not recognised in the income statement on the sale of the investments or their impairment.

Inventories

Inventories are measured at the lower of purchase and/or production cost and net realisable value. Purchase or production costs include the costs incurred in bringing the inventories to the present location and condition and are determined under the "weighted average cost" method. Net realisable value is the selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories have also been adjusted, where necessary, by an allowance for write-downs to account for the physical deterioration of the goods.

This provision is eliminated in successive periods if it is no longer necessary. The write-down of inventories, as for reversals of the inventory obsolescence provision, are recognised to the income statement as changes to inventory.

The Group classifies inventories in the following categories:

- Raw material, ancillary and consumables;
- Products in work-in-progress and semi-finished;
- Finished products;
- Payments on account.

Work-in-progress, semi-finished and finished products are measured at production cost utilising the average weighted cost method, excluding financial charges and overheads.

Financial assets

IFRS 9 provisions relating to the classification and valuation of financial assets provide for the following categories: (i) financial assets valued at amortised cost; (ii) financial assets valued at fair value with recognition of the effects to other comprehensive income (also, OCI); (iii) financial assets valued at fair value with recognition of the effects to the income statement.

The classification of a financial asset representative of a debt instrument depends on the characteristics of cash flows deriving from the financial asset and the business model adopted. In particular, financial assets generating contractual cash flows exclusively representative of payments of principal and interest are valued at amortised cost if held in order to collect the contractual cash flows (so-called business model held to collect); if the business model provides for the possibility of divesting prior to the financial instrument's maturity (so-called business model held to collect and sell), they are valued at fair value with recognition of the effects to OCI (also, FVTOCI).

A financial asset representative of a debt instrument which is not valued at amortised cost or at FVTOCI, is valued at fair value with recognition of the effects to the income statement (FVTPL); financial assets held for trading fall within this category. Energy efficiency securities allocated on the basis of specific investment projects fall within this category. The valuation of these latter occurs at the Fair Value recorded on the trading market at end December.

Financial assets representative of minority investments, since these are not held for trading purposes, are valued at fair value with recognition of the effects to net equity (FVTOCI) without a provision in the income statement if realised; dividends from such investments are instead recorded in the income statement. The cost measurement of a minority investment is allowed in limited cases where the cost represents an adequate estimate of fair value.

Financial instruments

The Company manages the exchange and interest rate risk (limited to "cash-flow risk") relating to its normal operations. The exchange risk relates in particular to commercial transactions in US Dollars and UK Sterling and is managed through forward operations and options (commented upon in the paragraph on Derivatives). The Company manages the cash flow risk through interest rate swap operations which permit the converting of the floating rates relating to the loans received to fixed rates, through the settlement of differentials on the maturity of the loan repayments (cash flow hedge). The above operations relate to:

Derivatives

The derivative instruments continue to be considered as assets held for trading and measured at fair value with recognition in the income statement, except in the case where they are considered, in accordance with IAS/IFRS standards, as appropriate hedging instruments and effective in the neutralisation of the risk of the underlying asset or liability or commitment assumed by the Group. In this case, they are measured in relation to the type of hedge related to the underlying hedge. In particular, the Group uses derivative instruments to manage the risk of changes in the expected cash flows relating to defined contractual operations (cash flow hedge). The forward currency operations, carried out within the management of the exchange risk and considered hedges from an operational viewpoint, do not have the requirements for hedges as per IFRS 9 in terms of effectiveness of the hedge. Where not in accordance with these requirements, the operations are considered trading operations and are measured at fair value through profit or loss. If such conditions exist, these operations are measured in accordance with the cash flow hedge method. The current hedging operations of the Group in fact relate to cash flow hedges on the interest rate risk for loans and on the foreign exchange risk related to purchases/payments, commented upon below.

Cash Flow Hedge

The fair value changes of the derivatives designated as cash flow hedges and which qualify as such, are recognised, only for the "effective" part, at the balance sheet date, in a specific equity reserve ("cash flow hedge reserve") with an adjustment of the financial asset/liability hedged. This reserve is subsequently reversed to the income statement at the same time as the economic effects of the asset/liability hedged. The change in the fair value relating to the "ineffective" position are immediately recorded to the income statement. Whenever the derivative instrument is sold or does not qualify as an effective hedge of the risk involved in the operation, or the verification of the underlying operation is no longer considered highly probable, the portion of the reserve from the "cash flow hedge" is immediately reversed to the income statement.

Measurement of the fair value

The fair value of the instruments listed on public markets is determined with reference to the quotations at the date of recognition ("bid price").

The fair value of non-listed instruments is measured with reference to financial valuation techniques. In particular, the fair value of the interest rate swaps is measured discounting the expected cash flows, while the fair value of forward/option currency contracts is determined on the basis of the forward exchange rate at the reference date.

Cash and cash equivalents

This includes cash in hand and bank and postal deposits which are available on demand, certain in nature and with no payment expenses. Cash and cash equivalents are stated at fair value.

Equity

Share capital

The Share capital at December 31, 2019 is represented by the subscribed and paid-in share capital of the Parent Company less the treasury shares held in portfolio. There are no saving shares, or other types of shares other than ordinary shares. The costs relating to operations on the share capital are recorded as a reduction of equity.

Treasury shares

They are recorded as a decrease in Group equity. In particular, the nominal value is recorded as a deduction in the share capital, while any higher value is recorded in the retained earnings reserve or other available reserves. Gains or losses on sale, issue or cancellation of the treasury shares are allocated directly to equity.

Retained earnings

The reserve includes the results of previous years for the part not distributed or recorded under other reserves (in the case of profit) or recapitalised (in the case of losses). The account also includes the transfers from other equity reserves when those reserves are no longer required as well as the effects of the recording of changes to accounting policies and material errors.

Translation reserve

Includes the exchange differences deriving from the translation of the net investment of the Parent Company in foreign subsidiaries, originally in GBP (British Sterling) and USD (US Dollar).

Other reserves

They consist of specific capital reserves of Group companies. They include the cash flow hedge reserve relating to the recording of the value of the portion of cash flow hedged. The account includes the tax effects relating to the items recorded directly to Net Equity.

Trade payables and other liabilities

The trade payables and the other financial liabilities are initially recognised at fair value less transaction costs. The trade payables which mature within the normal commercial terms are not discounted. These liabilities are classified as current liabilities, except for the portion relating to non-trade payables with maturity beyond 12 months, which are included under non-current liabilities. This category also includes the recognition of payables from the purchase of Co2 quotas deriving from the excess emission quotas granted to the company with counter-entry in the income statement. Financial liabilities are eliminated from the financial statements when, due to their sale or settlement, the Group is no longer involved in their management, nor holds the relative risks and benefits relating to these instruments settled/sold.

Employee benefits

Post-employment benefits

The liabilities relating to the defined benefit plans (such as the Employee Leaving Indemnity) are determined net of any plan assets, on the basis of actuarial assumptions, and on an accruals basis in line with the employee service necessary to obtain the benefits; the measurement of the liability is made by independent actuaries. The method applied for the determination of the above-stated benefits is defined as the "projected unit credit method", with the recording of the current value of the obligations to employees deriving from the actuarial calculations. The value of the liability recognised in the financial statements is therefore in line with the actuarial valuation with full and immediate recognition of the actuarial gains and losses in the period in which they arise in the comprehensive income statement through a specific equity reserve ("IAS 19 Reserve"). In the calculation of the liabilities account is taken of the changes made by Law 296 of December 27, 2006 ("2007 Finance Law") and subsequent Decrees and Regulations issued during 2007 which introduced, in relation to the pension reform system, significant amendments on the allocation of the employee leaving indemnity provision maturing.

Other employee benefits

The Group does not recognise other forms of long-term benefits to employees, nor benefits under the form of share capital participation. However, benefits are recognised for the termination of employment (leaving incentive etc.). These benefits are recorded when there is a formal plan, with details of the identification of functions, the number of employees concerned, the amount of the incentive recognised and the period for the realisation of the plan. The liabilities for vacation due but not taken and performance bonuses are recorded on the basis of the amounts matured at the year-end. In particular, the performance bonuses are provided for when there is a legal or implicit obligation for their recognition.

Provisions for risks and charges

The provisions for risks and charges are recorded to cover known or likely losses or liabilities including fiscal, the timing and extent of which are not known with certainty at the balance sheet date. The provisions for risks and charges are only recorded when a current obligation exists (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate, based on available information, on the amount to be paid to settle the obligation. Possible risks that may result in a liability are disclosed in the notes without any amounts being set aside. Provisions are not discounted since the differential between their present value and their fair value is not significant.

Account is not taken however of the risks for which the probability of employing resources to produce economic benefits is remote.

The other provisions for risks and charges include provisions for agency and legal disputes.

Options on minority interests

In the presence of agreements with minority shareholders of the subsidiaries which stipulate that La Doria S.p.A. should pay cash in the future (call and put options) for the acquisition of minority holdings in the subsidiaries, La Doria recognises to its consolidated financial statements this obligation as a financial liability equal to the present value of the amount to be paid for the acquisition of the minority share. In considering the accounting treatment of the call and put options, La Doria S.p.A. assesses whether the risks and benefits concerning the holdings in the subsidiaries of minority shareholders have remained with the minority shareholders or whether they have been transferred to La Doria S.p.A.. In the case of the transfer to La Doria S.p.A. of the risks and benefits associated with the minority holdings, with recognition of the financial liability, La Doria S.p.A. recognises to its financial statements a reduction of minority interest net equity and, in the case of the value of the financial liability exceeding the book value of minority interest net equity, for the difference reduces the Group net equity. In the case in which the risks and benefits associated with minority holdings remain with the minority shareholders, with recognition of the financial liability, La Doria S.p.A. recognises to its consolidated financial statements the reduction of the Group net equity.

Costs and revenues

Costs and revenues are recorded in accordance with the probability that the Group will receive economic benefits and the amount can be determined reliably. The revenues are recorded at the fair value of the amount received less returns, discounts and allowances in accordance with the accruals principle. Revenues relating to the sale of goods are recognised when the Group has transferred to the buyer all the significant risks and rewards related to the ownership, which in many cases coincides with the transfer of the ownership and/or possession by the buyer and when the amount of the revenue can be reliably determined. Costs are recorded in accordance with the accruals principal.

The Group recognises to the distribution chain promotional contributions in relation to sales on the basis of a detailed sales plan which matches sales and contributions over certain periods of time. The Group matches in the financial statements the cost for promotional contributions with the sales revenues to which the contributions refer and records prepayments for contributions relating to sales to be realised in subsequent periods.

Government grants

Government Grants are recognised at fair value when the amount can be measured reliably, there is reasonable certainty that they will be received and the conditions required to obtain them will be satisfied. Operating grants are recorded in the income statement in the period of the related costs, in line with costs that are compared through the application of the indirect method. The grants received against investments are recorded under liabilities; subsequently they are recorded under operating revenues in the income statement, in line with the depreciation of the assets to which they refer.

Disclosure pursuant to Law 124/2017 and subsequent amendments and supplements

Pursuant to Law No. 124/2017, information relating to grants awarded to La Doria S.p.A. in 2019 are shown below.

	Measure	Type of contribution	Date of concession	Amount/ Quantity	Contribution granted	Contributions Issued
La Doria S.p.A.	Training support	Training costs	FY 2019	€ 30,000.00	€ 15,000.00	€ 15,000.00
La Doria S.p.A.	Law No. 639 of July 5, 1964 reimbursement of customs fees and indirect internal taxes other than general import taxes on certain exported of industrial products	Quantity in plates exported	FY2019	Tonnes 7,836	€ 60,331.88	€ 25,614.55
La Doria S.p.A.	Tax credit published ART.57 BIS D. L.50/2017	Tax credit	11/04/19	€ 16,865.63	€ 7,609.00	€ 7,609.00
La Doria S.p.A.	TAX CREDIT TRAINING 4.0 ART.1 C. 46-56 L. 205/2017	Tax credit	31/12/18	€ 81,630.00	€ 81,630.00	€ 81,630.00
La Doria S.p.A.	White Certificates Decree of 11/01/2017	Traded securities	FY 2019	€ 63,967.98	€ 63,967.98	€ 63,967.98
Eugea S.p.A	INAILISI CALL 2017 Public Notice ISI 2017, Incentives to businesses for the undertaking of actions regarding workplace health and safety, as per Article 11, paragraph 5 of Legislative Decree No. 81 "Consolidated workplace health and safety act"	Grant for workplace health and safety equipment	31/01/19	€ 596,369.34	€ 130,000.00	€0.00

For "Assistance in Training", the company submits an annual funding request to the inter-professional funds for training which is continually carried out by the company. For the year 2019, the company received grants of Euro 15 thousand in connection with training plans submitted, for a total cost of Euro 30 thousand.

For the "Repayment of Customs Duties", La Doria S.p.A always submits annual funding requests as repayment of customs duties linked to the quantity of exported cans. The company submitted an export application for the year 2019 equivalent to 7,836 Tonnes with a grant obtained of Euro 60 thousand. Grants collected in the year for previous submissions amount to Euro 26 thousand.

For the "Advertising tax credit" the Parent Company annually submits a request for contributions to the Publishing Information Department for the incremental spending over the previous yea r. For the year 2019, a bonus of Euro 17 thousand was recognised on an increase of Euro 22 thousand, which resulted in a grant of Euro 8 thousand due to the limitation of funds.

For the "Training tax credit", the Parent Company submitted a request for contributions to the Ministry of Economic Development for Euro 82 thousand. This contribution was fully recognised in the same year.

For "white certificates" or "Economic Efficiency Certificates", the Parent Company submits a request for recognition on the basis of investments made to save energy to the Energy Services Operator. In 2019 we were awarded Energy Efficiency Certificates exchangeable on the energy market for a Fair Value of Euro 64 thousand.

For the "INAIL ISI 2017" Call for Tender, the subsidiary Eugea Mediterranea S.p.A. presented an investment plan aimed at improving health and safety in the workplace for Euro 596 thousand. The Call in question provided for a maximum contribution for large companies of Euro 130 thousand. This contribution was granted to the Company by a Provision of the Basilicata Region Management on January 21, 2019 and regular reporting has already been submitted. At the moment, checks are being carried out by the preparatory body for the payment of the contribution.

Financial income and charges

Financial income and expenses are recorded on an accruals basis on the interest matured on the net value of the relative financial assets and liabilities and utilising the effective interest rate. The Group reports net exchange gains and losses respectively under net financial income/(charges) in accordance with IAS 1, par. 35.

Income taxes

The Group tax charge is based on current taxes and deferred taxes. Where relating to components recognised to income and charges recorded to net equity within the comprehensive income statement, such taxes are recorded to the same account.

Current taxes are calculated based on tax regulations in force at the financial reporting date; any risks concerning different interpretations of positive or negative income components, such as any disputes with tax authorities, are valued at least quarterly in order to adjust the financial statement provisions.

In particular, in the determination of the income taxes of the Group, consideration was taken of the effects deriving from the IAS tax reform introduced by Law 244 of December 24, 2007 and, in particular, the provisions of Article 83 of the Consolidated Finance Act which now requires that for parties that apply international accounting standards they must utilise, even where exempted by the provisions of the Consolidated Finance Act, "the criteria of qualification, accruals accounting and classification in the accounts in accordance with these accounting standards".

The deferred taxes, recorded in the accounts at their nominal value, are calculated based on the temporary differences between the book value of the assets and liabilities and the corresponding value for tax purposes, with the exception of temporary differences on the initial recording of the goodwill, of the initial recording of assets or liabilities which do not have an impact on the profit for accounting or tax purposes and the differences relating to investments in subsidiary companies in which it is probable, in the future, that the temporary differences will not reverse. The valuation of deferred tax assets and liabilities is carried out applying the expected tax rate when the temporary differences will reserve, on the basis of the current tax regulations at the reporting date. Deferred tax assets are recognised for the amount it is probable that, in the years in which the relative temporary differences reverse, assessable income exists at least equal to the amount of the differences. The deferred tax assets and liabilities are classified under non-current assets and liabilities. The Group does not offset current and/or deferred income tax assets and liabilities where not in accordance with the provisions of IAS 12. Deferred tax assets and liabilities are recognised as gross amounts where they may not be offset as established by IAS 12.

Use of estimates

The preparation of the consolidated financial statements at December 31, 2019 requires the use of estimates and specific valuations by the Directors based on historical data and on the expectations of events which will reasonably occur based on current information available. The principal account in the financial statements utilising valuations and assumptions of particular significance is goodwill, in relation to which, as previously indicated, the Group makes an analysis of the recoverable value at least on an annual basis (impairment test), which requires utilisation of estimates, which are described in paragraph 3 "Goodwill". The estimates may be utilised mainly for impairment tests of assets, doubtful debt provisions and risk provisions, employee benefits, and for the fair value of financial assets and liabilities.

Impairment of goodwill

As previously described, the Group annually makes an analysis of recoverable value of goodwill ("Impairment test"). This test is based on calculations of its value in use, which requires the use of estimates. These estimates are detailed in the paragraph relating to the goodwill.

Earnings/(loss) per share

IAS 33 "Earnings per share" provides that those entities whose ordinary shares or potential ordinary shares are traded on financial markets must provide information in the financial statements on the earnings/(loss) per share, and disclose the following information:

a. Base
The basic earnings/(loss) per share is calculated by dividing the result by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

b. Diluted
The diluted earnings/(loss) per share is calculated by dividing the result by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

In order to calculate the diluted earnings/(loss) per share, the average weighted number of shares outstanding is adjusted assuming the exercise of all the rights which have a potentially diluting effect, while the net profit or loss of the Company is adjusted to take into account the effects, net of income taxes, of the exercise of these rights.

The basic earnings/(loss) per share and the diluted earnings/(loss) per share are reported in the income statement attached to the present financial statements.

Stock options

The Group does not have stock option plans in place.

OPERATING SEGMENTS

The Company considers the "operating segment" in accordance with IFRS 8 as the segment of activity where the risks and benefits for the company are based on the products and services provided. Information in relation to the geographic areas where the risks and benefits for the company are based on the geographic area in which the Group operates are also provided. The results by operating segment are reported in the income statement section of the notes. The regional information is shown in the Directors' Report. The data are recorded under the criteria adopted for the valuation of the financial statements and those applied for segment information in the previous year.

INFORMATION ON THE MANAGEMENT OF FINANCIAL RISKS – IFRS 7

In accordance with IFRS 7 and subsequent amendments, information relating to the exposure to and management of financial risks and the utilisation of financial instruments in furtherance of the exchange and interest risks management policy are provided below.

A brief analysis of the nature of the risks and the risk management employed by the Group is provided below.

Financial instruments

IFRS 7 requires additional disclosures on financial instruments in relation to the performance and to the financial position of an entity. These disclosures incorporate some requirements previously included in accounting standard IAS 32 – "*Financial instruments: presentation and addition disclosures*". The accounting standard also requires information relating to the exposure of risk deriving from the use of financial instruments, and a description of the objectives, policies and procedures implemented by Management in order to manage these risks.

The La Doria Group in its normal operating activities is exposed to the following risks:

a. ***market risk,*** principally interest rate and exchange rate connected respectively to the financial liabilities assumed and the operations in areas with currencies other than the Euro.
b. ***liquidity risk*** relating to the availability of financial resources and access to the credit market in an adequate manner for its operations and the repayment of liabilities assumed.
c. ***credit risk*** deriving from the normal commercial operations carried out by the La Doria Group.

The Group monitors in a specific manner each of the financial risks stated, intervening with the objective of minimisi them in a timely manner and also through the utilisation of financial hedging instruments.

INFORMATION ON THE MANAGEMENT OF FINANCIAL RISKS

The paragraphs below analyse, also through sensitivity analysis, the potential impact on the results deriving from fluctuations in the parameters. These analyses are based upon, in accordance with IFRS 7, simplified scenarios applied to the actual data of the periods taken and, by their nature, may not be considered indicators of the real effects of future changes in the parameters against a different financial structure and different market conditions. At December 31, 2019, the consolidated accounts considered as financial instruments in accordance with IFRS 7 are those indicated in the table "Financial Instruments – IFRS 7.8" – Table 1 Consol. and Table 2 Consol.

Market risk:

The strategy applied for this type of risk aims, where possible, for the elimination and reduction of the interest and exchange risk and to the optimisation of the borrowing costs. The management of these risks is made in accordance with prudent principles and "best market practices".

In relation to La Doria S.p.A., the company manages the exchange and interest rate risk (limited to the "cash-flow risk") relating to its normal operations. The exchange risk relates in particular to commercial transactions in US Dollars, Australian Dollars and UK Sterling and is managed through derivative hedging instruments and forward operations. The notional values and the Fair Value of the operations above at December 31, 2019 are reported in the "Hedging Valuation" Table 3 Consol. In March 2011, the IASB issued an amendment to IFRS 7, among the most significant modifications was the creation of the so-called "hierarchy of fair value". In particular, the amendment defines three levels of fair value (IFRS 7, par. 27A):

- level 1: if the financial instrument is listed on an active market;
- level 2: if the fair value is calculated based on valuation techniques which utilise market parameters, other than the listed price of the financial instrument;
- level 3: if the fair value is calculated based on valuation techniques which utilise non-market parameters.

The hedging operations undertaken by the Parent Company are all considered as "level 2" operations in that the fair value is calculated in an indirect manner from market input data (exchange rates, interest rates, forward prices, volatility curves) through the utilisation of valuation techniques ("discounting cash flow model", or more advanced models for options). No changes were made to the valuation procedures from the previous year. In relation to the subsidiary LDH (La Doria) Ltd, the company acquires almost all of its products in currencies other than Sterling (especially in the Euro and US Dollar area), selling in the national market and therefore invoicing in GBP. The policy of LDH consists in fixing the exchange rate through hedges at the moment of purchase of all products, fixing the relating sales mark ups on these purchase prices without the exchange risk.

Interest rate risk:

Within the Group, the subsidiary LDH is not exposed to the interest risk as the financial position of the companies are positive while La Doria S.p.A. manages the cash flow risk through interest rate swap (IRS) operations which permits the conversion of variable rates, on medium-long term loans received, into fixed rates, through the payment of differentials on the single loan repayment maturity dates (cash flow hedge). The company therefore has in place Interest Rate Swaps (IRS) with the objective, therefore, to reduce the net debt subject to changes in the interest rates.

All these contracts are made with notional and expiry dates equal to those of the underlying financial liabilities, thus each variance in the fair value and/or in the expected revenue streams of these contracts is offset by a corresponding variance of the fair value and/or of the expected revenue streams from the underlying position. The fair value of the interest rate swap is measured discounting the expected revenue streams.

In quantitative terms, against a medium/long term exposure at December 31, 2019 of Euro 137,987 thousand, the IRS hedging on the debt increased from 96.4% at the end of 2018 to 100.0% at the end of 2019.

It is considered that this representation of the medium/long-term period does not take account of the amount relating to the preliminary commissions, but includes the capital portion repayable in the next twelve months.

The situation at December 31, 2019 with a 3-month EURIBOR of -0.39% was the following:

Euro/000

Loan at 31.12.19	Total part hedged	Rate on hedged	Total part on not hedged	Rate on not hedged	Average total
137,987 (B)	137,987 (A)	1.47%	-	-	1.47%

(A)/(B) x 100 = 100.0 %

The interest rate of 1.47% therefore refers to the position at December 31, 2019 while the average medium/long-term interest rate, as indicated below in the interest rate sensitivity analysis, was 1.60%.

The situation at December 31, 2018 with a 3-month EURIBOR of -0.31% was the following:

Euro/000

Loan at 31.12.18	Total part hedged	Rate on hedged	Total part on not hedged	Rate on not hedged	Average total
140,669 (B)	135,669 (A)	1.51%	5,000	1.15%	1.49%

(A)/(B) x 100 = 96.4 %

The interest rate of 1.51% therefore refers to the position at December 31, 2018 while the average medium/long-term interest rate, as indicated below in the interest rate Sensitivity Analysis, was 1.69%.

Sensitivity Analysis on Interest Rates:

During 2019, against an average 3-month EURIBOR of - 0.36%, The La Doria S.p.A. Group paid an interest rate on the medium/long term debt of 1.01%, with IRS hedging at 1.60% and on the short-term debt of 0.59% (rate including charges). Assuming a change in average annual interest rates of +/-50 bps the impact on the balance sheet would have been that shown in Table 5 "Sensitivity Analysis-IFRS 7.40-42".

During 2018, against an average 3-month EURIBOR of - 0.33%, La Doria S.p.A. paid an interest rate on the medium/long term debt of 1.03%, with IRS hedging at 1.69% and on the short-term debt of 0.36% (rate including charges). Assuming a change in average annual interest rates of +/-50 bps the impact on the balance sheet would have been that shown in Table 6 "Sensitivity Analysis-IFRS 7.40-42".

Currency risk:

In particular, the La Doria Group uses derivative instruments to manage the risk of changes in the expected cash flows relating to defined contractual operations (cash flow hedge). The subsidiary LDH (La Doria Ltd) carries out forward currency operations at the same time and for the same amount as the purchase contracts; these operations come under the conditions of IFRS 9 and can be considered hedges for accounting purposes and therefore recorded at fair value under net equity.

The hedging operations carried out by La Doria S.p.A. based on budgeted exchange rates are not considered hedges as per IFRS 9 and therefore are recorded at fair value in the income statement.

The principal exchange rates the Group is exposed to are:

- EUR/USD: relating principally to the purchase of raw materials on the Asian or American markets and from other markets in which the Dollar is the currency for commercial trade.
- EUR/GBP: due to the fact that the 100% subsidiary LDH (La Doria) Ltd is included in the consolidation area whose accounts are in UK Sterling.
- From the year 2008 and throughout 2019 commercial transactions with the subsidiary LDH (La Doria) Ltd, principally relating to all the supplies of tomatoes and vegetables, were mainly invoiced in GBP.
- EUR/AUD: relating to a significant part of the commercial trade undertaken by La Doria in the Australian Dollar area.

In the operating procedures of the Parent Company La Doria S.p.A, the foreign currency hedges are made based on a planning of payments in foreign currencies relating to payables recorded in the accounts to which are added all future commitments in foreign currency communicated by the purchase's office. This payment situation is utilised together with historical statistical data to determine a reliable foreign currency payments plan. The primary objective is to hedge the level of foreign exchange as established in the budget.

In relation to the subsidiary LDH (La Doria) Ltd, however, the company acquires the majority of its products in currencies other than Sterling (especially in the Euro and US Dollar area), reselling these products on the national market in GBP. The policy of LDH (La Doria) Ltd consists in fixing the exchange rate through hedges at the moment of purchase of all products, fixing the relating sales mark ups on these purchase prices without the exchange risk. In this manner, the fixing of the commercial margins does not contain any exchange risks.

Sensitivity Analysis:

In 2019, in relation to La Doria S.p.A, against variations of +/-5% in the Euro exchange rate with the GBP, USD, AUD, the situation at December 31, 2019 would have been as per Table 7 Consol "Sensitivity Analysis - IFRS 7.40-42".

In 2018, also for La Doria S.p.A., against variations of +/-5% in the Euro exchange rate with the GBP, USD, AUD, CAD and JPY, the situation at December 31, 2018 would have been as per Table 8 Consol "Sensitivity Analysis - IFRS 7.40-42".

For the subsidiary LDH, however, the sensitivity analysis of the changes in the exchange rate of the Sterling with the EURO, USD and CAD currencies is shown in the "Sensitivity analysis - IFRS 7.40-42" in Table 7 bis Consol, for 2019, and "Sensitivity analysis - IFRS 7.40-42" Table 8 bis Consol for 2018.

The Group, as already stated, is also exposed to the "conversion risk", which is the risk that assets and liabilities of companies consolidated in currencies other than the Euro (for example, U.K. Sterling) may be translated into Euro at varying exchange rates, whose amount is recorded in the "translation reserve" under equity. The Group monitors this trend - however no hedging operations are undertaken.

In relation to the valuation of the foreign exchange hedges existing at December 31, 2019 and at December 31, 2018, the position is shown in "Hedge Valuation" Table 3 Consol and Table 4 Consol.

The La Doria Group utilises cash flow hedges only on interest rates on loans undertaken by La Doria S.p.A. and for the hedging of currency risk by LDH (La Doria) Ltd. This latter case concerns forward currency purchases on purchase commitments of goods in Euro/Dollars against Sterling, while the forward currency operations and options of La Doria S.p.A are for currency hedging purposes, they are not treated in the present consolidated financial statements as hedge accounting.

Liquidity Risk:

The liquidity risk represents the risk that the financial resources available cannot adequately support the commercial and investment actions, in addition to the risk of not being able to repay payables on the maturity dates. In order to be prudent against these risks the La Doria Group adopted an optimisation between short and medium-long term debt and within the short-term lines a diversification policy of the credit lines and banking institutions.

The situation at December 31, 2019 compared to December 31, 2018 is as follows:

Euro/000

	31.12.2019						31.12.2018					
	TOTAL	La Doria	Eugea	LDH	La Doria USA	Payables Ldh minorities	TOTAL	La Doria	Eugea	LDH	La Doria USA	Payables Ldh minorities
M/L loans (including portion due in 12 months)	**137,736**	137,736	0	0	0	0	**140,394**	140,394	0	0	0	0
Other financial payables (non-current)	**1,301**	1,241	60	0	0	0	**393**	393	0	0	0	0
Current financial payables	**90,769**	29,800	4,030	24,874	0	32,065	**73,132**	35,537	6,001	1,005	0	30,589
Other Financial Receivables	**(38,960)**	(38,960)	0	0	0	0	**(14,859)**	(14,859)	0	0	0	0
Cash and cash equivalents	**(42,044)**	(41,212)	(238)	(579)	(15)	0	**(86,804)**	(74,148)	(414)	(12,232)	(10)	0
Total NFP	**148,802**	**88,605**	**3,852**	**24,295**	**(15)**	**32,065**	**112,256**	**87,317**	**5,587**	**(11,227)**	**(10)**	**30,589**

In relation to the medium/long term loans, the current situation and the repayments made in recent years to December 31, 2019, and also compared with the previous year, are as follows:

	Balance 31.12.19	Within 12 months	Within 24 months	Within 36 months	Within 48 months	Within >5 years
M/L Debt	137,736	40,460	34,980	21,897	18,369	21,630

	Balance 31.12.18	Within 12 months	Within 24 months	Within 36 months	Within 48 months	Within >5 years
M/L Debt	140,394	35,604	38,577	28,901	15,363	21,949

The medium/long-term loans are illustrated in the present Explanatory Notes at paragraph 17 "Financial payables".

For a number of the medium/long-term loans, the company is bound by a number of financial covenants based on the Group financial statements. Further details are reported in the notes (paragraph 19 Non-current financial liabilities). At December 31, 2019, all the conditions contained in the financial covenants had been complied with.

The short-term financial payables are divided between different banking institutions utilising bank overdrafts, import and export finance and invoice financing. The short-term loans have a maximum duration of 180 days. At December 31, 2019 "non-recourse factoring" IAS compliant contracts are in place for a total value of Euro 20 million.

Amendment to IAS 7: "Disclosure Initiative"

In accordance with the amendment to IAS 7 "Disclosure Initiative", a reconciliation is provided of the opening and closing balances for financing activity liabilities:

			Non-monetary flows			
	31.12.18	Cash Flow	Ex. rate diffs.	Fair Value Changes	Other changes	31.12.19
Current financial payables (*)	108,499	22,258		(406)	903	131,254
Non-current financial payables (**)	105,183	(8,071)			1,065	98,177
	213,682	**14,187**	**-**	**(406)**	**1,968**	**29,431**

(*) the movements in the cash flow statement include the change to current financial assets and liabilities, respectively of Euro +22,755 thousand and Euro +23,963 thousand, in addition to a change in the IFRS 9 Reserve of -Euro 2957 thousand.
(**) the movements in the cash flow statement include the change to non-current financial liabilities and assets, respectively of Euro -7,006 thousand and Euro -123 thousand.

Credit Risk:

The exposure of the La Doria S.p.A. Group to credit risk is essentially connected to the commercial sales activities carried out by the Company both on the domestic market and on the foreign market. In order to control and monitor this risk, La Doria S.p.A. has implemented within the Credit Management function under the Administration and Finance Department, a Credit Policy which governs and coordinates the Credit Standing of the clientele, the monitoring of the relative expected cash flows, the appropriate solicitation actions and concession of extended payment terms supported by adequate guarantees and any recovery actions. The payment terms granted to clients provide for varying terms in line with market standards. From 2015, the Company has decided to discontinue the credit insurance cover. In accordance with the new standard IFRS 9, as from 2018 the parent company wrote-down its accounts receivable by using the expected losses model (and not the incurred losses model used by IAS 39). A provision is made for receivables from customers with inadequate ratings, even if balances are not yet overdue. These ratings were assigned on the basis of internal commercial information and collection statistics and related provisions were carried out on the basis of the percentage of expected losses for rating classes modelled on the statistics of impairment losses occurring in the last 4 years.

The Group reports 54% of its consolidated turnover on five “top clients”.

The ageing of receivables at December 31, 2019 and December 31, 2018 is shown in the Attachments “Current and non-current receivables (overdue and not yet overdue) IFRS 7.37” – Consol. Tables 9 and 10.

The concentration of the receivables at December 31, 2019 and 2018 is shown in the table “Concentration of receivables” (Consol. Tables 11 and 12).

NOTES TO THE MAIN BALANCE SHEET ACCOUNTS

NON-CURRENT ASSETS

1. Intangible assets

These amount to Euro 5,134 thousand, with a net decrease of Euro 389 thousand compared to December 31, 2018.

The changes in the year are reported in attachment Table A. The account, overall, includes the residual value at the date of:

- software capitalised by the Parent Company, for Euro 663 thousand and by the overseas subsidiary LDH (La Doria) Ltd for Euro 17 thousand;
- the fair value of the concession contract of Eugea Mediterranea S.p.A. for the production site at Lavello (Euro 2,160 thousand) signed with the Basilicata Region; the concession has a thirty-year duration and ends in 2031;
- Leasehold improvements in the Parent Company for Euro 81 thousand;
- Euro 1,685 thousand, of the brands Althea (Euro 1,302 thousand) and Bella Parma (Euro 383 thousand);
- Assets in progress of the Parent Company for Euro 528 thousand.

In 2019 the brand East&West was written down for Euro 76 thousand as the company confirmed its focus on the private labels business and to discontinue the production and sale of East&West brand products, used to date as a tactical and residual brand. Therefore, during 2019, given the almost irrelevant turnover, the asset value was written down.

2. Property, plant and equipment

The account amounts to Euro 221,636 thousand, with a net increase of Euro 45,697 thousand compared to December 31, 2018. The details of the movements for the year are shown in Table B. Investments in the year of Euro 57,101 thousand are principally due to the parent company for Euro 20,733 thousand and the foreign subsidiary LDH (La Doria) Ltd for Euro 35,754 thousand. These investments are illustrated in the Directors' Report.

In 2019 the Group undertook a significant investment plan also due to the subsidies within the "Development Contract" project and, in fact, on 16/07/2018, the Resolution as per Article 9 of the Decree of the Ministry for Economic Development of 09/12/2014 was signed with which the Agenzia Nazionale per l'Attrazione degli Investimenti e lo Sviluppo di Impresa S.p.A. (Invitalia), accepted La Doria S.p.A.'s investment plan amounting to Euro 23,937 thousand to be concluded by the year 2020, with a potential grant of Euro 11,968 thousand. The investment programme is still in its formative phase and no report has been submitted to Invitalia. A further investment plan is being implemented by the English subsidiary to build a new automated warehouse as part of the three-year investment plan to be completed by the end of 2020.

Tangible fixed assets increased during the year also due to the application of the new standard IFRS 16 which provides a new definition of leases and introduces a criterion based on control (right-of-use) of an asset to distinguish leasing contracts from service contracts, identifying essential differences: the identification of the asset, the right of replacement of the asset, the right to obtain substantially all the economic benefits from the use of the asset and the right to use the asset underlying the contract. It establishes a single model to recognise and measure leasing contracts for the lessee, which provides also for the recognition of operating leases under assets with a related financial payable. The application of this standard did not result in a net increase in the property, plant and equipment presented below:

Right-of-use at 31.12.2019	Tangible Asset	Depreciation
Right-of-use Industrial Buildings	1,029	207
Right-of-use Plant and Machinery	187	94
Right-of-use EDP	253	96
Right-of-use Internal Vehicles	494	131
Right-of-use Motor Vehicles	772	226
TOTAL	**2,735**	**754**

The decreases in the year of Euro 14,937 thousand principally relates to depreciation in 2019 of Euro 14,807 thousand (of which Euro 754 thousand for the application of the new IFRS 16) and divestments of Euro 130 thousand. Depreciation concerns the Parent Company for Euro 13,769 thousand, the subsidiary Eugea Mediterranea S.p.A. for Euro 456 thousand and the English subsidiary LDH (La Doria) Ltd for Euro 583 thousand. The divestments refer entirely to the Parent Company.

In application of the revised IAS 23 "Borrowing costs", the Group valued the possible financial charges to be capitalised deriving from loans from primary credit institutions concerning the realisation of fixed assets. At December 31, 2019 no borrowing costs were capitalised given the immaterial amounts involved.

"Land, Industrial Buildings and light constructions", for a total of Euro 124,941 thousand, include for Euro 116,924 thousand the cost, net of depreciation, of six production sites owned by the Group, in Angri, Sarno, Fisciano, Faenza, Lavello and Parma, while the residual Euro 8,017 thousand refers to the cost, net of depreciation, of the subsidiary LDH's head office building and land purchased in 2018 for the construction of the new automatic warehouse included in the three-year investments plan. This is to be completed by the end of 2020. The revaluations carried out on the buildings are shown in Table B.

Plant and machinery, totalling Euro 43,842 thousand, includes the residual value of the assets used for food production, in particular processed foods and fruit juices, ready-made sauces and dressing salads carried out by La Doria S.p.A. and Eugea Mediterranea S.p.A..

With reference to the application of the "component approach", the analysis undertaken concludes that it is not applicable to Group assets.

There were no asset ownership restrictions at the balance sheet date.

3. Goodwill

Goodwill amounted to Euro 10,401 thousand, a decrease of Euro 1,896 thousand on the previous year and relates to:

- Euro 669 thousand relating to the incorporation into La Doria S.p.A. of the subsidiary Pomagro S.r.l., company operating exclusively in the tomato-based product sector; the amount represents the difference between the higher value paid for the acquisition of the residual share and the values allocated, based on the fair values at the date of the acquisition, of the individual assets and liabilities of the company acquired. The acquisition of Pomagro S.r.l. concerns substantially the purchase of the Fisciano plant in which the specific production is developed for the entire Japanese market and for some English clients. The production site – the only site within the Group – also produces the cherry tomato line. In accordance with IAS 36, management carried out an impairment test on the goodwill resulting from the acquisition of Pomagro utilising a model based on the financial cash flows. In particular, the expected cash flow generated from the business was divided into two periods:
    - the forecasted period relating to the years 2020-2024 which utilised as reference the cash flows relating exclusively to the Fisciano plant contained in the 2020-2024 Plan of the CGU; the base assumptions of the impairment test were approved by the Board of Directors of the Company on March 3, 2020;
    - the second forecast through the Terminal Value which concerns the present value of the perpetual yield represented by the expected cash flows beyond 2024.

The fixed assets were identified based on the assets ledger of La Doria S.p.A. concerning all assets at the Fisciano plant. These cash flows are discounted utilising a discount rate (WACC) determined applying the Capital Asset Pricing Model.

The recoverable value of the goodwill was calculated through discounting the Free Cash Flow from Operations (FCFO) utilising a Weighted Average Cost of Capital (WACC) of 6.66% and the long-term growth rate of 0%; the impairment test resulted in a recoverable value of the "Pomagro Red Line" CGU of Euro 60,000 thousand, against net capital employed of Euro 30,100 thousand and a book value of goodwill of Euro 669 thousand. The recoverable value of the CGU was therefore much greater than the sum of the net capital employed and the goodwill and, therefore, no impairment was incurred. The Company also carried out a sensitivity analysis which takes into consideration a WACC which varies from 5.66% to 7.66% and a growth rate of cash flows (g) which varies from 0.0% to 1.0%. The Table below shows the changes in the results of the impairment test from changes in the assumptions of the WACC and the discount rate (in Euro millions):

Flow growth rate (G)	WACC				
	5.66%	6.16%	6.66%	7.16%	7.66%
0.0%	70.43	64.78	60.00	55.92	52.40
0.5%	76.08	69.42	63.87	59.19	55.18
1.0%	82.94	74.96	68.42	62.98	58.39

- Euro 9,732 thousand for the acquisition by the Parent Company of the Pafial Group on November 19, 2014. In accordance with IAS 36, management carried out an impairment test on the goodwill utilising a model based on the financial cash flows relating to the ready-made sauces CGU. In particular, the expected cash flow generated from the business was divided into two periods:
  - the forecasted period relating to the years 2020-2024 which utilised as reference the cash flows contained in the 2020-2024 Budget Plan of La Doria refer exclusively to the Pafial CGU; the base assumptions of the impairment test were approved by the Board of Directors of the Company on March 3, 2020;
  - the second forecast through the Terminal Value which concerns the present value of the perpetual yield represented by the expected cash flows beyond 2024.

These cash flows are discounted utilising a discount rate (WACC) determined applying the Capital Asset Pricing Model. The valuation was made through the discounting of the FCFO (Free Cash Flow from Operations) utilising an interest rate WACC (Weighted average cost of capital) of 7.25% and the long-term growth rate was 0.00%. The impairment test resulted in a recoverable value of the CGU of Euro 133,390 thousand against a net capital employed of Euro 63,300 thousand and a book value of the consolidated goodwill of Euro 9,700 thousand. The recoverable value of the CGU was therefore greater than the sum of the value of net capital employed and goodwill.

The Company also carried out a sensitivity analysis which takes into consideration a WACC which varies from 6.25% to 8.25% and a growth rate of cash flows (g) which varies from 0.0% to 1.0%. The Table below shows the changes in the results of the impairment test from changes in the assumptions of the WACC and the discount rate (in Euro millions):

Flow growth rate (G)	WACC				
	6.25%	6.75%	7.25%	7.75%	8.25%
0.0%	154.83	143.28	133.39	124.84	117.38
0.5%	166.00	152.61	141.29	131.59	123.20
1.0%	179.29	163.57	150.45	139.34	129.83

For 2019, the entire goodwill recorded in the consolidated financial statements was written down by GBP 1,696 thousand relating to the acquisition by LDH (La Doria) Ltd of the subsidiary Oriental & Pacific. This write-down was necessary due to the termination at the end of 2019 of the distribution agreement with the sole supplier of environmental products for pets (pet food); as the only source of supply and distribution for the business was no longer available, the write-down was recorded in the income statement for a value of Euro 1,934 thousand.

4. Investments in other companies

They relate to minority investments, recorded for Euro 1,260 thousand; the account increased Euro 380 thousand. The increase concerns the investment of TFC S.p.A. The multiples method for real estate companies was employed to calculate this investment's Fair Value. This method is based on identifying real estate companies listed on the FTSE Real Estate index of the Milan Stock Exchange, for which a median value of the multiplier of the capitalisation on revenues is recorded. A discount of 20%, as involving a minority holding, is applied to the median value. This valuation resulted in a Fair Value of the investment held by the Company of Euro 1,190 thousand, with a change of Euro 380 thousand compared to that recognised at December 31, 2018. The value of the investment was adjusted to its Fair Value through recognition of the change in the OCI.

For material reasons, it was considered appropriate to assimilate the Fair Value to the acquisition cost for all other investments.

5. Other non-current financial assets

This account at December 31, 2019 reports a zero balance compared to Euro 123 thousand at the end of the previous year. The company reduced the receivable by Euro 38 thousand, which in application of the debtor company consortium motions was allocated to cover losses. For the residual value, the write-down was made taking account of the receivable's default against probable future losses.

6. Deferred tax assets

The deferred tax assets refer to IRES and IRAP taxes, paid in advance of the recognition period in the financial statements. The balance at year-end amounted to Euro 5,004 thousand, an overall decrease of Euro 76 thousand on December 31, 2018. This is attributable to the parent company for Euro 4,034 thousand, which decreased by Euro 555 thousand on December 31, 2018, for Euro 383 thousand to the subsidiary Eugea Mediterranea S.p.A with a decrease of Euro 5 thousand on 2018 and for Euro 587 thousand to the English subsidiary LDH (La Doria) Ltd with an increase of Euro 474 thousand compared to the previous year. The movements in deferred tax assets in 2019 are reported below.

Euro/000

Deferred tax asset	IRES	IRAP
Assessable at 31.12.2018	16,991	11,263
Utilisations 2019	(8,944)	(5,796)
Provisions 2019	9,129	3,537
Assessable at 31.12.2019	17,176	9,003
Average Rate	23.09%	4.91%
Total Group IRES - IRAP 31.12.2019	**3,967**	**442**
Total Group IRES - IRAP 31.12.2019	**4,409**	
Total IRES -IRAP (non-current assets) IAS for 31.12.2019	191	
Total IRES as per IFRS 9 at 31.12.2019	404	
Total IRES and IRAP deferred tax asset at 31.12.2019	**5,004**	

The breakdown of the temporary differences giving rise to deferred tax assets are reported below.

Euro/000

	31 Dicember 2018				31 Dicember 2019					
	Amount of temporary differences IRES	Amount of tax asset IRES	Amount of temporary differences IRAP	Amount of tax asset IRAP	Amount of temporary differences IRES	Amount of tax asset IRES	Amount of temporary differences IRAP	Amount of tax asset IRAP	Amount recognised to P&L IRES and IRAP	Amount recognised to equity IRES and IRAP
IAS Parent company	689	165	391	20	718	172	372	18	(5)	0
IRS adjustments	1,241	298	0	0	1,682	404	0	0	0	(84)
Doubtful debt provision	1,442	346	0	0	1,968	472	0	0	(126)	0
Property write-down	0	0	0	0	0	0	0	0	0	0
Exchange losses	225	54	0	0	67	16	0	0	38	0
Provisions for risks and charges	6,720	1,613	4,165	202	6,313	1,515	4,225	205	95	0
Tax for waste removal	10	2	0	0	0	0	0	0	2	0
ASL Loan	0	0	0	0	0	0	0	0	0	0
Membership fees	1	0	0	0	16	4	0	0	(4)	0
Directors´ fees	73	18	0	0	74	18	0	0	0	0
Employee bonus provision	1,937	465	1,921	95	1,758	422	1,758	87	51	0
Inventory write-down	4,344	1,043	4,344	215	2,328	559	2,328	115	584	0
CAPITAL GRANTS LAW 64	33	8	33	2	29	7	29	1	2	0
Maintenance & repair	977	234	0	0	990	237	0	0	(3)	0
Recovery prior year tax	230	55	214	11	296	71	292	15	(20)	0
Charitable donations	0	0	0	0	0	0	0	0	0	0
Acerra plant write-down	383	92	385	19	235	56	237	12	43	0
UpFront commissions loans pre-2018	0	0	200	10	0	0	135	7	3	0
Adjustments LDH (La Doria)Ltd	595	113	0	0	3,087	587	0	0	0	(474)
Stamp duty	0	0	0	0	15	4	0	0	(4)	0
TOTAL	**18,900**	**4,506**	**11,653**	**574**	**19,576**	**4,544**	**9,376**	**460**	**656**	**(558)**

7. Other non-current assets

This account totalling Euro 902 thousand (Euro 203 thousand at December 31, 2018) mainly relates to the non-current portion of prepayments concerning promotional contributions which will be realised after 2020.

8. Non-current assets held-for-sale

The balance at December 31, 2019 of Euro 1,706 thousand refers to the Acerra plant acquired under the purchase operation and subsequent merger by incorporation of the Pa.Fi.Al. Group. On November 14, 2018, the Board of Directors approved a different intended use of the property as "property held-for-sale" as a result of the transfer of production to other company plants, and the closing of the facility which occurred at end September 2018 and in application of IFRS 5 which requires that the asset is measured at the lower of book value and Fair Value (net of selling costs). The balance reported a decrease of Euro 1,776 thousand compared to December 31, 2018 relating to the valuation adjustment of the property following an offer to purchase the site received at the beginning of 2020 and on which negotiations are underway to finalise the transaction. The fair value of the entire Acerra complex was therefore determined as Euro 1,706 thousand on the basis of a sale to be potentially completed in the coming months, as a result of the Parent Company's ongoing commitment since last year to implement the sales program. This difference was recognised under Depreciation, Amortisation, Write-downs and Provisions in the income statement (Note 36).

CURRENT ASSETS

9. Inventories

The account amounts to Euro 219,051 thousand with an increase of Euro 14,641 thousand compared to December 31, 2018; this net increase is essentially due to higher inventories available in stock and a lower obsolescence provision.

The account consists of:

INVENTORY
Euro/000

	AT 31.12.2019	AT 31.12.2018	/\
Raw material, ancillary and consumables	23,770	25,770	(2,000)
Products in work-in-progress and semi-finished prods.	15,368	17,985	(2,617)
Finished & semi-fin. prods.	181,991	164,799	17,192
Payments on account	250	200	50
Obsolescence provision	(2,328)	(4,344)	2,016
TOTAL	**219,051**	**204,410**	**14,641**

The changes in the obsolescence provision are as follows:

OBSOLESCENCE PROVISION
Euro/000

	AT 31.12.2019
Beginning balance	4,344
Utilisations	(2,855)
Provision for the year	839
TOTAL	**2,328**

The use of the provision, accrued in 2018, entirely relates to the Parent Company and refers to destroyed goods, slow moving and contributions made to charities. The inventory obsolescence provision of Euro 2,328 thousand, represents the best estimate by the directors of the Group, on the basis of the information available at the time of the preparation of the present accounts, of the physiological deterioration of inventories and the value of goods to be destroyed.

At December 31, 2019, no inventory was subject to secured guarantees on loans received by the Group.

10. Trade Receivables

They amount to Euro 109,824 thousand at December 31, 2019, a decrease of Euro 418 thousand compared to December 31, 2018.

These receivables refer for Euro 54,918 thousand to the Parent Company, for Euro 6 thousand to Eugea Mediterranea S.p.A. and for Euro 54,900 thousand to LDH (La Doria) Ltd.

The amount recorded in the accounts is net of the doubtful debt provision of Euro 2,202 thousand which reports a decrease of Euro 349 thousand for utilisations in the year and an increase for provisions of Euro 875 thousand mainly relating to a dispute in course with a foreign distributor. The changes in the doubtful debt provision are as follows:

DOUBTFUL DEBT PROVISION

Euro/000

	At 31.12.2019
Beginning balance 01.01.2019	1,676
Utilisations	(349)
Provisions in the year	875
Provision at 31.12.2019	**2,202**

The Provision at December 31, 2019, exclusively relating to the Parent Company, concerns the risk of non-payment from Clients with disputes in place, and to clients with positions overdue by more than 60 days in addition to amounts outstanding from clients with negative credit ratings. For the valuation of trade receivables Impairment: the Group has adopted an internal rating statistical model, supported also by a rating issued by an outside agency, in accordance with which it and categorises customer receivables. On the basis of this model, a historic analysis of receivables over the last 4 years was undertaken, with the establishment of a doubtful debt percentage for each of the Low - Medium - High rating categories including a forward-looking component.   Applying the above model to the balances at the end of the period, the Group increased the provision by a further Euro 526 thousand, net of the utilisation during the year.

11. Other assets

These amount to Euro 7,760 thousand, a net decrease of Euro 55 thousand compared to December 31, 2018, consisting of:

a. Parent Company receivables for Euro 3,368 thousand, broken down as follows:

- Employee receivables for Euro 672 thousand for additional IRPEF matured in the year and which will be paid in subsequent years;
- Receivables from the State for Euro 1,523 thousand mainly refer for Euro 1,339 to receivables arising following the signing of the Contract for the granting of supports as per Ministry for Economic Development Decree of February 13, 2014 to facilitate investment programmes for the relaunch of the "Campania Crisis Areas".
- Receivables from insolvency procedures in progress for Euro 651 thousand; this is the amount paid to a receiver for the claiming of receivables collected following a first level judgment. An identical amount was recognised to the risk and charges provision against the risk of loss at second level.
- Receivables for bankruptcy proceedings defined for Euro 219 thousand; this amount is to be collected following the definition of the bankruptcy proceedings at the end of 2019.
- Minor receivables of Euro 303 thousand.

b. Prepayments of the Parent Company for Euro 734 thousand;

c. Receivables of the subsidiary LDH (La Doria) Ltd for Euro 244 thousand;

d. Prepayments of the subsidiary LDH (La Doria) Ltd for Euro 3,229 thousand, principally concerning promotional contributions whose effects will be seen in future periods;

e. Other receivables relating to the subsidiary Eugea Mediterranea S.p.A. for Euro 179 thousand and prepayments of the same company for Euro 6 thousand.

12. Tax receivables

The account amounts to Euro 5,753 thousand and decreased by Euro 4,412 thousand compared to December 31, 2018 and principally relates to:

- VAT receivable for Euro 2,253 thousand relating to the Parent Company;
- Tax receivables of Euro 1,375 thousand, relating to:
  - for Euro 956 thousand provisional payments made against disputed assessments for the years 2005, 2006 and 2007 not yet finalised for the Parent Company. For further information, reference should be made to the specific paragraph of the Directors' Report;
  - for Euro 355 thousand the IRES payment concerning the recovery of the deductibility of IRAP on the cost of labour for the years 2008-2012, concerning the Parent Company;
  - for Euro 63 thousand for provisional payments relating to pending tax disputes currently being settled.
- Tax receivable of Euro 1,455 thousand relating to higher IRES payments on account relating to the Parent Company;
- Tax receivable of Euro 54 thousand for higher IRAP payments on account made by the Parent Company;
- Receivables from the Tax Authorities of the subsidiary LDH (La Doria) Ltd. for Euro 616 thousand, essentially concerning VAT receivables.

13. Other financial assets

These amount to Euro 38,585 thousand, with an increase of Euro 23,963 thousand relating entirely to the parent company and including Euro 172 thousand concerning the Fair Value of forwards and options in foreign currencies at December 31, 2019 and Euro 261 thousand concerning premiums on the parent company's currency options; these premiums are expressed for the same amount as a negative value in the Financial Payables account. These derivative instruments, even if they are currency hedging operations put in place to offset exchange rate risk associated with purchases and sales, are not treated as hedge accounting due to the presence of structures non-compliant with IFRS 9 and, therefore, the relative fair value is recognised to the income statement under financial income and charges. This account includes Euro 37,859 thousand as the fair value concerning temporary liquidity investments in class 1 and class 5 insurance policies. This account also includes receivables for Euro 293 thousand relating to the value of energy efficiency securities of the parent company on the basis of specific investment projects carried out on the Parma and Angri plants.

14. Cash and cash equivalents

The account amounts to Euro 42,044 thousand, a decrease of Euro 44,760 thousand compared to December 31, 2018. This refers principally to cash in bank accounts in euro and foreign currency. At December 31, 2019, no impairment test was carried out on cash and cash equivalents due to the absence of any indication of financial difficulties on the part of credit institutions with which the Group's liquidity is placed; furthermore, there was no contractual non-compliance with these institutions and all sums are immediately available for use and without the occurrence of any contractual deterioration, including in the first months of 2020.

LIABILITIES AND SHAREHOLDERS' EQUITY

15. Share capital

The share capital of La Doria S.p.A is fully paid-in and at December 31, 2019 amounts to Euro 46,458 thousand, divided into 30,767,000 ordinary shares of a nominal value of Euro 1.51 each. This Share Capital decreased by Euro 171 thousand due to the acquisition of 113,000 treasury shares paid at an average price of 7.94.

16. Group reserves and retained earnings

The total amount is Euro 187,199 thousand, a net increase of Euro 19,845 thousand compared to December 31, 2018, as a net result of:

1. increases for a total of Euro 31,275 thousand, due to:
    - allocation of the 2018 net profit (Euro 27,337 thousand);
    - increase of the translation reserve concerning the subsidiary LDH (La Doria) Ltd (Euro 186 thousand);
    - increase of Euro 96 thousand against the consolidation of 100% of the subsidiary LDH and the relative recognition of the financial payable for the potential acquisition of the minority shares with simultaneous elimination of minority interest equity;
    - positive change in the IAS 19 reserve (Euro 91 thousand).
2. decreases for a total of Euro 11,430 thousand, due to:
    - dividends distributed by the Parent Company to third parties (Euro 5,580 thousand), as per Shareholders' Meeting resolution of June 11, 2019; and of the subsidiary LDH (La Doria) Ltd (Euro 2,128 thousand);
    - Negative change in the cash flow hedge reserve of Euro 2,957 thousand;
    - Negative change in the IAS 19 reserve (Euro 54 thousand);
    - Negative change in the translation reserve of the foreign subsidiaries (Euro 478 thousand);
    - Negative change in the acquisition of treasury shares reserve (Euro 711 thousand).

17. Group Net Profit

This amounts to Euro 19,850 thousand, a decrease of Euro 7,487 thousand compared to December 31, 2018 (Euro 27,337 thousand).

18. Group net equity

This amounts to Euro 253,578 thousand and overall report a net increase of Euro 12,188 thousand, due to the effects commented upon in Notes 15, 16 and 17.

19. Minority interests

The balance amounts to Euro 71 thousand (Euro 70 thousand at December 31, 2018) and relates to the share of Minority Interest Net Equity of the 1.33% stake in Eugea Mediterranea S.p.A. held by the minority shareholders of the company.

NON-CURRENT LIABILITIES

20. Non-current financial payables

This account amounts to Euro 98,177 thousand, a decrease of Euro 7,006 thousand compared to December 31, 2018 and constitutes the portion due beyond December 31, 2020 of medium/long-term loans undertaken by La Doria S.p.A. During the year 2019 unsecured loans were received of Euro 33,000 thousand.

FINANCIAL PAYABLES

Euro

	31.12.2019	31.12.2018	CHANGE
Long-term bank loans	96,876	104,790	(7,914)
Due to other lenders over 12 months	1,301	393	908
TOTAL	**98,177**	**105,183**	**(7,006)**

All loans, except for one, require compliance with financial covenants calculated on the consolidated data of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2019.

The principal characteristics of all the loans at the balance sheet date were as follows:

- Euro 5,000 thousand for instalments due beyond December 31, 2020 concerning the new loan of Euro 5,000 thousand issued on December 17, 2019 by Intesa San Paolo S.p.A. The contract provides for a total amount of Euro 15,000 thousand. The second tranche for the remaining Euro 10,000 thousand was disbursed on January 24, 2020. The two disbursements were hedged 100% by two Interest Rate Swaps. No instalments are due before December 31, 2020.
- Euro 12,833 thousand for instalments due beyond December 31, 2020 concerning the loan of Euro 14,000 thousand issued on March 22, 2019 by Unicredit S.p.A. The contract is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 1,167 thousand.
- Euro 5,000 thousand for instalments due beyond December 31, 2020 concerning the new loan of Euro 5,000 thousand issued February 12, 2019 by Istituto Banca Nazionale del Lavoro S.p.A Gruppo Bnp Paribas. This loan is hedged 100% by an Interest Rate Swap. No instalments are due before December 31, 2020.
- Euro 8,000 thousand for instalments due beyond December 31, 2020 concerning the loan of Euro 10,000 thousand issued on January 31, 2018 by Istituto Mediocredito Italiano S.p.A. The contract is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 2,000 thousand.
- Euro 15,750 thousand for instalments due beyond December 31, 2020 relating to the two tranches of the loan contract for a total of Euro 18,000 thousand stipulated with Istituto Banca del Mezzogiorno- Mediocredito Centrale S.p.A. The contract was concluded with two disbursements of Euro 9,000 each, made on February 21, 2018 and January 10, 2019 respectively. The two disbursements were hedged 100% by two Interest Rate Swaps. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 2,250 thousand.
- Euro 13,400 thousand for instalments due beyond December 31, 2020 concerning the new loan of Euro 15,000 thousand issued on December 6, 2018 by Banca Nazionale del Lavoro S.p.A Gruppo Bnp Paribas. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 1,600 thousand.
- Euro 8,000 thousand for instalments due beyond December 31, 2020 concerning the loan of Euro 10,000 thousand issued on December 21, 2018 by Istituto Banco Bpm S.p.A. The contract is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 2,000 thousand.
- Euro 4,444 thousand for instalments due beyond December 31, 2020 concerning the loan of Euro 10,000 thousand issued on January 13, 2017 by Intesa San Paolo. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 2,222 thousand.
- Euro 8,400 thousand for instalments due beyond December 31, 2020 concerning the loan of Euro 12,000 thousand issued on December 6, 2017 by Unicredit S.p.A. The contract is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 2,400 thousand.

- Euro 3,063 thousand for instalments due beyond December 31, 2020 concerning the loan issued on July 28, 2016 by Banca Popolare di Milano. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 1,750 thousand.
- Euro 3,418 thousand for instalments due beyond December 31, 2020 concerning the loan issued on July 13, 2015 by Unicredit for a total amount of Euro 15,000 thousand. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current financial liabilities, amount to Euro 3,369 thousand.
- Euro 625 thousand for instalments due beyond December 31, 2020 concerning the loan issued on June 19, 2015 by Cariparma Credit Agricole for a total amount of Euro 5,000 thousand. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current financial liabilities, amount to Euro 1,250 thousand.
- Euro 1,000 thousand for instalments due beyond December 31, 2020 concerning the loan issued on June 18, 2015 by Mediocredito Italiano for a total amount of Euro 10,000 thousand. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 2,000 thousand.
- Euro 833 thousand for instalments due beyond December 31, 2020 concerning the loan issued on June 12, 2015 by Banca Nazionale del Lavoro Bnp Paribas for a total amount of Euro 10,000 thousand. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 1,667 thousand.
- Euro 7,273 thousand for instalments due beyond December 31, 2020 relating to loans drawn down on December 23, 2014 from the banking syndicate of Banco Napoli and Unicredit for a total amount of Euro 40,000 thousand. The loan, on January 8, 2015, was hedged 100% by two Interest Rate Swaps. Instalments due by December 31, 2020, included in current financial liabilities, amount to Euro 7,273 thousand.

Euro 163 thousand are recorded as a reduction of non-current liabilities for the part beyond twelve months of the commissions on the above loans in application of the amortised cost principle.

Non-current liabilities include Euro 1,064 thousand for the portion beyond twelve months of the financial payables of La Doria and Eugea Mediterranea referring to the present value of the right-of-use assets subject to rental and lease contracts having the characteristics provided for by IFRS 16, for which reference should be made to the paragraph "IFRS Accounting standards, amendments and interpretations applied from January 1, 2019".

Euro 236 thousand is also recognised under non-current liabilities for the part beyond twelve months of the payable for the subvention, repayable for 90%, recognised by the Ministry for Economic Development within the Innovation Tender (Internal Register No. 0001949 of June 6, 2014).

21. Other non-current liabilities

These amount to Euro 7,773 thousand and have decreased by Euro 343 thousand compared to December 31, 2018, of which Euro 7,397 thousand refer to the parent company and Euro 376 thousand to the subsidiary Eugea Mediterranea S.p.A. These liabilities primarily refer, for the part over 12 months, to the portion of future grants on plant. Specifically: Euro 2,062 thousand relate to the Programme Contract signed in 2012 between La Doria S.p.A. and the Campania Region, and Euro 705 thousand to the Sarno Crisis Area Contract in 2018 between the parent company and Invitalia.

The account also includes the future portion of the sale of land rights at the Sarno and Fisciano facilities for the installation of photovoltaic plants (Euro 3,105 thousand).

22. Post-employment benefit and pension provision

The post-employment benefit provision amounts to Euro 3,837 thousand, a decrease of Euro 320 thousand compared to December 31, 2018, of which Euro 3,789 thousand relates to the Parent Company and Euro 48 thousand to Eugea Mediterranea S.p.A. The decrease in the provision relates almost entirely to the settlements made by these companies. At December 31, 2019, the actuarial gain was Euro 95 thousand (relating entirely to the Parent Company) and was recognised, in accordance with IAS 19 Revised, to the Net Equity Reserves and the Comprehensive Income Statement. The interest cost recorded to financial charges was Euro 41 thousand.

PROVISION FOR EMPLOYEE TERM. PAY

Euro/000

	31.12.2019
Balance at 01.01.2019	4,157
Utilisation for departures	(1,181)
of which INPS fund	730
Provisions at 31.12.2019	1,300
of which INPS fund	(1,099)
Deductions at 31.12.19	(171)
of which INPS fund	22
Discounting provision	95
TOTAL	**3,853**
Utilisation for advances	(16)
Balance at 31/12/2019	**3,837**

The principal actuarial assumptions, indicated below, adopted by the Company in accordance with IAS 19, refer to the market yields of "high quality corporate bonds", securities with a contained credit risk.

	At 31.12.2019	At 31.12.2018
Discount rate	EUR Composit AA curve	EUR Composit AA curve
Rate of inflation	1.50%	1.50%
% of advances requested	100%	100%

23. Deferred tax liabilities

The account totalling Euro 12,508 thousand decreased by Euro 859 thousand compared to December 31, 2018 and relates to the deferment of income taxes.

Deferred tax liabilities concern: a) the Parent Company for Euro 11,903 thousand (decreasing on December 31, 2018 Euro 808 thousand) and principally relating to the higher value of tangible fixed assets identified on transition to IFRS, b) for Euro 605 thousand the fair value of the ministerial concession for the Lavello facility to Eugea Mediterranea S.p.A. (decreasing Euro 51 thousand on December 31, 2018).

DEFERRED TAX LIABILITIES

Euro/000

	IRES	IRAP
Assessable 2018	1,664	291
Utilisations 2019	(474)	(275)
Provisions 2019	531	201
Assessable 31.12.2019	1,721	217
Rate	24.00%	4.97%
Total IRES - IRAP Group Statutory 31.12.2019	**413**	**11**
Deferred tax liability from IAS reversal at 31.12.2019	12,084	0
Total IRES and IRAP Group deferred tax liability at 31.12.2019	**12,508**	

The breakdown of the temporary differences giving rise to deferred tax liabilities are reported below.

Euro/000

	December 31, 2018				December 31, 2019				
	Amount of temporary differences IRES	Amount of tax liability IRES	Amount of temporary differences IRAP	Amount of tax liability IRAP	Amount of temporary differences IRES	Amount of tax liability IRES	Amount of temporary differences IRAP	Amount of tax liability IRAP	Amount recognised to P&L IRES and IRAP
IAS adjustments Parent company	46,382	11,133	23,449	1,165	43,429	10,423	21,258	1,057	(818)
Unrealised exchange gains	81	19	-	-	326	78	-	-	59
Capital grants	24	6	24	1	21	5	21	1	(1)
Concession on factory	2,340	563	2,340	92	2,160	519	2,160	85	(51)
Recovery prior year taxes	316	77	267	13	195	48	195	10	(32)
Accelerated depreciation	1,038	249	-	-	1,038	249	-	-	-
Membership fees paid in advance	4	1	-	-	4	1	-	-	-
UpFront commissions loans pre-2018	200	48	-	-	135	32	-	-	(16)
TOTAL	**50,385**	**12,096**	**26,080**	**1,271**	**47,308**	**11,355**	**23,634**	**1,153**	**(859)**

24. Provisions for risks and charges

The provision at December 31, 2019 amounts to Euro 8,046 thousand, a decrease of Euro 403 thousand compared to December 31, 2018.

PROVISIONS FOR RISKS AND CHARGES

Euro/000

	Other Risks	Customers Indemnity	Total
Beginning balance	8,280	169	**8,449**
Utilisation for losses	(1,417)	0	**(1,417)**
Provision for the year	1,011	3	**1,014**
Provision at 31.12.2019	**7,874**	**172**	**8,046**

The amount of the provisions represents the best estimate by the Directors, on the basis of the information available at the time of the preparation of the present accounts, of the charges matured against the Group at year-end and for other potential liabilities deriving from disputes for which the Group considers the risk of charges probable. The balance at December 31, 2019 is broken down as follows:

- Euro 7,874 thousand relating to other risk provisions, which covers the risks related to civil and tax disputes in course for Euro 7,463 thousand of the Parent Company, for Euro 411 thousand relating to Eugea Mediterranea S.p.A.; the change in the year is due to the utilisation of the Risk Provision for Euro 1,417 thousand for the finalisation of civil disputes and tax disputes mainly concerning the Parent Company, while the provision in 2019 of Euro 1,011 thousand includes provisions made for disputes of a civil and tax nature which the Group considers probable;

- Euro 172 thousand, concerning La Doria SpA, relate to the provision for supplementary severance indemnities to agents on the termination of their contract.

For further information on disputes at December 31, 2019, reference should be made to the relevant paragraph of the Directors' Report.

CURRENT LIABILITIES

25. Current financial payables

They amount to Euro 131,254 thousand and increased by Euro 22,755 thousand compared to December 31, 2018 and comprise:

- Euro 52,338 thousand relating to short-term advances from banks on export contracts, imports, hot money and supplier lines for Euro 23,717 thousand to the parent company and Euro 4,000 thousand to the subsidiary Eugea Mediterranea S.p.A. and Euro 24,621 thousand to Ldh (La Doria) ltd.
- Euro 40,860 thousand for the portion due within 12 months of the long-term loans of the Parent Company;
- Euro 177 thousand recharges to be received from banks by the Parent Company;
- Euro 141 thousand for advances on factoring and reverse factoring with maturity of the Parent Company.
- Euro 1,682 thousand relating to the Fair Value at December 31, 2019 of interest rate hedging contracts of the Parent Company, treated as hedge accounting;
- Euro 2,668 thousand concerning the negative fair value of forward contracts and currency options, of the Parent Company;
- Euro 262 thousand concerning the negative premiums on currency options of the Parent Company; these premiums are expressed for an equal value and for a positive amount in the account Other current financial assets of the Parent Company;
- Euro 157 thousand relating to the part of the payable for the subvention reimbursement recognised to the Parent Company by the Ministry for Economic Development within the Innovative Tender (Internal Register No. 1949 of 06/06/14);
- Euro 904 thousand referring to the present value of the right-of-use assets subject to rental and lease contracts having the characteristics provided for by IFRS 16, for which reference should be made to the paragraph "IFRS Accounting standards, amendments and interpretations applied from January 1, 2019";
- Euro 32,065 thousand as the payable for the acquisition of the minority share of the subsidiary LDH based on the shareholder agreement in place at December 31, 2019 which provides for put & call options in favour of La Doria and the minority shareholders of the subsidiary LDH; this payable was classified to current liabilities as per paragraph 69 of IAS 1, although at the preparation date of the financial statements there were no indicators suggesting a probable exercise of these put options by the minority shareholders and consequently a charge on La Doria S.p.A. in the coming twelve months.

The notional values and the fair values at December 31, 2019 on interest rate hedge contracts which generated the payable of Euro 1,682 thousand in the accounts, are shown below (at December 31, 2018 – Euro 1,276 thousand):

Valori in Euro/000

Bank Irs	Notional	Fair Value 31.12.2019	Fair Value 31.12.2018
AKROS	9,000	(64)	0
BNL	5,000	(75)	0
UNICREDIT	14,000	(296)	0
INTESA SAN PAOLO	5,000	(1)	0
BANCO DI NAPOLI	10,000	(202)	(160)
AKROS	9,000	(145)	(140)
BNL	15,000	(244)	(127)
AKROS	10,000	(169)	(112)
BANCO DI NAPOLI	6,667	(46)	(40)
UNICREDIT	10,800	(167)	(134)
BNL *	5,000	0	0
AKROS	4,812	(14)	(0)
ICCREA *	5,000	0	0
BPER	0	0	(28)
AKROS	0	0	(35)
BNL	2,500	(21)	(43)
BANCO DI NAPOLI	3,000	(31)	(68)
CARIPARMA	1,875	(16)	(35)
UNICREDIT	6,787	(92)	(167)
BANCO DI NAPOLI	7,273	(50)	(93)
UNICREDIT	7,273	(50)	(93)
Total	**137,987**	**(1,682)**	**(1,276)**

* The table shows, only as notional, two loans of Euro 5,000,000 agreed in 2016 at fixed interest rates and reported in the loans section.

26. Trade Payables

These amount to Euro 127,391 thousand, an increase of Euro 2,765 thousand compared to December 31, 2018. Such payables are net of credit notes to be received from suppliers for discounts, price/quantity differences on purchases and/or services relating to the period.

27. Tax payables

The account amounts to Euro 3,240 thousand, a decrease of Euro 159 thousand compared to December 31, 2018. This account principally comprises:

- for Euro 2,123 thousand withholding taxes on salaries, of which Euro 2,060 thousand concerning the Parent Company and Euro 63 thousand the subsidiary Eugea Mediterranea S.p.A. paid in 2020 in accordance with due payment dates;
- for Euro 10 thousand local taxes due;
- for Euro 19 thousand IRAP payables for lower payments on account in 2019;
- for Euro 17 thousand IRES payables for lower payments on account in 2019;
- for Euro 1,069 thousand tax payables of the subsidiary LDH (La Doria) Ltd.

28. Other current liabilities

These amount to Euro 23,256 thousand and have increased by Euro 2,856 thousand compared to December 31, 2018. They principally include:

- Euro 1,527 thousand for payables to social security and pension organisations, of which Euro 990 thousand relates to the Parent Company, Euro 10 thousand to Eugea Mediterranea S.p.A. and Euro 527 thousand to the English subsidiary LDH (La Doria) Ltd;
- Euro 9,998 thousand relating to unsettled employee payables for the year (wages and salaries for December 2019, vacation days due, thirteenth and fourteenth month), of which Euro 9,821 thousand concern the parent company and are inclusive of the better estimate of employee bonuses linked to the achievement of set objectives envisaged by the supplementary company agreement signed with the parent and Euro 177 thousand of the subsidiary Eugea Mediterranea S.p.A.;
- Euro 1,009 thousand in payables arising from the cost of the quotas to be acquired to reconcile the overrun on Co2 emission quotas granted, as reported in the section "Trade payables and other liabilities".
- Euro 629 thousand of other payables - of which Euro 524 thousand concerning the Parent Company and Euro 105 thousand the subsidiary Eugea Mediterranea S.p.A.;
- Euro 5,811 thousand other liabilities of the subsidiary LDH (La Doria) Ltd., which mainly includes management fees and staff bonuses;
- Euro 655 thousand principally comprising the current quota of the grant on plant for future periods, of which Euro 619 thousand referring to the Parent Company and Euro 36 thousand to the subsidiary Eugea Mediterranea S.p.A.;
- Euro 3,668 thousand concerning the portion of contributions for commercial activities on foreign markets.

Commitments and guarantees

These total Euro 66,599 thousand and relate to:

- Euro 18,387 thousand for guarantees and comfort letters by La Doria S.p.A. on the short-term and medium/long-term loans provided to the subsidiary Eugea Mediterranea S.p.A.;
- Euro 41,386 thousand for the amount at December 31, 2019 of guarantees given on behalf of banks by La Doria S.p.A. for credit lines made to the subsidiary LDH (La Doria) Ltd;
- Euro 2,917 thousand for a surety issued in favour of the Agenzia Nazionale per l'attrazione degli investimenti e lo sviluppo d' impresa Spa (INVITALIA) to guarantee the subsidised loan provided for La Doria Spa pursuant to the Ministerial Decree of February 13, 2014 and subsequent amendments to facilitate the implementation of investment programmes aimed at the industrial relaunch of Crisis Areas in Campania. La Doria presented this programme as an expansion of the Sarno production unit and is to be implemented through investment in wall structures, plants, machinery and equipment;
- Euro 1,742 thousand for sureties issued to guarantee payments to suppliers of which Euro 1,361 thousand issued by the Parent Company and Euro 381 thousand issued by the subsidiary Eugea Mediterranea S.p.A.;
- Euro 1,462 thousand for guarantees issued in favour of the Customs Office and Campania Region against customs duties and taxes;
- Euro 705 thousand for guarantees on La Doria S.p.A. receivables to the public administration;
- Euro 81 thousand is also included as a guarantee in favour of the parent company for the surety issued by the Insurance Company in favour of La Doria Spa for the procurement contract on the replacement of generators.

INCOME STATEMENT

29. Revenues

Revenues from sales and services amount to Euro 717,650 thousand, an increase of Euro 29,732 thousand compared to 2018. This change was impacted by application of the new standard IFRS 15, which recognises Performance Obligations directly related to revenues as a reduction in revenues. Applied to the Group's situation, this concerns a contribution for promotional activities recognised to the client, reclassified from operating costs to the direct reduction in revenues in the financial statements for Euro 1,968 thousand compared with Euro 4,130 thousand in 2018.

In relation to the profit of the group, this is divided into two parts:

a. sale of products from industrial production;

b. sales of products marketed.

Industrial production is related to the activities of the company La Doria S.p.A. and Eugea Mediterranea S.p.A. while the English subsidiary LDH (La Doria) Ltd is a trading company and therefore is involved only in the sale of parent company products and other products acquired from third party suppliers.

The consolidated turnover of the Group is divided as follows:

1. "red line" which includes the products having tomatoes as the main raw material;
2. "fruit line", comprising the products having fruit and/or fruit purée as their main raw material;
3. "pulses line" comprising the products with pulses as their main raw material, other vegetables and canned pasta products;
4. "sauces line" which includes all the processing relating to all types of sauces (white sauces, tomato-based and pesto);
5. "other lines" that include all the other products not included above. In particular, all of the products marketed by the subsidiary LDH (La Doria) Ltd are included, i.e. canned tuna and salmon, canned pasta, chocolate confectionary, pet food and others.

CONSOLIDATED REVENUES BY LINE

Euro/000

	Red Line	Fruit Line	Legumes	Sauces	Other Lines	Total
CONSOLIDATED REVENUES	150,240	69,010	207,992	92,134	198,274	717,650

N. 1 client accounted for more than 10% of consolidated revenues.

30. Other operating revenues

Other operating revenues amount to Euro 11,255 thousand, increasing Euro 721 thousand compared to December 31, 2018 and comprise:

- Euro 385 thousand for capital grants, of which Euro 333 thousand (concerning the factories at Angri, Fisciano and Faenza) relating to the Parent Company and Euro 52 thousand (concerning the Lavello factory) relating to the subsidiary Eugea Mediterranea S.p.A.;
- Euro 788 thousand in revenues from the sale of food scraps relating almost entirely to the parent company;
- Euro 2,919 thousand revenues relating to the sale of raw materials, pallets, stack dividers and miscellaneous packaging, of which Euro 2,863 thousand relating to the Parent Company and Euro 56 thousand relating to the subsidiary Eugea Mediterranea;

- Euro 1,574 thousand from damage compensation received by the Parent Company;
- Euro 402 thousand income on the sale of land rights at the Sarno and Fisciano facilities;
- Euro 1,941 thousand for non-recurring income ascribable to the Parent Company for Euro 1,916 thousand and the remaining Euro 25 thousand to the subsidiary Eugea Mediterranea S.p.A.;
- Euro 3,246 thousand from other income.

31. Change in inventories

They changed from -Euro 4,869 thousand at December 31, 2018 to Euro 10,516 thousand at December 31, 2019. The account summarises the economic impact of the changes in the inventories of raw materials, semi-finished and finished products.

32. Purchase of raw materials and goods

The costs for raw materials and goods in 2019 amount to Euro 525,067 thousand, an increase of Euro 27,869 thousand compared to the previous year. The increase in the cost of raw materials is mainly due to the performances in the various business lines as commented upon in the Directors' Report.

33. Services

In 2019 the account amounted to Euro 87,594 thousand, increasing Euro 9,419 thousand on 2018. The account includes service costs of Euro 85,833 thousand (Euro 75,511 thousand in 2018) and rent, lease and similar costs of Euro 1,761 thousand (Euro 2,664 thousand in 2018).

34. Labour costs

Labour costs in 2019 amounted to Euro 57,459 thousand, an increase of Euro 4,057 thousand compared to 2018.

LABOUR COSTS
Euro/000

	At 31.12.2019	At 31.12.2018	/\
Wages and Salaries	39,511	37,211	2,300
Social charges	11,685	11,032	653
Post-employment benefits	2,464	2,323	141
Other costs	3,799	2,836	963
TOTAL	**57,459**	**53,402**	**4,057**

The account "other costs" refers for Euro 3,341 thousand to the Parent Company (of which principally Euro 1,806 thousand refer to a better estimate of employee bonus provisions at the end of the financial year, Euro 345 thousand for temporary labour, Euro 138 thousand for interns, Euro 275 thousand for leaving indemnities, Euro 628 thousand for supplementary post-employment leaving indemnities and Euro 75 thousand for donations and employee transfers); Euro 4 thousand relates to Eugea Mediterranea S.p.A. principally relating to employee bonuses and Euro 454 thousand to the English subsidiary LDH (La Doria) Ltd.

With regard to information on employees, please refer to the Directors` Report paragraph "Composition of the workforce 2019".

35. Other operating costs

The account amounts to Euro 13,289 thousand, an increase of Euro 1,302 thousand on 2018. The account includes other operating charges and non-recurring charges, of which Euro 12,702 thousand relating the Parent Company and concerning miscellaneous consumables, minor equipment, fiscal charges and losses for Euro 11,631 thousand and Euro 1,071 thousand for non-recurring charges.

36. Amortisation, depreciation, write-downs and provisions

This account amounts to Euro 21,458 thousand and increased Euro 3,387 thousand compared to the previous year. The account includes:

AMORTISATION, DEPRECIATION, WRITE-DOWNS AND PROVISIONS

Euro/000

	At 31/12/19	At 31/12/18	/\
Amortisation of intangible assets	859	998	(139)
Depreciation of fixed assets	14,790	12,719	2,071
Doubtful debt provision	2,651	400	2,251
Other fixed asset write-downs	2,010	2,686	(676)
Provisions for risks and other provisions	1,148	1,268	(120)
Total	**21,458**	**18,071**	**3,387**

In relation to the "Doubtful debt provision" and the "Provisions for risks", reference is made to the comments on the specific balance sheet accounts "Trade receivables" (Note 10) and "Provisions for risks and charges" (Note 24). "Other fixed asset write-downs" refers to the write-down of the goodwill of the subsidiary LDH (La Doria) Ltd relating to the Pet Food CGU, as described in the account "Goodwill" (Note 3) and the write down of the East & West brand recognised under Intangible Assets (Note 1).

37. Financial income

These total Euro 8,425 thousand and relate to:

- Euro 1,606 thousand of interest on temporary liquidity on current accounts and interest on receivables from the State and clients;
- Euro 6,819 thousand of currency gains and income on the positive fair value of currency forward contracts and options in place at December 31, 2019.

38. Financial charges

The account amounts to Euro 15,264 thousand and relates to:

- Euro 3,324 thousand for charges on the short-term and medium/long-term debt (Euro 3,206 thousand) and write-downs of financial assets (Euro 118 thousand). Almost the entire amount refers to the Parent Company;
- Euro 52 thousand relating to financial charges deriving from the application of the new accounting standard IFRS 16;
- Euro 41 thousand for the interest cost component relating to the discounting of Post-employment benefits in accordance with IAS 19 Revised;
- Euro 8,869 thousand from currency losses and charges for negative differentials on interest rate swap contracts and the negative fair value of currency forward contracts and options in place at December 31, 2019;
- Euro 1,406 thousand of currency losses of the foreign subsidiary LDH (La Doria) Ltd;
- Euro 1,572 thousand exchange losses relating to the financial payable on the minority shares of LDH (La Doria) Ltd; this difference was generated from the exchange rate applied between the reporting date and December 31, 2018.

39. Income taxes

These total Euro 7,864 thousand, a decrease of Euro 1,082 thousand compared to the previous year. Income taxes in 2019/2018 are detailed below:

Euro/000	At 31.12.2019	At 31.12.2018	/\
Income taxes	8,035	9,813	(1,778)
Deferred tax charges	(859)	(1,047)	188
Deferred tax income	656	108	548
Taxes from prior years	32	72	(40)
TOTAL	**7,864**	**8,946**	**(1,082)**

For changes in deferred tax assets and liabilities reference should be made to the specific balance sheet accounts.

40. Cash Flow Statement

Group cash and cash equivalents decreased during the year ended December 31, 2019, by Euro 44,760 thousand due to the generation of cash from operating activities for Euro 29,619 thousand, net of cash absorbed by investment activities for Euro 58,297 thousand, financing activities for Euro 16,681 thousand and the generation of non-monetary changes for Euro 599 thousand. No particular uncertainties exist which may impact the value of assets and liabilities recognised to the financial statements. Cash and cash equivalents entirely concern current account balances and cash on hand.

EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit (loss) by the weighted average number of ordinary shares outstanding in the year (net of treasury shares).

Earnings per share	31.12.2019	31.12.2018
Number of shares net of treasury shares	30,767,000	30,880,000
Profit of the group per share	0.65	0.88

The diluted earnings per share for 2019 correspond to the basic earnings per share as no dilutive effects were present.

Dividends

In the first half of 2019 the Parent Company approved dividends relating to the 2018 result of Euro 5,580 thousand, equal to a net dividend per share of Euro 0.18, as approved by the Shareholders' Meeting of June 11, 2019. The dividends were distributed on July 3, 2019.

RELATED PARTY TRANSACTIONS

FY 2018

Euro/000

31.12.2018	Trade receivables	Other current assets	Other non-current assets	Trade Payables	Other current liabilities	Other non-current liabilities
Balance sheet						
Trade receivables	141					
Trade payables				3		
Directors					154	
TOTAL	**141**	**0**	**0**	**3**	**154**	**0**

Trade receivables: Refers to receivables from clients considered as other related parties for Euro 141 thousand for transactions of a commercial nature;

Trade payables: Concerns payables to suppliers for services of Euro 3 thousand;

Other current liabilities: Concerns payables to Directors for Euro 154 thousand and remuneration, salary and bonuses matured in the year and still not paid.

Euro/000

31.12.2018	Revenues	Other revenues	Costs	Other costs
Income statement				
Revenues	342			
Costs			11	
Directors				1,649
TOTAL	**342**	**0**	**11**	**1,649**

Revenue: Concerns revenues deriving from the sale of finished products and amounts to Euro 342 thousand;

Costs: Concerns costs for the acquisition of services for Euro 11 thousand;

Other costs: These amount to Euro 1,649 thousand and entirely refer to remuneration, salaries and bonuses matured by the Directors in the year.

FY 2019

Euro/000

31.12.2019	Trade receivables	Other current assets	Other non-current assets	Trade Payables	Other current liabilities	Other non-current liabilities
Balance sheet						
Trade receivables	151					
Trade payables				1		
Directors					162	
TOTAL	**151**	**0**	**0**	**1**	**162**	**0**

Trade receivables: Refers to receivables from clients considered as other related parties for Euro 151 thousand for transactions of a commercial nature;

Trade payables: Concerns payables to suppliers for services of Euro 1 thousand;

Other current liabilities: Concerns payables to Directors for Euro 162 thousand and remuneration, salary and bonuses matured in the year and still not paid.

Valori in Euro/000

31.12.2019	Revenues	Other revenues	Costs	Other costs
Income statement				
Revenues	363			
Costs			11	
Directors				2,043
TOTAL	**363**	**0**	**11**	**2,043**

Revenue: Concerns revenues deriving from the sale of finished products and amounts to Euro 363 thousand;

Costs: Concerns costs for the acquisition of services for Euro 11 thousand;

Other costs: These amount to Euro 2,043 thousand and entirely refer to remuneration, salaries and bonuses matured by the Directors in the year.

KEY MANAGEMENT PERSONNEL REMUNERATION

The remuneration of those holding positions with authority and responsibility for planning, management and control of the Company, including Executive and Non-Executive Directors, is reported in Tables D and E.

Such remuneration concerns emoluments and all other payments, including the portion carried by the Company, of a remunerative, pension-related or social security nature deriving from the role of Director or Statutory Auditor of the Parent Company and other companies within the consolidation scope, which resulted in a cost for the Group.

DISCLOSURE PURSUANT TO ARTICLE 149 DUODECIES OF THE CONSOB ISSUER'S REGULATION

Table F, prepared pursuant to Article 149 *duodecies* of the CONSOB Issuer's Regulations, reports the payments made in 2019 for audit, declaration, tax consultancy and other services carried out by the independent audit firm and associated entities. .

SUBSEQUENT EVENTS

COVID-19 Emergency

The Group is managing the contingent situation concerning the Covid-19 emergency in line with the central Government's orders and those imposed in the regions in which Group facilities are located. In particular, the Group has introduced specific measures to reduce the contagion risk for its employees and to ensure at the same time continuity of company operations, also through "smart working" (working from home).

The global spread of Covid 19 is impacting economic activities in Italy, giving rise to an environment of general uncertainty and whose evolution and effects are unforeseeable.

With regards to the economic impact of this situation on the business, the La Doria Group currently, as involved in the packaged food and mainly the retail segment, is responding to the demand peaks from both Italian and overseas customers.

However, the situation will continue to be closely monitored, alongside its potential impacts on the financial statements for the current year.

Attachments to the explanatory notes

The net financial position required by CONSOB communication of July 28, 2006 DEM/6064293 and by CESR recommendation of February 10, 2005 "Recommendations for the standard application of the European Commission Regulation on disclosure statements", taking account also of the new ESMA guidelines issued on July 3, 2016 on alternative performance indicators, is as follows:

NET DEBT

Euro/000

	31.12.2019	31.12.2018
A. Cash	19	5
B. Other cash and cash equivalents (Bank and postal deposits)	42,025	86,799
C. Securities held-for-trading	0	0
D. Liquidity (A+B+C)	**42,044**	**86,804**
E. Current financial receivables	**38,585**	**14,622**
F. Current bank payables	54,198	41,805
G. Current portion of non-current debt	40,860	35,604
H. Other current financial payables	36,196	31,090
I. Current financial debt (F+G+H)	131,254	108,499
J. Current net debt (+I-D-E)	50,625	7,073
K. Bank payables – non-current portion	96,876	104,790
L. Bonds issued	0	0
M. Other non-current liabilities	1,301	393
N. Non-current debt (K+L+M)	**98,177**	**105,183**
O. Net debt (J+N)	**148,802**	**112,256**

TABLE A - LA DORIA GROUP - INTANGIBLE ASSETS AT 31/12/2019

Euro/000

	HISTORICAL COST	AMORT. PRIOR YEARS	AMORT. 31.12.19	INVEST. 31.12.19	DIVEST. 31.12.19	RECLASS. 31.12.2019	NET TOTAL
SOFTWARE COSTS	8,514	7,477	482	23	0	102	680
BRANDS	3,332	1,394	177	0	76	0	1,685
OTHER DEFERRED CHARGES	5,236	2,795	200	0	0	0	2,241
ASSETS IN PROGRESS	108	0	0	528	0	(108)	528
TOTAL	**17,190**	**11,666**	**859**	**551**	**76**	**(6)**	**5,134**

TABLE B - LA DORIA GROUP - NET TANGIBLE FIXED ASSETS AT 31/12/2019

Euro/000

CATEGORY	RATE	HISTORICAL COST at 1/1/19	REVAL. PR. YEARS	DEPRE. PR. YEARS al 01/01/19	conv. open. balances LDH hist. translation diff. (**)	conv. open. balances LDH acc. translation diff. (**)	DIVEST. PROVISION at 31/12/19	DEPRE. at 31/12/19 (***)	DEP. IFRS 16 at 31/12/19	INVEST. at 31/12/19	INVEST. IFRS 16 at 31/12/19	DIVEST. at 31/12/19	RECLASS. at 31/12/19	NET TOTAL
LAND		34,914	0	0	321	0	0	0	0	0	0	0	0	35,235
IND. BUILDINGS/ LIGHT CONST.	*	115,948	0	28,485	107	31	3	3,510	207	4,188	1,029	79	743	89,706
PLANT AND MACHINERY	7.50%-14%	191,033	1,454	151,302	0	0	383	9,594	94	10,068	187	413	2,120	43,842
EQUIPMENT	20.00%	7,401	194	7,044	0	0	2	228	0	347	0	18	17	671
EDP	20.00%	7,573	0	5,763	192	131	0	555	96	81	253	0	6	1,560
INTERNAL TRANSPORT	20.00%	941	23	950	0	0	0	9	131	0	494	0	0	368
MOTOR VEHICLES	25.00%	505	0	443	25	22	1	76	226	140	772	9	0	667
FURNITURE AND OTHER ASSETS	7.50%-12.00%	1,297	12	989	3	2	0	81	0	9	0	0	0	249
ASSETS IN PROGRESS	0.00%	9,620	0	0	321	0	0	0	0	42,268	0	0	(2,871)	49,338
TOTAL		**369,232**	**1,683**	**194,976**	**969**	**186**	**389**	**14,053**	**754**	**57,101**	**2,735**	**519**	**15**	**221,636**

* The rate applied corresponds to the residual useful life estimated.
** Relates to the difference arising on the conversion of the opening balances in foreign currency of the subsidiary LDH ltd
*** The account includes the exchange differences of Euro -17 thousand.

TABLE C - HOLDINGS IN CONSOLIDATED SUBSIDIARIES

Euro/000

	BALANCE 31.12.2018	DECREASE	WRITE-DOWN	NEW CONTR.	BALANCE 31.12.2019	% HELD	% CONSOLID.
LDH (La Doria) Ltd	6,019	-	-	-	6,019[1]	58.0%	100%
EUGEA MEDITERRANEA SPA	3,316	-	-	-	3,316[2]	98.67%	98.67%
LA DORIA USA Inc.	19	-	(10)	8	17[3]	100.00%	100.00%
	9,354	**-**	**(10)**	**8**	**9,352**		

1 LDH (La Doria) Ltd - LDH House - Parsons Green - St Ives
Cambridgeshire - PE27 4AA
Share Capital GBP 1,000,000 shares of GBP 1 each
Net equity 31.12.2019 of GBP 64,966 thousand
Including net profit for year of GBP 5,243 thousand.

2 EUGEA MEDITERRANEA S.p.A. - Strada Consorziata s.n.c. - Gaudiano di Lavello (PZ)
Share Capital Euro 1,500 thousand = 15,000 shares of Euro 100.00 each
Net equity of Euro 5,347 thousand at 31.12.2019
Including net profit for year of Euro 91 thousand

3 (3) LA DORIA USA Inc. - 5 WEST 19TH STREET, 10TH FLOOR, New York, NY 10011
Share Capital USD 22,000
Net equity of USD 15 thousand at 31.12.2019
Including net loss for year of USD 5 thousand

TABLE C1 - HOLDINGS IN INDIRECT SUBSIDIARIES

	NET EQUITY	% HELD	NET EQUITY SHARE
LDH Foods (Hellas) ldt - (in liquidation)			
32 Omiron Street - Athens (Grecia) Investment acquired on May 14, 1998 Share capital - Euro 18 thousand Investment eliminated at December 31, 2007 on ceasing of activities	0	58.00%	0
LDH Foods S.L. (in liquidation)			
Av.da De Los Castanos, 53 - Urb. El Chorrico" - Molina De Segura (Murcia) Share capital - Euro 9 thousand Investment eliminated at December 31, 2007 on ceasing of activities	0	58.00%	0
MANPINECO			
519 North Gate - Alconbury Airfield- Alconbury Huntingdon - Cambridgeshire PE 28 4WX Share capital - GBP 0.001 thousand The company was incorporated in January 2008 by the subsidiary LDH (La Doria) Ltd.	1	58.00%	0.58
Oriental & Pacific Frozen Food Co. Ltd			
519 North Gate - Alconbury Airfield- Alconbury Huntingdon - Cambridgeshire PE 28 4WX Share capital - GBP 10 thousand LDH (La Doria) Ltd holds 100% since 1/4/2008.	10,000	58.00%	5,800

REMUNERATION OF ADMINISTRATION AND CONTROL BOARDS, GENERAL MANAGER AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES.

Information on the remuneration of administration and control boards, the general manager and executives with strategic responsibilities and on the equity they hold, are provided in the Remuneration Report, drawn up pursuant to Article 123-ter of Legislative Decree No. 58/1998 (CFA). The Remuneration Report may be viewed in the Governance section of the La Doria website (www.gruppoladoria.it).

TABLE D – REMUNERATION OF DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGER AND EXECUTIVES WITH STRATEGIC RESPOSIBILITIES OF LA DORIA S.P.A

PARTY	DESCRIPTION OF OFFICE							
Name	Office held	Duration of office (*)	Emoluments for office in company preparing financial stats.	Non monetary benefits	Bonus other incentives	Emoluments for risk control/ renumeration committee	Emoluments Supervisory Board	Other remuner.
Persico Sergio	Vice Chairman of BoD	17/06/2017-31/12/2019	100,000			10,000	5,000	
Ferraioli Antonio	Chairman of BoD	17/06/2017-31/12/2019	30,000	5,259	161,510			400,000
Ferraioli Andrea	Director of BoD	17/06/2017-31/12/2019	30,000	4,905	161,510			400,000
Ferraioli Iolanda	Director of BoD	17/06/2017-31/12/2019	30,000	4,723	25,353			110,036
Preda Michele	Director of BoD	17/06/2017-31/12/2019	30,000			5,000		
David Elena	Director of BoD	17/06/2017-31/12/2019	30,000			5,000		
Lamberti Enzo Diodato	Director of BoD	17/06/2017-31/12/2019	30,000	11,334				153,469
Michaela Castelli	Director of BoD	17/06/2017-31/12/2019	30,000			10,000	10,000	
Ferraioli Diodato	Director of BoD	17/06/2017-31/12/2019	30,000	2,227	15,242			68,199
Alfano Ottavia	Chair Brd Stat. Auditors	17/06/2017-31/12/2019	30,000					
Caldarelli Adele	Standing Auditor	17/06/2017-31/12/2019	25,000					
D'Amore Maurizio	Standing Auditor	17/06/2017-31/12/2019	25,000					
TOTAL			**420,000**	**28,448**	**363,615**	**30,000**	**15,000**	**1,131,704**

Other remuneration	Ferraioli Antonio	Executive
Other remuneration	Ferraioli Andrea	Executive
Other remuneration	Ferraioli Iolanda	Executive

* Until approval of accounts by Shareholders' Meeting

TABLE E - REMUNERATION OF DIRECTORS OF SUBSIDIARES

LDH (LA DORIA) LTD

PARTY	DESCRIPTION OF OFFICE		FEES			
Name	Office held	Duration of office	Emoluments for benefits	Non-monetary benefits	Bonus and other incent.	Other remuner.
Ferraioli Antonio	Chairman of BoD	19/2/97 until revocation	7,979			
Persico Sergio	Director of BoD	19/2/97 until revocation	7,979			
Ferraioli Rosa	Director of BoD	04/2009 until revocation	7,979			
Festa Alberto	Director of BoD	01/2010 until revocation	7,979			
Ferraioli Andrea	Director of BoD	02/03/98 until revocation	7,979			
Total			**39,895**			

Remuneration of GBP 35 thousand at average 2019 rate of 0.87731

EUGEA MEDITERRANEA SPA

PARTY	DESCRIPTION OF OFFICE		FEES			
Name	Office held	Duration of office	Emoluments for office	Non-monetary benefits	Bonus and other incent.	Other remuner.
Ferraioli Antonio	Chairman of BoD	30/04/2019-31/12/2021	10,000			
Ferraioli Andrea	Director of BoD	30/04/2019-31/12/2021	10,000			
Festa Alberto	Director of BoD	30/04/2019-31/12/2021	10,000			
Persico Sergio	Director of BoD	30/04/2019-31/12/2021	10,000			
Total			**40,000**			

(*) up to the date of approval of the financial statements at 31/12/2021

DISCLOSURE PURSUANT TO ARTICLE 149 DUODECIES OF THE CONSOB ISSUER'S REGULATION

The following table, prepared pursuant to Article 149-duodecies of the CONSOB Issuers´ Regulations, presents the fees paid in 2019 for audit and other services provided by the audit firm and entities associated with the audit firm.

TABLE F - INDEPENDENT AUDITORS' FEES

Euro/000

	Service provider	Company	Fees earned 2019
Audit	Deloitte & Touche S.P.A.	Parent Company - La Doria S.p.A.	60
	Deloitte & Touche S.P.A.	Subsidiaries	13
	Rete Deloitte & Touche	Subsidiaries	78
Certification work	Deloitte & Touche S.P.A.	Parent Company - La Doria S.p.A.	37
	Deloitte & Touche S.P.A.	Subsidiaries	
	Rete Deloitte & Touche	Subsidiaries	
Other services	Deloitte & Touche S.P.A.	Parent Company - La Doria S.p.A.	
	Deloitte & Touche S.P.A.	Subsidiaries	
	PricewaterhouseCoopers S.p.A.	Subsidiaries	131
Total			**319**

Audit services essentially include: (i) the audit of the consolidated financial statements and the financial statements of La Doria S.p.A and subsidiaries; (ii) the limited audit of the half-year financial statements; (iii) accounting checks during the year - Legislative Decree No. 39/2010; (iv) la revisione contabile dei reporting package predisposti dalle società controllate ai sensi dell'art. 14, lettera b del del D.Lgs. n. 39/2010.

Certification services concern: (i) Review of the non-financial statement (ii) VAT statement compliance.

TABLE 1 CONS. - FINANCIAL INSTRUMENTS - IFRS 7.8

Euro/000

	Financial Instruments Fair Value P&L							
At December 31, 2019	Assets	Liabilities	Loans & Receivables	Investments held-to-maturity	Financial assets AFS	TOTAL	Reference Account Balance Sheet	Fair Value
NON-CURRENT ASSETS								
Held-to-maturity investment securities						-		
Non-current receivables from holding companies						-		
Non-current receivables from subsidiaries						-		
Non-current financial assets at fair value					1,260	1,260	Investments in other companies	
Non-current receivables						-		
Non-current receivables from third parties						-		
Derivatives						-		
CURRENT ASSETS								
Current receivables from holding companies						-		
Current receivables from subsidiaries						-	Subsidiaries	
Trade Receivables			109,824			109,824	Trade Receivables	
Held-to-maturity investment securities						-		
Other financial assets	172		38,413			38,585	Other financial assets	
Tax receivables			5,753			5,753	Tax receivables	
Derivatives						-	Bank receivables	
Other assets	229		7,531			7,760	Other assets	

	Financial Instruments Fair Value P&L							
	FV P&L	Amortised Cost				TOTAL		Fair Value
NON-CURRENT LIABILITIES								
Payables to holding companies						-		
Payables to subsidiaries						-		
Non-current financial liabilities		96,876				96,876	Medium/long term debt	
Non-current financial payables		1,301				1,301	Other lenders*	
Derivatives						-		
CURRENT LIABILITIES								
Payables to holding companies						-		
Payables to subsidiaries						-	Payables to subsidiaries	
Payables						-	Customer pay, on account	
Trade Payables		127,391				127,391	Trade Payables	
Tax Payables		3,240				3,240	Tax Payables	
Payables						-		
Current financial payables	1,682	93,376				95,058	Bank loans	
Current financial payables	2,668	33,528				36,196	Other lenders*	
Derivatives						-	Bank payables	
Other current liabilities	4,012	19,244				23,256	Other current liabilities	

The Fair Value at 31/12/19 of the IRS issued to hedge Loans is included in the account Current financial payables

The Fair Value of the currency hedges on the Export area (GBP and AUD) and the Import area (USD) are recorded under other financial assets for positive Fair Values and under current and non-current financial payables for negative Fair values. For Ldh, for the hedging undertaken, the Fair Value is included under other assets or other liabilities.

TABLE 2 CONS. - FINANCIAL INSTRUMENTS - IFRS 7.8

Euro/000

At December 31, 2018	Financial Instruments Fair Value P&L: Assets	Financial Instruments Fair Value P&L: Liabilities	Loans & Receivables	Investments held-to-maturity	Financial assets AFS	TOTAL	Reference Account Balance Sheet	Fair Value
NON-CURRENT ASSETS								
Held-to-maturity investment securities						-		
Non-current receivables from holding companies						-		
Non-current receivables from subsidiaries						-		
Non-current financial assets at fair value					880	880	Investments in other companies	
Non-current receivables						-		
Non-current receivables from third parties						-		
Derivatives						-		
CURRENT ASSETS								
Current receivables from holding companies						-		
Current receivables from subsidiaries						-	Subsidiaries	
Trade Receivables			110,242			110,242	Trade Receivables	
Held-to-maturity investment securities						-		
Other financial assets	1,782		12,840			14,622	Other financial assets	
Tax receivables			10,165			10,165	Tax receivables	
Derivatives						-	Bank receivables	
Other assets	1,125		6,690			7,815	Other assets	

	Financial Instruments Fair Value P&L							
	FV P&L	Amortised Cost				TOTAL		Fair Value
NON-CURRENT LIABILITIES								
Payables to holding companies						-		
Payables to subsidiaries						-		
Non-current financial payables		104,790				104,790	Medium/long term debt	
Non-current financial payables		393				393	Other lenders*	
Derivatives						-		
CURRENT LIABILITIES								
Payables to holding companies						-		
Payables to subsidiaries						-	Payables to subsidiaries	
Payables						-	Customer pay, on account	
Trade Payables		124,626				124,626	Trade Payables	
Tax Payables		3,399				3,399	Tax Payables	
Payables						-		
Current financial payables	1,276	76,133				77,409	Bank loans	
Current financial payables	176	30,914				31,090	Other lenders*	
Derivatives						-	Bank payables	
Other current liabilities		20,400				20,400	Other current liabilities	

The Fair Value at 31/12/18 of the IRS issued to hedge Loans is included in the account Current financial payables

The Fair Value of the currency hedges on the Export area (GBP and AUD) and the Import area (USD) are recorded under other financial assets for positive Fair Values and under and financial payables for negative Fair Values. For Ldh, for the hedging undertaken, the Fair Value is included under other assets or other liabilities.

TABLE3 CONS. - HEDGE VALUATION

Euro/000

At 31 December 31, 2019 LDH	Amount (thousands)					
FV of derivatives not valued	**USD** Notional	**EURO** FV	**EURO** Notional	**EURO** FV	**Other** Notional	**EURO** FV
in Current assets						
Sales expected	25,884	(686)	94,586	(3,097)		
Purchases expected	**25,884**	**(686)**	**94,586**	**(3,097)**	**-**	**-**

At December 31, 2019 LA DORIA SpA	Amount (thousands)					
FV of derivatives not valued	**USD** Notional	**EURO** FV	**AUD** Notional	**EURO** FV	**GBP** Notional	**EURO** FV
in Current assets			10,610	(95)	88,943	(2,226)
Sales expected	31,500	(187)				
Purchases expected	**31,500**	**(187)**	**10,610**	**(95)**	**88,943**	**(2,226)**

The La Doria Options were signed for partial hedging of the purchases in USD and sales in GBS and AUD expected in the coming 12-18 months. La Doria Spa also concluded swaps on commodity CO_2 whose fair value is equal at 31/12/19 to +Euro 12 thousand

At December 31, 2019	Amount (thousands)					
FV of derivatives not valued	**IRS** Notional	**IRS** FV	Notional	FV	Notional	FV
in Current liabilities						
Loans granted	137,987	(1,682)				
Loans received	**137,987**	**(1,682)**				

The La Doria IRS operations were signed for partial hedging of the Medium/long loans.

TABLE 4 CONS. - HEDGE VALUATION

Euro/000

At 31 December 31, 2019 LDH	Amount (thousands)					
FV of derivatives not valued	**USD** Notional	**EURO** FV	**EURO** Notional	**EURO** FV	**Other** Notional	**EURO** FV
in Current assets						
Sales expected	11,126	211	82,871	914		
Purchases expected	**11,126**	**211**	**82,871**	**914**	**-**	**-**

At December 31, 2018 LA DORIA SpA	Amount (thousands)					
FV of derivatives not valued	**USD** Notional	**EURO** FV	**AUD** Notional	**EURO** FV	**GBP** Notional	**EURO** FV
in Current assets			18,373	347	81,681	898
Sales expected	37,800	361				
Purchases expected	**37,800**	**361**	**18,373**	**347**	**81,681**	**898**

The La Doria Options were signed for partial hedging of the purchases in USD and sales in GBS and AUD expected in the coming 12-18 months.

At December 31, 2018	Amount (thousands)					
FV of derivatives not valued	**IRS** Notional	**IRS** FV	Notional	FV	Notional	FV
in Current liabilities						
Loans granted	135,669	(1,276)				
Loans received	**135,669**	**(1,276)**	**-**	**-**	**-**	**-**

The La Doria IRS operations were signed for partial hedging of the Medium/long loans.

TABLE 5 CONS. - SENSITIVITY ANALYSIS (IFRS 7.40-42)

Euro/000

At December 31, 2019	Reference Account Balance Sheet	Book Value	Effect change interest rate Hyp1	Hyp2
NON-CURRENT ASSETS				
Non-current receivables from holding companies (La Doria)				
Non-current receivables from subsidiaries (Others)				
Non current financial assets at fair value				
Receivables				
Non-current receivables from third parties				
CURRENT ASSETS				
Current receivables from holding companies (La Doria)				
Current receivables from subsidiaries (Others)				
Trade receivables				
Current financial assets at fair value				
Other financial assets		38,585		
Derivatives				
Other current assets				
Cash and cash equivalents	Cash and cash equivalents	42,044		
NON-CURRENT LIABILITIES				
Non-current payables from holding companies (La Doria)				
Non-current payables from subsidiaries (Others)				
Non-current financial payables	M/L loans	96,876	12	(12)
Non-current financial payables		1,301		
CURRENT LIABILITIES				
Payables to holding companies (La Doria)				
Payables to subsidiaries (Others)				
Trade payables				
Current financial payables	Banks and other lenders	131,254	196	(196)
Derivatives				
Other Payables				
SHAREHOLDERS' EQUITY				
Translation reserve				
Cash flow reserves				
Net Profit			(208)	208
Minority interest share				

Euribor 2019 at 3 months average = 0.36%

Hyp1 Average interest rate curve higher 50 bps =2.10%+0.5% on Medium/Long term; 1.09%+0.5% on Short-term
The change +/- 0.5% is measured on the part of the loan not hedged at 31/12/19 of Euro 2,466 thousand K€

Hyp2 Average interest rate curve lower 50 bps =1.10%-0.5% on Medium/Long term; 0.09%-0.5% on Short-term

TABLE 6 CONS. - SENSITIVITY ANALYSIS (IFRS 7.40-42)

Euro/000

At December 31, 2018	Reference Account Balance Sheet	Book Value	Effect change interest rate Hyp1	Hyp2
NON-CURRENT ASSETS				
Non-current receivables from holding companies (La Doria)				
Non-current receivables from subsidiaries (Others)				
Non-current financial assets at fair value				
Receivables				
Non-current receivables from third parties				
CURRENT ASSETS				
Current receivables from holding companies (La Doria)				
Current receivables from subsidiaries (Others)				
Trade receivables				
Current financial assets at fair value				
Other financial assets		14,622		
Derivatives				
Other current assets				
Cash and cash equivalents	Cash and cash equivalents	86,804		
NON-CURRENT LIABILITIES				
Non-current payables from holding companies (La Doria)				
Non-current payables from subsidiaries (Others)				
Non-current financial payables	M/L loans	104,790	26	(26)
Non-current financial payables		393		
CURRENT LIABILITIES				
Payables to holding companies (La Doria)				
Payables to subsidiaries (Others)				
Trade payables				
Current financial payables	Banks and other lenders	108,499	179	(179)
Derivatives				
Other Payables				
SHAREHOLDERS' EQUITY				
Translation reserve				
Cash flow reserves				
Net Result			(205)	205
Minority interest share				

Euribor 2018 at 3 months average = 0.33%

Hyp1 Average interest rate curve higher 50 bps =2.19%+0.5% on Medium/Long term; +0.86%+0.5% on Short-term
The change +/- 0.5% is measured on the part of the loan not hedged at 31/12/18 of Euro 5,000 thousand K€

Hyp2 Average interest rate curve lower 50 bps =1.19%-0.5% on Medium/Long term; 0.14%-0.5% on Short-term

TABLE 7 CONS. - SENSITIVITY ANALYSIS (IFRS 7.40-42)

Euro/000

			Amount in original currency					Impact of different assumptions	
At December 31, 2019	**Reference Account Balance Sheet**	**Book Value**	**€**	**GBP**	**USD**	**AUD**	**JPY**	**EUR1+5%** vs.USD,GBP,AUD	**EUR2-5%** vs.USD,GBP,AUD
NON-CURRENT ASSETS									
Non-current financial assets at fair value									
Receivables									
Non-current receivables from third parties									
CURRENT ASSETS									
Trade Receivables	Trade Receivables	58,407		44,573	2,279	6,380	0	(2,781)	3,074
Current financial assets at fair value									
Financial receivables									
Derivatives									
Other current assets									
Cash and cash equivalents	Currency accounts	10,630		7,910	919	823	0	(506)	559
NON-CURRENT LIABILITIES									
Non-current financial liabilities									
Other non-current liabilities									
CURRENT LIABILITIES									
Trade payables	Trade payables	25,749		11,969	13,117	8	0	1,226	(1,355)
Financial payables	Bank payables	32,839		20,948	9,232	0		1,564	(1,728)
Derivatives									
Other Payables		7,001		5,956				333	(368)
SHAREHOLDERS' EQUITY									
Translation reserve									
Cash flow reserves									
Net Result								(164)	181
Minority interest share									

Examples of hypotheses		€/currency	Examples of hypotheses		€/currency
GBP/€	Current rate	0,8508	GBP/€	€ increase by 5%	0,89334
USD/€	Current rate	1,1234	GBP/€	€ decrease by 5%	0,80826
AUD/€	Current rate	1,5995	AUD/€	€ increase by 5%	1,679475
JPY/€	Current rate	121,94	AUD/€	€ decrease by 5%	1,519525
USD/€	€ increase by 5%	1,17957	JPY/€	€ increase by 5%	128,037
USD/€	€ decrease by 5%	1,06723	JPY/€	€ decrease by 5%	115,843

TABLE 8 CONS. - SENSITIVITY ANALYSIS (IFRS 7.40-42)

Euro/000

			Amount in original currency					Impact of different assumptions	
At December 31, 2018	**Reference Account Balance Sheet**	**Book Value**	**€**	**GBP**	**USD**	**AUD**	**JPY**	**EUR1+5%** vs.USD,GBP,AUD	**EUR2-5%** vs.USD,GBP,AUD
NON-CURRENT ASSETS									
Non-current financial assets at fair value									
Receivables									
Non-current receivables from third parties									
CURRENT ASSETS									
Trade Receivables	Trade Receivables	56,867		44,926	3,117	6,361	0	(2,708)	2,993
Current financial assets at fair value									
Financial receivables									
Derivatives									
Other current assets									
Cash and cash equivalents	Currency accounts	16,630		13,883	768	713	0	(792)	875
NON-CURRENT LIABILITIES									
Non-current financial liabilities									
Other non-current liabilities									
CURRENT LIABILITIES									
Trade Payables	Trade payables	28,661		18,773	8,781	9	0	1,365	(1,508)
Financial payables	Bank payables	1,005		899				48	(53)
Derivatives									
Other Payables		7,714		6,901				367	(406)
SHAREHOLDERS' EQUITY									
Translation reserve									
Cash flow reserves									
Net Result								(1,720)	1,901
Minority interest share									

Examples of hypotheses		€/currency	Examples of hypotheses		€/currency
GBP/€	Current rate	0,89453	GBP/€	€ increases by 5%	0,9392565
USD/€	Current rate	1,1450	GBP/€	€ decreases by 5%	0,8498035
AUD/€	Current rate	1,6220	AUD/€	$ increases by 5%	1,7031
JPY/€	Current rate	125,85	AUD/€	$ decreases by 5%	1,5409
USD/€	€ increase by 5%	1,20225	JPY/€	$ increases by 5%	132,1425
USD/€	€ decrease by 5%	1,08775	JPY/€	$ decreases by 5%	119,5575

TABLE 9 CONS. - CURRENT RECEIVABLES (OVERDUE AND NOT YET DUE) - IFRS 7.37

Euro/000

				ANALYSIS : DUE AND WITH FUTURE DUE DATE					
At December 31, 2019	Book Value	Reference Account Balance Sheet	Write-downs	Not due	Due <2 months	Due 2months<x <1 year	Due 1year<x<5 years	Due > 5 years	Total
Trade Receivables	112,026	Trade Receivables		90,183	18,661	2,749	164	268	112,026
Tax receivables	5,753	Tax Receivables		5,753	0	0	0	0	5,753
Other assets	7,760	Other assets		7,760	0	0	0	0	7,760
Gross receivables	**125,539**		**0**	**103,696**	**18,661**	**2,749**	**164**	**268**	**125,539**
Write-down of receivables	2,202	Bad debt provision	2,202	0	0	0	0	0	2,202
Write-down of other receivables		Write-down of other receivables	0	0	0	0	0	0	0
Net receivables	**123,337**		**2,202**	**103,696**	**18,661**	**2,749**	**164**	**268**	**123,337**

TABLE 10 CONS. - CURRENT RECEIVABLES (OVERDUE AND NOT YET DUE) - IFRS 7.37

Euro/000

				ANALYSIS : DUE AND WITH FUTURE DUE DATE					
At December 31, 2018	Book Value	Reference Account Balance Sheet	Write-downs	Not due	Due <2 months	Due 2months<x <1 year	Due 1year<x<5 years	Due > 5 years	Total
Trade Receivables	111,918	Trade Receivables		93,179	16,795	1,473	167	304	111,918
Tax receivables	10,165	Tax Receivables		10,165	0	0	0	0	10,165
Other assets	7,815	Other assets		7,815	0	0	0	0	7,815
Gross receivables	**129,898**		**0**	**111,159**	**16,795**	**1,473**	**167**	**304**	**129,898**
Write-down of receivables	1,676	Bad debt provision	1,676	0	0	0	0	0	1,676
Write-down of other receivables		Write-down of other receivables	0	0	0	0	0	0	0
Net receivables	**128,222**		**1,676**	**111,159**	**16,795**	**1,473**	**167**	**304**	**128,222**

TABLE 11 CONS. - CONCENTRATION OF RECEIVABLES

Euro/000

CUSTOMERS

At December 31, 2019	Book Value	Reference Account Balance Sheet	Due from First 2 Clients	From 3 to 5 Clients	From 6 to 10 Clients	From 11 to 20 Clients	Other Clients	Accrued Income	Total
Trade Receivables	112,026	Trade Receivables	42,626	24,961	11,068	7,962	25,409	0	112,026
Other Assets	7,760	Other assets	2,433	1,157	195	6	0	3,969	7,760
Receivables	**119,786**		**45,059**	**26,118**	**11,263**	**7,968**	**25,409**	**3,969**	**119,786**

BY COUNTRY

At December 31, 2019	Book Value	Reference Account Balance Sheet	Due from EU (Excl. UK) Clients	UK Clients	US Clients	Asia Clients	America Clients	Other Clients	Accrued Income	Total
Trade Receivables	112,026	Trade Receivables	44,933	55,186	1,564	2,444	1,042	6,857	0	112,026
Other Assets	7,760	Other assets	3,547	244	0	0	0	0	3,969	7,760
Receivables	**119,786**		**48,480**	**55,430**	**1,564**	**2,444**	**1,042**	**6,857**	**3,969**	**119,786**

TABLE 12 CONS. - CONCENTRATION OF RECEIVABLES

Euro/000

CUSTOMERS

			Due from						
At December 31, 2018	**Book Value**	**Reference Account Balance Sheet**	**First 2 Clients**	**From 3 to 5 Clients**	**From 6 to 10 Clients**	**From 11 to 20 Clients**	**Other Clients**	**Accrued Income**	**Total**
Trade Receivables	111,918	Trade Receivables	40,377	21,649	13,735	9,135	27,022	0	111,918
Other Assets	7,815	Other assets	3,315	1,409	208	6	0	2,877	7,815
Receivables	**119,733**		**43,692**	**23,058**	**13,943**	**9,141**	**27,022**	**2,877**	**119,733**

BY COUNTRY

			Due from							
At December 31, 2018	**Book Value**	**Reference Account Balance Sheet**	**EU (Excl. UK) Clients**	**UK Clients**	**US Clients**	**Asia Clients**	**America Clients**	**Other Clients**	**Accrued Income**	**Total**
Trade Receivables	111,918	Trade Receivables	45,992	51,825	1,723	3,343	1,060	7,975	0	111,918
Other Assets	7,815	Other assets	3,697	1,240	1	0	0	0	2,877	7,815
Receivables	**119,733**		**49,689**	**53,065**	**1,724**	**3,343**	**1,060**	**7,975**	**2,877**	**119,733**

DECLARATION AS PER ARTICLE 81-TER

Declaration of the Statutory Financial Statements/Consolidated Financial Statements as per Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and supplements

1. The undersigned Antonio Ferraioli, CEO, and Alberto Festa, executive responsible for the preparation of the corporate accounting documents of La Doria S.p.A., affirms, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:
   - the accuracy of the information on company operations and
   - the effective application of the administrative and accounting procedures for the preparation of the separate and consolidated financial statements for the period from January 1, 2019 to December 31, 2019.
2. The adequacy of the administrative and accounting procedures was verified through an assessment of the internal control system underlying the preparation of the financial statements, the interim financial statements and all financial reporting. This evaluation utilised the criteria established in the "Internal Controls -Integrated Framework" issued by the Committee of sponsoring Organizations of the Treadway Commission (CoSO framework) which represents a standard framework generally accepted at international level. No significant issues were identified in the assessment of the internal control system.
3. We also declare that:

   3.1 the parent company and consolidated financial statements:

   a. were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002, and the interpretations of the International Financial Reporting Interpretations Committee and the Standing Interpretations Committee;

   b. correspond to the underlying accounting documents and records;

   c. provide a true and fair representation of the economic, balance sheet and financial situation of the issuer and of the companies included in the consolidation.

   3.2 The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Angri, 12.03.2020

Antonio Ferraioli
Chief Executive Officer

Alberto Festa
Executive Officer for Financial Reporting

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
LA DORIA S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of La Doria S.p.A. and its subsidiaries (hereinafter the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of La Doria S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Titolo dell'aspetto chiave della revisione	
Description of the key audit matter	The Group shows in the financial statements as at 31 December 2019 goodwill for Euro 10.401 thousand, allocated to two "cash generating units" (CGU) with regards to different business combinations. As disclosed in the explanatory notes in the Valuation Criteria and in the Note 3, the goodwill, under provision of "IAS 36 Impairment of asset", isn't subject to amortization but, at least on an annual basis, it is subject to an impairment test, comparing the

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	recoverability amount of the CGU - based on the value in use – and recorded value, which comprises the goodwill and the other tangible and intangible assets allocated to the CGU. The estimates related to the impairment test performed by Management involve considerations about complex elements including assumptions influenced by future expectations and market conditions, concerning the forecast of the expected cash flows of the CGU showed by the business plan prepared with reference to the period 2020-2024, the determination of the discount rate (WACC) and long-term growth rate (g-rate) for the determination of the terminal value beyond the explicit forecast period. Considering the subjectivity of the estimates used for estimating the future cash flows and determining the key input data for the impairment model, we considered the impairment test a key audit matter for the Group's consolidated financial statements.
Audit procedures performed	We first examined the methods adopted by the Management for determining the use value of the CGUs, analyzing the methods and assumptions used for the development of the impairment test. As part of our audit we have perfomed the following procedures: • evaluation of the design and implementation of the relevant controls operating in the Group on the impairment test process; • examination of the model used by Management for impairment tests and concistency of their application; • analysis of the report of the independent external expert who assisted the Group in the development of the impairment tests, as well as assessment of its competence, ability and objectivity; • analysis of the reasonableness of the main assumptions used for the determination of expected cash flows, through collection of information obtained from the Group Management, analysis of forecasted data compared to those included in the original plan; • analysis of of the reasonableness of the discount rate (WACC) and the long-term growth rate; • verification of the mathematical accuracy of the model used for estimating the value in use of the CGU and the correct determination of the book value of the CGU; • check of the sensitivity analysis prepared by Group Management. We also examined the adequacy of the disclosures provided by the Group on the impairment test with respect to IAS 36.

Recognition and measurement of non-current asset held for sale

Description of the key audit matter	As disclosed in the Note 8, the Board of Directors, on 14 November 2018, approved the classification as non-current assets held for sale of Acerra plant, as a consequence of the decision to close the site and trasfer the production

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	activities to other Group's plants. In these circumstances and in accordance with IFRS 5, the Group, also on the basis of a purchasing offer of the plant received by the Group in the first months of the 2020 financial year, maintained the classification of the asset among non-current assets held for sale, and valued it at the lower of the book value recorded in the financial statements at the time of the first classification as "held for sale" and its fair value, net of sales costs, recognizing the negative difference compared to the income statement at the aforementioned book value for an amount of Euro 1.777 thousand. Considering the subjectivity of the estimates to measure the fair value of the asset, the impact on the financial statement and the specific requirements of the IFRS 5, we considered the recognition and measurement of the Acerra plant as non-current asset held for sale a key audit matter for the Group's consolidated financial statements as at 31 December 2019.
Audit procedures performed	As part of our audit procedures, we preliminarly discussed with the Directors about the results of the engagement to sell agreed by the Group with an entity specialized in the real estate brokerage, renewed until 30 July 2020, as well as the existence of the conditions for classifying the Acerra as a non-current asset held for sale. As part of our audit we have perfomed the following procedures: • evaluation of the design and implementation of the relevant controls operating in the Group on the impairment test process; • obtaining and analyzing the conditions included in the renewed engagement to sell agreed by the Group with an entity specialized in the real estate brokerage; • obtaining the purchase offer received by the Group and analyzing the conditions indicated therein; • background analysis relating to the acquiring company, its shareholders and its directors; • verification of the existence of the requirements of IFRS 5 for the qualification of the asset as held for sale and the methodology adopted for the determination of the fair value; • verifies the correctness of the journal entry accounting of the write-down; • obtaining and analyzing the minute of the Board of Directors regarding the evaluation of the purchase offer. Finally, we considered the adequacy and compliance of the Group's disclosures on this transaction with the applicabile IFRS.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established 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 Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

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

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

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

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

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

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of La Doria S.p.A. has appointed us on 10 June 2016 as auditors of the Company for the years from 31 December 2016 to 31 December 2024.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of La Doria S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of LA DORIA Group as at 31 December 2019, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of LA DORIA Group as at 31 December 2019 and on their compliance with the law, as well as to make a statement about any material misstatement.

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In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of LA DORIA Group as at 31 December 2019 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 54

The Directors of LA DORIA S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Mariano Bruno
Partner

Naples, Italy
March 27, 2020

This report has been translated into the English language solely for the convenience of international readers.

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SEPARATE FINANCIAL STATEMENTS AT 31.12.2019

Financial Statements of La Doria S.p.A.

BALANCE SHEET

Euro/000

ASSETS	NOTE	31.12.2019	of which related parties	31.12.2018	of which related parties
NON-CURRENT ASSETS					
Intangible assets	1	2,957		3,155	
Property, plant & equipment	2	167,109		158,014	
Goodwill	3	2,237		2,237	
Investments in subsidiaries and associates	4	9,352		9,354	
Investments in other companies	5	1,257		877	
Other non-current financial assets	6	-		123	
Deferred tax assets	7	4,034		4,589	
Other non-current assets	8	892	826	202	156
TOTAL CURRENT ASSETS		**187,838**		**178,551**	
Non-current assets held-for-sale	**9**	**1,706**		**3,483**	
CURRENT ASSETS					
Inventories	10	153,381		148,743	
Trade receivables	11	82,264	27,497	80,643	23,919
Other assets	12	5,273	1,161	4,773	301
Tax receivables	13	5,137		8,890	
Other financial assets	14	38,960		14,859	
Cash and cash equivalents	15	41,212		74,148	
TOTAL CURRENT ASSETS		**326,227**		**332,056**	
TOTAL ASSETS		**515,771**		**514,090**	

BALANCE SHEET

Euro/000

LIABILITIES	NOTE	31.12.2019	of which related parties	31.12.2018	of which related parties
SHAREHOLDERS´ EQUITY					
Share capital	16	46,458		46,629	
Reserves and retained earnings	17	142,134		129,914	
Profit for the year	18	18,597		18,519	
TOTAL SHAREHOLDERS' EQUITY		**207,189**		**195,062**	
NON-CURRENT LIABILITIES					
Financial payables	19	98,117		105,183	
Other non-current liabilities	20	7,397		7,816	
Post-employment benefit and pension provision	21	3,789		4,078	
Deferred tax liabilities	22	11,903		12,711	
Provisions for risks and charges	23	7,635		8,046	
TOTAL NON-CURRENT LIABILITIES		**128,841**		**137,834**	
CURRENT LIABILITIES					
Financial payables	24	70,660		71,141	
Trade payables	25	94,089	14,733	95,906	14,320
Tax payables	26	2,071		1,757	
Other current liabilities	27	12,921	162	12,390	154
TOTAL CURRENT LIABILITIES		**179,741**		**181,194**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**515,771**		**514,090**	

INCOME STATEMENT

Euro/000

	NOTE	31.12.2019	of which related parties	31.12.2018	of which related parties
Revenues	**28**	**439,301**	**122,422**	**426,399**	**107,063**
Other operating revenues	29	11,682	904	10,767	647
Changes in inventory	30	4,588		(5,990)	
of which: Finished and Semi-finished		6,058		(5,952)	
of which: Raw materials		(1,470)		(38)	
Purchase of raw materials and goods	31	287,175	25,224	276,155	19,213
Services	32	64,554	1,041	60,061	3,014
Labour costs	33	48,205	1,132	44,535	705
Other operating charges	34	12,747	45	11,483	70
Amortisation, depreciation, write-downs and provisions	35	18,166		16,946	
OPERATING PROFIT		**24,724**		**21,996**	
Financial income	36	8,453		6,206	
Financial charges	37	12,095	(27)	6,233	(21)
Dividends	38	3,069	3,069	2,842	2,842
Profit before taxes from normal operations		**24,151**		**24,811**	
Income taxes	39	5,554		6,292	
Profit after taxes from normal operations		**18,597**		**18,519**	
Profit/losses relating to discont. activities or available-for-sale		-		-	
Net profit		**18,597**		**18,519**	

Earnings per share – basic and diluted	31.12.2019	31.12.2018
Number of shares net of treasury shares	30,767,000	30,880,000
Net result of the Company per Share	0.60	0.60

COMPREHENSIVE INCOME STATEMENT

Euro/000

	NOTE	31.12.2019	31.12.2018
Net profit		**18,597**	**18,519**
OTHER COMPREHENSIVE INCOME STATEMENT ITEMS			
Items which may be recognised to the income statement in subsequent periods			
Change in cash flow hedge reserve net of tax effect of Euro 19 thousand at December 31, 2019 and Euro 6 thousand at December 31, 2018	17	46	14
Total items which may be recognised to the income statement in subsequent periods		**46**	**14**
Items which may not be recognised to the income statement in subsequent periods			
Change in IAS 19 reserve: "Premeasurement of employee benefits"	21	(54)	91
Fair Value IFRS 9: Other investments	5	380	601
Total items which may not be recognised to the income statement in subsequent periods		**326**	**692**
Comprehensive profit for the year		**18,969**	**19,225**

CASH FLOW STATEMENT

Euro/000

	Note	31.12.2019	of which related parties	31.12.2018	of which related parties
Operating activities					
Cash flow					
Profit for the year		18,597		18,519	
Depreciation and write-downs of tangible assets		13,769		11,863	
Amortisation and write-downs of intangible assets		743		3,493	
Total cash flow		**33,109**		**33,875**	
Changes in deferred tax assets and liabilities		(253)		(941)	
Post-employment benefits and other benefits:					
provisions/(utilisations)		(343)		(53)	
Provisions for risks and charges:					
provisions/(utilisations)		(411)		847	
Financial income/(charges)		(2,037)		1,097	
Total cash flow before changes in net working capital		**30,065**		**34,825**	
Working capital					
Change in trade receivables		(1,621)	3,437	(3,520)	140
Change in inventories		(4,638)		5,847	
Change in other current assets		3,253	860	(4,788)	71
Change in trade payables		(1,817)	413	1,824	(945)
Change in tax payable		314		(332)	
Change in other current liabilities		531	8	1,069	14
Change in working capital		**(3,978)**		**100**	
Cash generated from operating activities	**40**		**26,087(a**		**34,925(a**
Investing activities					
Divestment/(investment) in tangible fixed assets net of divestments/investments		(22,864)		(25,912)	
Divestment/(investment) in intangible fixed assets net of divestments/investments		(545)		(3,108)	
Disposal of other non-current assets		668	670	(3,284)	(70)
Goodwill		0		0	
Equity Investments net of divestments		2		(12)	
Interest received		2,037		(1,097)	
Cash generated/(absorbed) from investment activity	**40**		**(20,702)(b**		**(33,413)(b**

	Note	31.12.2019	of which related parties	31.12.2018	of which related parties
Financing activities					
Medium/long term loans		(6,943)		7,945	
Change in short-term bank debt		(24,582)		22,289	
Dividends distributed		(5,580)	(3,515)	(7,130)	(4,492)
Change in purchase and sale of treasury shares		(882)		(969)	
Cash generated/(absorbed) from financing activity	**40**		**(37,987)(c**		**22,135(c**
			(32,602) (a+b+c)		**23,647 (a+b+c)**
Changes in net cash position					
Cash and cash equivalents at beginning of year		74,148		51,087	
Cash and cash equivalents at end of year		41,212		74,148	
		(32,936)		**23,061**	
Reconciliations non-monetary changes					
Fair Value Equity Investments		**(380)**		**(601)**	
Fair Value of Derivative Instruments		**46**		**15**	
Total Non-Cash Items			**(334)**		**(586)**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Euro/000

	Share Capital	Share premium Reserve	Legal Reserve	Other Reserves	IFRS 9 Reserve	Retained Earnings Reserve	Net result For the Year	Total Net Equity
Beginning balance at 01.01.2019*	**46,629**	**15,327**	**8,556**	**19,864**	**(576)**	**86,743**	**18,519**	**195,062**
Allocation of result			926			17,593	(18,519)	0
Distribution dividends						(5,580)		(5,580)
Purchase and sale of treasury shares	(171)					(711)		(882)
Change IAS 19 reserve (other comprehensive income)				(54)				(54)
Utilisations in year								0
Result for the year							18,597	18,597
Change IFRS 9 reserve (other comprehensive income)					46			46
Balance at 31.12.2019	**46,458**	**15,327**	**9,482**	**19,810**	**(530)**	**98,045**	**18,597**	**207,189**

* "Of which" regarding effects of application of new accounting standards not indicated, as concerning insignificant amounts. These effects are commented upon in the respective explanatory notes.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Euro/000

	Share Capital	Share premium Reserve	Legal Reserve	Other Reserves	IFRS 9 Reserve	Retained Earnings Reserve	Net result For the Year	Total Net Equity
Beginning balance at 01.01.2018 *	**42,780**	**15,327**	**8,556**	**19,888**	**(591)**	**74,544**	**24,032**	**184,536**
Reclassifications	4,030			(115)		(3,915)		0
Allocation of result						16,902	(24,032)	(7,130)
Distribution dividends								0
Purchase and sale of treasury shares	(181)					(788)		(969)
Change IAS 19 reserve (other comprehensive income)				91				91
Utilisations in year								0
Result for the year							18,519	18,519
Change IAS 39 reserve (other comprehensive income)					15			15
Balance at 31.12.2018	**46,629**	**15,327**	**8,556**	**19,864**	**(576)**	**86,743**	**18,519**	**195,062**

* "Of which" regarding effects of application of new accounting standards not indicated, as concerning insignificant amounts. These effects are commented upon in the respective explanatory notes.

Explanatory notes to the financial statements

1. GENERAL ASPECTS

La Doria S.p.A. (hereafter also the "Company") operates in the production and marketing of food products – in particular in the vegetable and juices processing sector. The Company operates from six production sites and markets its products in Italy and abroad, principally in the United Kingdom, Japan, Australia and in the Scandinavian countries.

La Doria S.p.A. is listed on the Star segment of the Italian Stock Exchange.

The present financial statements were approved by the Board of Directors on March 13, 2020, which authorised their publication, and were audited by Deloitte & Touche S.P.A. Filing of the full document at the registered office and the competent authorities is carried out in accordance with law.

The Company is not subject to direction or management by other companies or entities.

2. CONTENT AND FORM OF THE FINANCIAL STATEMENTS OF LA DORIA SPA

INTRODUCTION

The present financial statements at December 31, 2019 comprise the Balance Sheet, the Income Statement, the Comprehensive Income Statement, the Cash Flow Statement, the Statement of Changes in Shareholders' Equity and the Notes and were prepared in accordance with International Accounting Standards approved at the date of the present financial statements by the European Commission, hereafter "IAS/IFRS", supplemented by the relative interpretations (Standing Interpretations Committee SIC and International Financing Reporting Interpretations Committee –IFRIC) issued by the International Accounting Standard Board (IASB), as well as the provisions of Article 9 of Legislative Decree No. 38 of February 28, 2005.

The standards and the accounting principles applied to the present financial statements are in line with those utilised for the preparation of the financial statements at December 31, 2018.

From January 1, 2019, some modifications to the international accounting standards were applied. The main changes are shown in the following section "IFRS standards, amendments and interpretations applied from January 1, 2019". The section "Effects of the changes to the accounting principles adopted" summarises the accounting standards currently being approved by the European Union, not yet applied by the Company and the accounting standards not yet entered into force.

The general principle adopted in the preparation of the financial statements is the cost method, with the exception of the derivative instruments and some financial assets, for which IFRS 9 is obligatory or - limited to financial assets - valuation in accordance with the fair value method is permitted. The financial statements are prepared in Euro. All amounts in the notes are expressed in thousands of Euro, except where otherwise indicated.

The present Financial Statements were prepared with clarity on a going concern basis, based on the current performance and the future business plans approved by the Board and reflect in a true and fair manner the balance sheet, financial position and result of the company for the year. They are based on the accounting of the Company, which fully reflects the operations carried out in the year. The present Financial Statements, in addition, were prepared applying the fundamental principles of the accounting policies adopted and in particular:

- the accruals principle: the recognition of events and operations on occurrence rather than upon the receipt of the related payments;
- the principle of materiality: in the recording of operating events, materiality is placed upon economic substance rather than form.

The valuation of asset and liability items was made referring, where necessary, to estimates based on reliable information, past experience and all information available at the preparation date of the financial statements.

FORM OF THE FINANCIAL STATEMENTS

Relating to the form of the financial statements, the company elected for the following presentation of the financial statements. The amounts with related parties are shown in a separate column for all of the tables.

Balance Sheet

The Balance Sheet at December 31, 2019 is prepared with separate indications of the Assets, Liabilities and Net Equity. The Assets and the Liabilities are classified as non-current and current.

Income Statement

The Income Statement for the year 2019 is presented by the nature of the expenses.

Comprehensive Income Statement

The Comprehensive Income Statement is presented in a separate document to the Income Statement, as permitted by IAS 1.

Cash Flow Statement

The Cash Flow Statement is prepared applying the indirect method.

Statement of changes in Shareholders' Equity

The Statement of changes in Shareholders' Equity is prepared in accordance with IAS 1. In addition, the following tables are an integral part of the notes to the financial statements:

- Intangible Assets at December 31, 2019 (**Table A**);
- Property, plant and equipment and accumulated depreciation at December 31, 2019 (**Tables B**);
- Investments in Companies directly and indirectly held (**Table C** and **C1**);
- Remuneration matured by Directors, Statutory Auditors, the General Manager and Management of La Doria S.p.A. and its subsidiaries and to the Independent Audit Firm (**Tables D, E** and **F**), based on Consob Communication No. DEM/11012984 of 24/2/2011 concerning indemnity in the case of the advance conclusion of employment and disclosure on remuneration in accordance with Article 123 - *ter* of Leg. Decree No. 58/1998 (CFA);
- Statements relating to the management of risks in accordance with IFRS 7 (**Tables 1 to 12**).

Identification of the functional currency

The present financial statements are presented in Euro (the functional currency of the Company).

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED FROM 1 JANUARY 2019

The following IFRS standards, amendments and interpretations were applied for the first time by the Company from January 1, 2019:

- On January 13, 2016, the IASB published the new standard IFRS 16 - Leases, which replaced IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

  The standard provides a new definition of leases and introduces a criterion based on control (right of use) of an asset to distinguish lease contracts from service contracts, identifying essential differences: the identification of the asset, the right of replacement of the asset, the right to obtain substantially all the economic benefits from the use of the asset and the right to use the asset underlying the contract. It establishes a single model to recognise and measure leasing contracts for the lessee, which provides also for the recognition of operating leases under assets with a related financial payable. This standard does not contain significant amendments for lessors. The Company completed its preliminary assessment of the potential impacts of the application of the new Standard as at the transition date (January 1, 2019). This process is divided into stages, including the full mapping and analysis of the contracts potentially including a lease in order to understand the main clauses of such contracts that are relevant to IFRS 16.

The Company has elected to apply the standard retrospectively, and therefore to recognize the cumulative effect of the application of the Standard in shareholders' equity with effect from January 1, 2019 (not restating the 2018 comparative figures), in accordance with IFRS 16:P7-P13. In particular, with regard to lease contracts previously classified as operating leases, the Group recognised the following:

- financial liabilities at the present value of the residual future payments at the transition date, discounted according to the incremental borrowing rate applicable to each contract at the transition date, and assumed at the medium/long-term debt ratio of the parent company, where not expressly indicated as the implied rate in the lease contract;
- a right of use equal to the value of the financial liability at the transition date, net of any prepayments and accruals associated with the lease carried in the balance sheet at the reporting date of these financial statements.

The following table outlines the impacts from the adoption of IFRS 16 on future commitments regarding lease contracts in place at January 1, 2019:

NON-CURRENT ASSETS	EURO
Building right-of-use	1,029,295
Internal transport right-of-use	260,064
Vehicle right-of-use	248,386
EDP right-of-use	252,735
Total	**1,790,480**
NON-CURRENT LIABILITIES	
Financial liabilities for non-current leases	1,304,413
CURRENT LIABILITIES	
Financial liabilities for current leases	486,068
Total	**1,790,480**

The Company has decided not to apply IFRS 16 for contracts whose underlying asset is an intangible asset.

The Company availed of the exemption permitted in relation to short-term leases (IFRS paragraph 16:5(a)) and lease contracts for which the underlying asset qualifies as a low-value asset (IFRS paragraph 16.5 (b)). Contracts for which the exemption has been applied fall within the following categories:

- computers, telephones, printers and other electronic devices
- clothing
- pallets
- containers

For such contracts, the introduction of IFRS 16 entailed the recognition of the financial liability associated with the lease and relevant right of use. Rather, the lease payments are taken to the income statement on a straight-line basis over the term of the relevant contracts.

Since most lease contracts entered into by the Company do not include an implied interest rate, the discount rate to be applied to future lease payments was the Medium/Long-term interest rate of 1.6%.

For some vehicle hire contracts, the repayment plan made available by the asset's supplier was however recognised.

The following table shows the impact of the adoption of IFRS 16 at December 31, 2019:

NON-CURRENT ASSETS	EURO
Building right-of-use	821,568
Specific Plant right-of-use	93,626
Internal transport right-of-use	272,621
Vehicle right-of-use	278,972
EPD usage right-of-use	156,597
Total	**1,623,384**
NON-CURRENT LIABILITIES	
Financial liabilities for non-current leases	1,004,445
CURRENT LIABILITIES	
Financial liabilities for current leases	620,249
Total	**1,624,695**
Balance sheet difference	**(1,310)**

Depreciation Building right-of-use	207,727
Depreciation Specific Plant right-of-use	93,626
Depreciation Internal transport right-of-use	101,791
Depreciation Vehicle right-of-use	113,794
Depreciation EPD usage right-of-use	96,138
Accessory leasing services	108,290
Financial charges for leasing	46,605
Total	**767,970**
Reversal lease hire charges	(766,660)
Income statement difference	**1,310**

The change of Euro 1 thousand derives from the difference between the lease payments and their discounted value at the borrowing rate.

In addition, with regard to the transition rules, the Company opted for the following practical expedients available in the event of the selection of the modified retrospective transition method:

- Use of a single discount rate for lease contracts that do not specify their interest rate;
- Classification of contracts set to expire within 12 months of the transition date as short-term leases. The lease payments for such contracts are taken to the income statement on a straight-line basis;
- Exclusion of the initial direct costs from the measurement of the right-of-use at January 1, 2019;
- Use of the information available at the transition date to determine the lease term, with particular regard to the exercise of extension and early termination options.

- On December 12, 2017 the IASB published the document "Annual Improvements to IFRSs 2015-2017 Cycle" which reflects the amendments to some standards within the annual improvements process. The principal changes relate to:
  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendment clarifies that when an entity obtains control of a business which represents a joint operation, it must remeasure its previous holding in the business. This process however is not required in relation to obtaining joint control.
  - IAS 12 Income Taxes: The amendment clarifies that all the tax effects related to dividends (including the payments on financial instruments classified within equity) must be recognised in line with the transaction which generated these profits (profit or loss, OCI or net equity).
  - IAS 23 Borrowing costs: the amendment clarifies that in the case of loans which remain in place even after the qualifying asset is ready for use or for sale, these become part of the overall financing utilised to calculate the borrowing costs.

The adoption of this amendment does not have effects on the company's financial statements.

- The IASB published the document "Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)" on February 7, 2018. The document clarifies that an entity must recognise a change (i.e. a curtailment or a settlement) of a defined benefit plan. The amendment requires the entity to update its assumptions and to remeasure the net liability or asset resulting from the plan. The amendments clarify that after the occurrence of this event, an entity utilises updated assumptions to measure the current service cost and interest for the remainder of the period. The adoption of this amendment does not have effects on the company's financial statements.
- On October 12, 2017, the IASB published the document "Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)". This document clarifies the necessity to apply IFRS 9, including the requirements related

to impairment, to the other long-term interests in associates and joint ventures which do not apply the equity method. The adoption of this amendment does not have effects on the company's financial statements.

- The IASB published the interpretation "Uncertainty over Income Tax Treatments" on June 7, 2017. The document addresses the issue of uncertainty over income tax treatments. In particular, the interpretation requires an entity to analyse uncertain tax treatments (individually or collectively, depending on their characteristics), always assuming that the tax authority will examine the tax position in question, with access to all relevant information. If the entity believes it is improbable that the tax authorities will accept the tax treatment followed, the entity shall reflect the effect of the uncertainty on the measurement of its current and deferred income taxes. The interpretation does not contain any new disclosure requirements but highlights that an entity should establish whether there will be a need to provide any disclosures based on management considerations relating to any uncertainty over the accounting treatment of taxation, in accordance with IAS 1. The new interpretation has been applied with effect from 1 January 2019. The adoption of this amendment does not have effects on the company's financial statements.

- The IASB published an amendment to IFRS 9 "Prepayment Features with Negative Compensation" on October 12, 2017. This document specifies that instruments which provide for an advance repayment could comply with the Solely Payments of Principal and Interest ("SPPI") test also in the case where the "reasonable additional compensation" to be paid in the event of advance repayment is a "negative compensation" for the lender. The adoption of this amendment does not have effects on the company's financial statements.

IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EU, NOT YET MANDATORY AND NOT ADOPTED IN ADVANCE BY THE GROUP AT DECEMBER 31, 2019

- On October 31, 2018, the IASB published the document "Definition of Material (Amendments to IAS 1 and IAS 8)". The document modified the definition of "material" in IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendment aims to provide a more specific definition of "material" and introduce the concept of "obscured information" alongside the concepts of omitted or misstated information previously included in the two amended Standards. The amendment clarifies that information is obscured if it is described in a way that results in an effect for the primary users of the financial statements similar to that which would have resulted if the information in question had been omitted or misstated. The amendments introduced were approved on November 29, 2019 and apply to all transactions subsequent to January 1, 2020. The Directors do not expect this amendment to have a significant impact on the company's financial statements.

- On March 29, 2018, the IASB published an amendment to the "References to the Conceptual Framework in IFRS Standards". The amendment is effective from periods beginning on or after January 1, 2020, although early application is permitted. The Conceptual Framework defines the fundamental concepts for financial reporting and guides the Board in developing the IFRS standards. The document helps to ensure that the Standards are conceptually consistent and that similar transactions are treated in the same way, thus providing useful information to investors, lenders and other creditors. The Conceptual Framework supports companies in developing accounting standards when no IFRS standard is applicable to a particular transaction and, more generally, helps stakeholders to understand and interpret the Standards.

- The IASB, on September 26, 2019, published the amendment entitled "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform". The same amendment to IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement in addition to IFRS 7 - Financial Instruments: Disclosures. In particular, the amendment changes some of the requirements for the application of hedge accounting, establishing temporary derogations in order to mitigate the impact from the uncertainty of the IBOR reform (still in progress) on future cash flows in the period prior to its completion. The amendment also requires companies to provide additional information in their financial statements on their coverage ratios which are directly impacted by the uncertainties generated by the reform and to which the above derogations apply. The amendments shall enter into force on January 1, 2020, although companies may opt to apply them earlier. The Directors are currently assessing the possible effects from the introduction of these amendments on the separate financial statements of the company.

IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

At the reporting date, the relevant bodies of the European Union had not yet concluded the process necessary for the implementation of the amendments and standards described below.

- On October 22, 2018, the IASB published the document "Definition of a Business (Amendments to IFRS 3)". The document provides certain clarifications on the definition of a business for the purposes of the proper application of IFRS 3. In particular, the amendment clarifies that while a business normally yields an output, the existence of an output is not strictly necessary to identify a business when there is an integrated set of activities and assets. However, in order to satisfy the definition of a business, an integrated set of activities/processes and assets shall include, at the very least, an input and a substantive process which, together, make a significant contribution towards the ability to create outputs. For this purpose, the IASB has replaced the term "capacity to create output" with "capacity to contribute to the creation of output" to clarify that a business may exist even without all the inputs and processes necessary to create an output.

  The amendment also introduced an optional test ("concentration test"), which allows for the exclusion of the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The amendments apply to all business combinations and acquisitions of activities after January 1, 2020, although advance application is permitted. The Directors do not expect an impact on the company's financial statements from the adoption of this amendment.

- On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which replaces IFRS 4 - Insurance Contracts.

  The new standard ensures that an entity provides pertinent information which accurately presents the rights and obligations under insurance contracts. The La Doria Group does not issue insurance contracts so it will not be affected by this standard.

Definite intangible assets and amortisation

An intangible asset is an identifiable non-monetary asset without physical substance, identifiable and capable of generating future economic benefits. Intangible assets are originally recognised at purchase and/or production cost, including the costs of bringing the asset to its current use, net of accumulated amortisation, and any loss in value. Amortisation is calculated using the straight-line method over the estimated period of effective utilisation or future benefit. Where there are indications of a permanent loss in value, a specific impairment test is carried out and any loss in value is charged to the income statement and as a reduction of the fixed asset, in accordance with the procedures indicated below in the following paragraph. The balance includes assets clearly identifiable and measurable, capable of generating future economic benefits for the company and include concessions, licenses and trademarks, patents and industrial rights and other intangible assets, including the purchase cost of software. The costs of research and the cost of maintenance and software management are charged to the income statement.

Intangible assets with indefinite life

The company did not recognise to the financial statements' intangible assets with indefinite life, except for goodwill.

Goodwill

The goodwill stated under intangible assets relates to business combinations made since January 1, 2004, whose results are included in the financial statements following the mergers, and represents the difference between the cost incurred for the purchase of a company and the sum of the values assigned, based on the fair values at the purchase date of the individual assets and liabilities of the company purchased. Goodwill has an indefinite life and therefore is stated at original cost, net of any write-downs. Goodwill, in fact, is not amortised but subject to an impairment test in accordance with IAS 36, on an annual basis, except when there are market and operational indicators identified by the Company, in which case it is necessary to carry out the test also in relation to the preparation of the interim accounts. The goodwill is allocated to the individual cash generating units (CGU), identified with reference to the organisation, management and control structures of the Company. Within each sector, the CGU's are defined as the smallest independent operational and financially independent units, identified, for uniformity of business and operational management, as companies within a determined area of activity together with its subsidiaries. The goodwill is tested in order to identify any loss in value. The test is undertaken on the CGU comparing the book value with the higher between the value in use of the CGU and the recoverable value through sale. In particular, the value in use is determined using the "unlevered" version of the discounted cash flow method, applied on the cash flows resulting from the assumptions used as the basis of the development of the impairments approved by the Directors, projected beyond the explicit period covered by the plan according to the perpetual yield method (so-called Terminal value), utilising growth rates not above those expected for the markets in which the individual CGU's operate. The cash flows utilised are those generated from the company's operating activities, in their current conditions and without including the effects deriving from future restructuring of the business or from future investments aimed at improving performance, before financial charges and income taxes and include capital expenditure and working capital changes, while they do not include cash flows relating to financial management, extraordinary events or dividend payments. The base macroeconomic assumptions are determined, where available, according to external information sources, while the estimates of profitability and growth assumed in the plans are determined by management based on past experience and expectations of developments on the markets in which the Company operates.

Property, plant & equipment

Property, plant and equipment are stated at purchase or production cost, including additional charges allocated to the asset and related to its preparation for use during its useful life, net of accumulated depreciation and any loss in value deriving from the impairment test commented upon in the subsequent paragraph. Land is recorded at purchase cost, net of any loss in value and is not subject to depreciation. The deemed cost method was used for buildings, corresponding to the "fair value" or the revalued cost at January 1, 2004 (November 19, 2014 for the Pa.Fi.Al. Group merged into La Doria S.p.A. from January 1, 2016); the valuation was carried out by independent third parties. "Fair value" as per IFRS 13 concerns the price that would be received from the sale of an asset or would be paid for the transfer of a liability in a transaction settled between market operators at the valuation date. Ordinary maintenance and repairs in the normal course of business are charged to the income statement. Extraordinary maintenance or repairs on owned assets or of third parties are capitalised and depreciated only if clearly identifiable and having future use.

The cost of internally produced fixed assets includes the costs of the materials used, labour costs, the initial estimate, where applicable, of the dismantling and removal costs of the asset, and site reclamation costs. When the asset to be depreciated is composed of separately quantifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is made separately for each part of the asset, with the application of the "component approach" principle. The amendments to IAS 23 eliminated the option to record to the income statement the borrowing costs related to the purchase, construction or production of assets which require a significant period of time to be ready for use or for sale (qualifying assets). Finance charges are capitalised only when the requirements of IAS 23 are in place. The capital grants are recognised when there is reasonable certainty that they will be received and that they will satisfy the conditions for their approval. They are recorded under liabilities and credited to the income statement, in line with the depreciation process of the assets to which they refer.

Depreciation of property, plant & equipment

The value of an asset is adjusted by straight-line depreciation, calculated on the basis of the residual useful life of the asset. Depreciation commences when the asset is available for use. In the year in which the asset is recorded for the first time, the depreciation is calculated by applying half the rate used for annual depreciation. The estimated useful lives are those reported in **Table B**. Land, as already described, is not depreciated as it has an indefinite life and is subject to an impairment test when there are indications of a loss in value. Applying the principle of the "component approach", when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

Non-current assets held-for-sale and discontinued operations

Non-current assets and current assets and non-current assets of discontinued operations are classified as held-for-sale where their book value will principally be recovered through sale rather than ongoing usage. This condition exists when the sale is highly probable and the asset or discontinued operation is available for an immediate sale in its current conditions. The verification of compliance with the conditions for the classification of an item as held-for-sale requires management to carry out subjective valuations by formulating reasonable and realistic assumptions based on available information.

Non-current assets held-for-sale, current assets and non-current assets of discontinued operations and the liabilities directly related to them are recorded separately to company assets and liabilities in the balance sheet. Immediately before the classification as held-for-sale, the assets and liabilities falling within a discontinued operation are valued in accordance with the accounting standards applicable to them. Subsequently, non-current assets held-for-sale are not depreciated and are valued at the lower of the subscription value and their fair value, less selling costs. Any negative difference between the book value of non-current assets and the Fair Value less selling costs is recorded in the income statement as a write-down; any subsequent recoveries in value are recognised for the amount of the write-downs previously recorded, including those recognised before the definition of the asset as held-for-sale. The results of discontinued operations, as well as any gain/loss made following the disposal, are highlighted and explained in the income statement, including net of the relative tax effect and also for comparative years.

Loss in value of tangible and intangible assets (impairment of the assets)

As previously described, assets with an indefinite life are subject, at least annually, to a verification of the recovery of the value recorded in the balance sheet on the basis of the value in use. For depreciated assets, an impairment test is made when there are indications of a probable loss in value. When, following an impairment test, write-downs should be made (recovery value lower than carrying value in the financial statements) and recognised in the income statement. If the reasons for the previous write-down no longer apply, the book value of the asset is reinstated and cannot exceed the value that would have been determined had no impairment loss been recognised. The reversal of a loss in value is immediately recorded in the income statement. However, in no case is goodwill reinstated following a previous write-down.

Equity investments

The equity investments relate to:

- "subsidiaries", in which the Company has the power to determine the financial and operating policies, and to obtain the relative benefits;
- "associated companies", in which the investee company exercises significant influence (assumed when at least 20% of the votes at the Shareholders' Meeting may be exercised). The account also relates to jointly controlled companies (joint ventures);
- "other companies" which are not classified in any of the categories above.

The investments held for sale, such as those acquired with the sole purpose to be sold within twelve months, are classified, where applicable, separately in the account "assets held-for-sale".

Investments in "other companies" are valued at Fair Value; the adjustment of the investment value at its Fair Value is recorded in the OCI and is not recognised in the income statement on the sale of the investments or their impairment.

Inventories

Inventories are measured at the lower of purchase and/or production cost and net realisable value. Purchase or production costs include the costs incurred in bringing the inventories to the present location and condition and are determined under the "weighted average cost" method. Net realisable value is the selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories have also been adjusted, where necessary, by an allowance for write-downs to account for the physical deterioration of the goods. This provision is eliminated in successive periods if it is no longer necessary. The Company classifies inventories in the following categories:

- Raw materials, ancillary and consumables;
- Products in work-in-progress and semi-finished;
- Finished products;

- Payments on account.

Work-in-progress and semi-finished and finished products are measured at production cost, excluding financial charges and overheads. The write-down of inventories, as for reversals of the inventory obsolescence provision, are recognised to the income statement as changes to inventory.

Financial assets

IFRS 9 provisions relating to the classification and valuation of financial assets provide for the following categories: (i) financial assets valued at amortised cost; (ii) financial assets valued at fair value with recognition of the effects to other comprehensive income (also, OCI); (iii) financial assets valued at fair value with recognition of the effects to the income statement.

The classification of a financial asset representative of a debt instrument depends on the characteristics of cash flows deriving from the financial asset and the business model adopted. In particular, financial assets generating contractual cash flows exclusively representative of payments of principal and interest are valued at amortised cost if held in order to collect the contractual cash flows (so-called business model held to collect); if the business model provides for the possibility of divesting prior to the financial instrument's maturity (so-called business model held to collect and sell), they are valued at fair value with recognition of the effects to OCI (also, FVTOCI).

A financial asset representative of a debt instrument which is not valued at amortised cost or at FVTOCI, is valued at fair value with recognition of the effects to the income statement (FVTPL); financial assets held for trading fall within this category. Energy efficiency securities allocated on the basis of specific investment projects fall within this category. The valuation of these latter occurs at the Fair Value recorded on the trading market at end December.

Financial assets representative of minority investments, since these are not held for trading purposes, are valued at fair value with recognition of the effects to net equity (FVTOCI) without a provision in the income statement if realised; dividends from such investments are instead recorded in the income statement. The cost measurement of a minority investment is allowed in limited cases where the cost represents an adequate estimate of fair value.

Financial instruments

The Company manages the exchange and interest rate risk (limited to "cash-flow risk") relating to its normal operations. The exchange risk relates in particular to commercial transactions in US Dollars and UK Sterling and is managed through forward operations (commented upon in the paragraph on "Derivatives"). The Company manages the "cash flow risk" through interest rate swap operations which permit the converting of the floating rates relating to the loans received to fixed rates, through the settlement of differentials on the maturity of the loan repayments (cash flow hedge). The above operations relate to:

Derivatives

The derivative instruments continue to be considered as assets held for trading and measured at fair value with recognition in the income statement, except in the case where they are considered, in accordance with EU/IFRS standards, as appropriate hedging instruments to neutralise the risk of the underlying asset or liability or commitment assumed by the Company. In this case, they are measured in relation to the type of hedge related to the underlying hedge. In particular, the Company uses derivative instruments to manage the risk of changes in the expected cash flows relating to defined contractual operations (cash flow hedge). The forward currency operations, carried out within the management of the exchange risk and considered hedges from an operational viewpoint, do not have the requirements for hedges as per IFRS 9 in terms of effective hedges. Therefore, hedge accounting may not be applied. These operations, therefore, are considered trading operations and are measured at fair value through profit or loss.

Cash Flow Hedge

The fair value changes of the derivatives designated as cash flow hedges and which qualify as such, are recognised, at the balance sheet date, in a specific equity reserve ("cash flow hedge reserve") with an adjustment of the financial asset/liability hedged. This reserve is reversed to the income statement at the same time as the economic effects of the asset/liability hedged.

Measurement of the fair value

The fair value of the instruments listed on public markets is determined with reference to the quotations at the date of recognition ("bid price"). The fair value of non-listed instruments is established through financial valuation techniques, in particular, the fair value of the interest rate swaps is measured discounting the expected cash flows, while the fair value of currency forward/option contracts is determined on the basis of the forward exchange rate at the reference date.

Cash and cash equivalents

This includes cash in hand and bank and postal deposits which are available on demand, certain in nature and with no payment expenses. Cash and cash equivalents are stated at fair value.

Equity

Share capital

The Share Capital at December 31, 2019 is represented by the subscribed and paid-in share capital less the treasury shares held in portfolio. There are no saving shares, or other types of shares other than ordinary shares. The costs relating to operations on the share capital are recorded as a reduction of equity.

Treasury shares

They are recorded as a decrease in equity. In particular, the nominal value is recorded as a deduction in the share capital, while any higher value is recorded in the retained earnings reserve or other available reserves. Gains or losses on sale, issue or cancellation of the treasury shares are allocated directly to equity.

Retained earnings

The reserve includes the results of previous years for the part not distributed or recorded under other reserves (in the case of profit) or recapitalised (in the case of losses). The account also includes the transfers from other equity reserves when those reserves are no longer required as well as the effects of the recording of changes to accounting policies and material errors.

Other reserves

They consist of specific capital reserves. They include the cash flow hedge reserve relating to the recording of the value of the portion of cash flow hedged.

Trade payables and other liabilities

Trade payables are initially recognised at fair value. The trade payables which mature within the normal commercial terms are not discounted. These liabilities are classified as current liabilities, except for the portion relating to non-trade payables with maturity beyond 12 months, which are included under non-current liabilities. This category also includes the recognition of payables from the purchase of Co_2 quotas deriving from the excess emission quotas granted to the company with counter-entry in the income statement.

Financial Liabilities

Financial liabilities are eliminated from the financial statements when, due to their sale or settlement, the Company is no longer involved in their management, nor holds the relative risks and benefits relating to these instruments settled/sold.

Employee benefits

Post-employment benefits

The liabilities relating to the defined benefit plans (such as the Employee Leaving Indemnity) are determined net of any plan assets, on the basis of actuarial assumptions, and on an accruals basis in line with the employee service necessary to obtain the benefits; the measurement of the liability is made by independent actuaries. The method applied for the determination of the above-stated benefits is defined as the "projected unit credit method", with the recording of the current value of the obligations to employees deriving from the actuarial calculations. The value of the liability recognised in the financial statements is therefore in line with the actuarial valuation with full and immediate recognition of the actuarial gains and losses in the period in which they arise in the comprehensive income statement through a specific equity reserve ("IAS 19 Reserve"). In the calculation of the liabilities account is taken of the changes made by Law 296 of December 27, 2006 ("2007 Finance Law") and subsequent Decrees and Regulations issued during 2007 which introduced, in relation to the pension reform system, significant amendments on the allocation of the employee leaving indemnity provision maturing.

Other employee benefits

The company does not recognise other forms of long-term benefits to employees, nor benefits under the form of share capital participation. However, benefits are recognised for the termination of employment (leaving incentive etc.). These benefits are recorded when there is a formal plan, with details of the identification of functions, the number of employees concerned, the amount of the incentive recognised and the period for the realisation of the plan. The liabilities for vacation due but not taken and performance bonuses are recorded on the basis of the amounts matured at the period end. In particular, the performance bonuses are provided for when there is a legal or implicit obligation for their recognition.

Provisions for risks and charges

The provisions for risks and charges are recorded to cover known or likely losses or liabilities including fiscal, the timing and extent of which are not known with certainty at the balance sheet date. The provisions for risks and charges are only recorded when a current obligation exists (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate, based on available information, on the amount to be paid to settle the obligation. Possible risks that may result in a liability are disclosed in the notes without any amounts being set aside. Considering immaterial the differential value between the discounted value and the fair value the company records the Fair Value in the accounts at December 31, 2019.

Account is not taken however of the risks for which the probability of employing resources to produce economic benefits is remote.

The other provisions for risks and charges include provisions for agency and legal disputes.

Foreign currency transactions

Foreign currency transactions are translated at the exchange rate at the date of the transaction. The exchange differences arising on the receipt and/or payment are recognised in the income statement. The monetary accounts existing at the balance sheet date are translated using the year-end exchange rate. The exchange differences are recorded in the income statement. The non-monetary accounts measured at historical cost in foreign currencies are translated using the exchange rate at the transaction date. The non-monetary accounts measured at fair value in foreign currencies are translated using the exchange rate when the fair value was determined.

Options on minority interests

The put and call options of the shareholder agreement and the call options on the minority share of the subsidiaries satisfy the definition of "derivatives" in accordance with IFRS 9 for the Parent Company financial statements. In the presence of agreements with minority shareholders of the subsidiaries which stipulate that La Doria S.p.A. should pay cash in the future for the acquisition of minority holdings in the subsidiaries, in the case of the exercise of put options by the holders, and/or the right of La Doria to acquire the minority holdings, La Doria S.p.A. recognises to its financial statements the fair value of the put and call options on minorities: This fair value refers to the value of the option rights. The accounting treatment was also supported by another third party expert's report which certified for non-accounting purposes the value of the fair value of the options in accordance with IFRS 9 as the parameters utilised by the valuation, such as the underlying shares and the relative volatility (intended both in absolute terms and in terms of NAV) may not be taken from the market, as they are estimates based on the expert's subjective assumptions; subsequent to initial recognition the put/call options must be recognised at Fair Value through Profit or Loss.

Costs and revenues

Costs and revenues are recorded in accordance with the probability that the company will receive economic benefits and the amount can be determined reliably. The revenues are recorded at the fair value of the amount received less returns, discounts and allowances in accordance with the accruals principle. Revenues relating to the sale of goods are recognised when the company has transferred to the buyer all the significant risks and rewards related to the ownership, which in many cases coincides with the transfer of the ownership and/or possession by the buyer and when the amount of the revenue can be reliably determined. Costs are recorded in accordance with the accruals principal. The Company matches in the financial statements the cost for promotional contributions with the sales revenues to which the contributions refer and records prepayments for contributions relating to sales to be realised in subsequent periods.

Government Grants

Government Grants are recognised at fair value when the amount can be measured reliably, there is reasonable certainty that they will be received and the conditions required to obtain them will be satisfied. Operating grants are recorded in the income statement in the period of the related costs, in line with costs that are compared through the application of the indirect method. The grants received against investments are recorded under liabilities; subsequently they are recorded under operating revenues in the income statement, in line with the depreciation of the assets to which they refer.

Disclosure pursuant to Law 124/2017 and subsequent amendments and supplements

Pursuant to Law No. 124/2017, information relating to grants awarded to La Doria S.p.A. in 2019 are shown below.

Measure	Type of contribution	Date of concession	Amount/ Quantity	Contribution granted	Contributions Issued
Training support	Training costs	FY 2019	€ 30,000.00	€ 15,000.00	€ 15,000.00
Law No. 639 of July 5, 1964 reimbursement of customs fees and indirect internal taxes other than general import taxes on certain exported of industrial products	Quantity in plates exported	FY2019	Tonnes 7,836	€ 60,331.88	€ 25,614.55
Tax credit published ART.57 BIS D. L.50/2017	Tax credit	11/04/2019	€ 16,865.63	€ 7,609.00	€ 7,609.00
TAX CREDIT TRAINING 4.0 ART.1 C. 46-56 L. 205/2017	Tax credit	31/12/2018	€ 81,630.00	€ 81,630.00	€ 81,630.00
White Certificates Decree of 11/01/2017	Traded securities	FY 2019	€ 63,967.98	€ 63,967.98	€ 63,967.98

For "Assistance in Training", the company submits an annual funding request to the inter-professional funds for training which is continually carried out by the company. For the year 2019, the company received grants of Euro 15 thousand in connection with training plans submitted, for a total cost of Euro 30 thousand.

For the "Repayment of Customs Duties", La Doria S.p.A always submits annual funding requests as repayment of customs duties linked to the quantity of exported cans. The company submitted an export application for the year 2019 equivalent to 7,836 Tonnes with a grant obtained of Euro 60 thousand. Grants collected in the year for previous submissions amount to Euro 26 thousand.

For the "Advertising tax credit" the Parent Company annually submits a request for contributions to the Publishing Information Department for the incremental spending over the previous year. For the year 2019, a bonus of Euro 17 thousand was recognised on an increase of Euro 22 thousand, which resulted in a grant of Euro 8 thousand due to the limitation of funds.

For the "Training tax credit", the Parent Company submitted a request for contributions to the Ministry of Economic Development for Euro 82 thousand. This contribution was fully recognised in the same year.

For “white certificates” or “Economic Efficiency Certificates”, the Parent Company submits a request for recognition on the basis of investments made to save energy to the Energy Services Operator. In 2019 we were awarded Energy Efficiency Certificates exchangeable on the energy market for a Fair Value of Euro 64 thousand.

Dividends

Dividends payable are represented as changes in shareholders’ equity in the year in which they are approved by the Shareholders’ Meeting. Dividends to be received are recorded on the date of the shareholders’ resolution.

Financial income and charges

Financial income and expenses are recorded on an accruals basis on the interest matured on the net value of the relative financial assets and liabilities and utilising the effective interest rate. The Company reports net exchange gains and losses under net financial income/(charges) in accordance with IAS 1 Revised, para. 35.

Income taxes

The Company tax charge is based on current taxes and deferred taxes. Where relating to components recognised to income and charges recorded to net equity within the comprehensive income statement, such taxes are recorded to the same account.

Current taxes are calculated based on tax regulations in force at the financial reporting date; any risks concerning different interpretations of positive or negative income components, such as any disputes with tax authorities, are valued at least quarterly in order to adjust the financial statement provisions. In particular, in the determination of the income taxes of the Company, consideration was taken of the effects deriving from the IAS tax reform introduced by Law 244 of December 24, 2007 and, in particular, the provisions of Article 83 of the Consolidated Finance Act which now requires that for parties that apply international accounting standards they must utilise, even where exempted by the provisions of the Consolidated Finance Act, “the criteria of qualification, accruals accounting and classification in the accounts in accordance with these accounting standards”.

The deferred taxes, recorded in the accounts at their nominal value, are calculated based on the temporary differences between the book value of the assets and liabilities and the corresponding value for tax purposes, with the exception of temporary differences on the initial recording of the goodwill, of the initial recording of assets or liabilities which do not have an impact on the profit for accounting or tax purposes and the differences relating to investments in subsidiary companies in which it is probable, in the future, that the temporary differences will not reverse. The valuation of deferred tax assets and liabilities is carried out applying the expected tax rate when the temporary differences will reserve, on the basis of the current tax regulations at the reporting date. Deferred tax assets are recognised for the amount it is probable that, in the years in which the relative temporary differences reverse, assessable income exists at least equal to the amount of the differences. Deferred tax assets and liabilities are classified under non-current assets and liabilities. The Company does not offset current and/or deferred tax assets and liabilities where the conditions permitted by IAS 12 do not exist. Deferred tax assets and liabilities are recognised as gross amounts where they may not be offset as established by IAS 12.

Use of estimates

The preparation of the financial statements at December 31, 2019 requires the use of estimates and specific valuations by the Directors, based on historical data and on the expectations of events which will reasonably occur based on current information available. The principal areas characterised by valuations and assumptions of particular significance relates to goodwill, the doubtful debt and inventory obsolescence provision, provisions for risks and charges and the calculation of employee bonuses.

Impairment of goodwill

As previously described, the Company annually makes an analysis of recoverable value of goodwill (“Impairment test”). This test is based on calculations of its value in use, which requires the use of estimates. These estimates are detailed in the paragraph relating to the goodwill. Forecast data is uncertain by its very nature and, due to the unpredictability of the occurrence of any future events, both in terms of the occurrence itself and with regard to the measuring and the timing of its manifestation, the differences between the actual and forecast results may be significant, even where events considered within the general and hypothetical assumptions occur. Such circumstances, which were adequately weighted in the valuation process, may however impact the value of goodwill.

Earnings/(loss) per share

IAS 33 “Earnings per share” provides that those entities whose ordinary shares or potential ordinary shares are traded on financial markets must provide information in the financial statements on the earnings/(loss) per share, and disclose the following information:

(a) Basic
The basic earnings/(loss) per share is calculated by dividing the result by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

(b) Diluted
The diluted earnings/(loss) per share is calculated by dividing the result by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

In order to calculate the diluted earnings/(loss) per share, the average weighted number of shares outstanding is adjusted assuming the exercise of all the rights which have a potentially diluting effect, while the net profit or loss of the Company is adjusted to take into account the effects, net of income taxes, of the exercise of these rights.

The basic earnings/(loss) per share and the diluted earnings/(loss) per share are reported in the income statement attached to the present financial statements.

Stock options

The Company does not have stock option plans in place.

OPERATING SEGMENTS

The Company considers the “operating segment” in accordance with IFRS 8 as the segment of activity where the risks and benefits for the company are based on the products and services provided. Information in relation to the geographic areas where the risks and benefits for the company are identified based on the geographic area in which the Company operates are also provided. The results by operating segment are reported in the income statement section of the notes. The data are recorded under the criteria adopted for the valuation of the financial statements and those applied for segment information in the previous year.

INFORMATION ON THE MANAGEMENT OF FINANCIAL RISKS – IFRS 7

In accordance with IFRS 7 international accounting standard and subsequent amendments, information relating to the exposure to and management of financial risks and the utilisation of financial instruments in furtherance of the exchange and interest risks management policy are provided below.

A brief analysis of the nature of the risks and the risk management employed by La Doria S.p.A. is provided below.

Financial instruments

IFRS 7 requires additional disclosures on financial instruments in relation to the performance and to the financial position of an entity. These disclosures incorporate some requirements previously included in accounting standard IAS 32 – “*Financial instruments: presentation and addition disclosures*”. The accounting standard also requires information relating to the exposure of risk deriving from the use of financial instruments, and a description of the objectives, policies and procedures implemented by Management in order to manage these risks.

La Doria S.p.A. in its normal operating activities is exposed to:

a. **market risk,** principally interest rate and exchange rate connected respectively to the financial liabilities assumed and the operations in areas with currencies other than the Euro.

b. **liquidity risk** relating to the availability of financial resources and access to the credit market in an adequate manner for its operations and the repayment of liabilities assumed.

c. **credit risk** deriving from the normal commercial operations carried out by La Doria.

The Company monitors each of the above-mentioned financial risks, undertaking action to minimise in a timely manner, also with reference to the market risk, through the utilisation of hedging instruments.

INFORMATION ON THE MANAGEMENT OF FINANCIAL RISKS

The paragraphs below analyse, also through sensitivity analysis, the potential impact on the results deriving from fluctuations in the parameters. These analyses are based upon, in accordance with IFRS 7, simplified scenarios applied to the actual data of the periods taken and, by their nature, may not be considered indicators of the real effects of future changes in the parameters against a different financial structure and different market conditions.

At December 31, 2019, the accounts considered as financial instruments in accordance with IFRS 7 are those indicated in the table "Financial Instruments – IFRS 7.8" – Table 1 and Table 2.

Market risk:

The strategy applied for this type of risk aims, where possible, for the elimination and reduction of the interest and exchange risk and to the optimisation of the borrowing costs. The management of these risks is made in accordance with prudent principles and "best market practices".

The exchange risk relates in particular to commercial transactions in US Dollars (for imports) and UK Sterling and Australian Dollars (for exports) and is managed through options and forward operations. The notional values and the Fair Value of the operations above at December 31, 2019 are reported in the "Hedging Valuation" Table 3. In March 2011, the IASB issued an amendment to IFRS 7, among the most significant modifications was the creation of the so-called "hierarchy of fair value". In particular, the amendment defines three levels of fair value (IFRS 7, par. 27A):

- level 1: if the financial instrument is listed on an active market;
- level 2: if the fair value is calculated based on valuation techniques which utilise market parameters, other than the listed price of the financial instrument;
- level 3: if the fair value is calculated based on valuation techniques which utilise non-market parameters.

The hedging operations undertaken by La Doria S.p.A. are all considered as "level 2" operations in that the fair value is calculated in an indirect manner from market input data (exchange rates, interest rates, forward prices, volatility curves) through the utilisation of valuation techniques (discounting cash flow model, or more advanced models for options). No changes were made to the valuation procedures from the previous year.

Interest rate risk:

The Company manages the cash flow risk through interest rate swap operations (IRS amortising) which permit the conversion of the floating rates relating to the medium-long term loans received to fixed rates, through the settlement of differentials on the maturity of the loan repayments (cash flow hedge).

With the objective, therefore, to reduce the net debt subject to changes in the interest rates, Interest Rate Swap (IRS) contracts were put in place. All these contracts are made with notional and expiry dates lower than or equal to those of the underlying financial liabilities, thus each variance in the fair value and/or in the expected revenue streams of these contracts is offset by a corresponding variance of the fair value and/or of the expected revenue streams from the underlying position. The fair value of the interest rate swap is measured discounting the expected revenue streams.

In 2019, while the first shoots of recovery were slowly developing also on the financial markets, the banks continued to take a stricter view of business lending preferring, in terms of lending and rates, companies better positioned on international markets with good ratings. ECP monetary policy continued to generate liquidity on the market maintaining interest rates low.

The EURIBOR 3-month rate in December 2019 was -0.40% compared to -0.32% in December 2018.

In this financial environment La Doria S.p.A. availed of its extensive range of credit lines recognised by banking institutions, utilising only the most competitive short-term credit lines, much lower than the market average, and leaving unused the less competitive credit lines. La Doria S.p.A. also completed four unsecured loans totalling Euro 33 million in line with the strategy to lengthen the average duration of our loans and reduce the average interest rate on the medium/long-term loans. All the new loans are hedged by Amortising IRS's.

In quantitative terms, against a medium/long term exposure at December 31, 2019 of Euro 137,987 thousand, the IRS hedging on the debt increased from 96.4% at the end of 2018 to 100.0% at the end of 2019.

It is considered that this representation of the medium/long-term period does not take account of the amount relating to the preliminary commissions, but includes the capital portion repayable in the next twelve months.

The situation at December 31, 2019 with a 3-month EURIBOR of -0.39% was the following:

Euro/000

Loan at 31.12.19	Total part hedged	Rate on hedged	Total part on not hedged	Rate on not hedged	Average total
137,987 (B)	137,987 (A)	1.47%	-	-	1.47%

(A)/(B) x 100 = 100.0 %

The interest rate of 1.47% therefore refers to the position at December 31, 2019 while the average medium/long-term interest rate, as indicated below in the interest rate Sensitivity Analysis, was 1.60%.

The situation at December 31, 2018 with a 3-month EURIBOR of -0.31% was the following:

Euro/000

Loan at 31.12.18	Total part hedged	Rate on hedged	Total part on not hedged	Rate on not hedged	Average total
140,669 (B)	135,669 (A)	1.51%	5,000	1.15%	1.49%

(A)/(B) x 100 = 96.4 %

The interest rate of 1.51% therefore refers to the position at December 31, 2018 while the average medium/long-term interest rate, as indicated below in the interest rate sensitivity analysis, was 1.69%.

Sensitivity Analysis on Interest Rates

During 2019, against an average 3-month EURIBOR of -0.36%, La Doria S.p.A. paid an interest rate on the medium/long term debt of 1.01%, with IRS hedging at 1.60% and on the short-term debt of 0.46% (rate including charges). Assuming a change in average annual interest rates of +/-50 bps the impact on the balance sheet would have been that shown in Table 5 "Sensitivity Analysis-IFRS 7.40-42".

During 2018, against an average 3-month EURIBOR of -0.33%, La Doria S.p.A. paid an interest rate on the medium/long term debt of 1.03%, with IRS hedging at 1.69% and on the short-term debt of 0.38% (rate including charges). Assuming a change in average annual interest rates of +/-50 bps the impact on the balance sheet would have been that shown in Table 6 "Sensitivity Analysis-IFRS 7.40-42".

Currency risk:

La Doria S.p.A., as previously described, uses derivative instruments to manage the risk of changes in the expected cash flows relating to defined contractual operations (cash flow hedge). The effectiveness of the hedging operations, identifiable as cash flow hedges, is analysed and documented both at the beginning of the operation and periodically (at least on the publication of annual or interim accounts). The forward currency operations, carried out within the management of the exchange risk and considered hedges from an operational viewpoint, do not have the requirements for hedges as per IFRS 9. Therefore, hedge accounting may not be applied. These operations, therefore, are considered trading operations and are measured at fair value through profit or loss.

The principal exchange rates the Company is exposed to are:

- EUR/USD: relating principally to the purchase of raw materials on the Asian market and from other markets in which the Dollar is the currency for commercial trade.
- EUR/GBP: in relation to the fact that from 2008 - and also during 2019 - commercial transactions with the subsidiary LDH (La Doria) Ltd, particularly in relation to the supply of tomatoes and vegetables, were mostly invoiced in GBP Sterling and no longer in Euro; the need to invoice in Sterling became apparent in recent years due to the centralised exchange risk management strategy of the Parent Company.
- EUR/AUD: in relation to sales activity in Australia to a number of clients who prefer invoicing in Australian Dollars.

In the operating procedures, the foreign currency hedges are made based on a planning of payments in foreign currencies, firstly based on the approved budget and subsequently relating to payables recorded in the accounts to which are added all future commitments in foreign currency communicated by the purchases office. This payment situation is utilised together with historical statistical data to determine a reliable foreign currency payments plan. The primary objective of the Company is to hedge the level of foreign exchange as established in the budget.

A similar procedure is utilised on the export side for sales in AUD to Australian clients and for those in GBP to our subsidiary LDH (La Doria) Ltd.

In 2019, La Doria S.p.A. agreed payments of GBP 98 million compared to GBP 84 million in 2018; at the same time payments of USD 62 million were made compared to USD 60 million in 2018. Payments in Australian Dollars of AUD 21 million were agreed in 2019 compared to AUD 19 million in 2018.

At the end of 2019, La Doria S.p.A. had hedging in place for 2020/21 for a notional maximum amount of USD 31 million, GBP 89 million and AUD 11 million. In the context of Sterling Export, given the continuing uncertainties and the possibilities of a "hard" Brexit, La Doria, in accordance with its foreign exchange hedging policy, preferred to hedge a large part of its receipts in 2020 in relation to its target budget. These hedges were undertaken with a number of competing banks and through various structures, also in order to diversify the time periods and the type of our exchange risk. For Australian Dollars, in consideration of the greater volatility of this currency, hedging was undertaken substantially through forward contracts.

Sensitivity Analysis on Exchange Rates

In 2019, against variations of +/-5% in the Euro exchange rate with the GBP, USD and AUD, the situation at December 31, 2019 would have been as per that shown in Table 7 "Sensitivity Analysis - IFRS 7.40-42".

In the previous year, however, against variations of +/-5% in the Euro exchange rate with the GBP, USD and AUD, the situation at December 31, 2018 would have been as per that shown in Table 8 "Sensitivity Analysis - IFRS 7.40-42".

In relation to the valuation of the foreign exchange hedges existing at December 31, 2019 and at December 31, 2018, the position is shown in the Tables 3 and 4 "Hedge Valuation".

La Doria S.p.A. utilises cash flow hedges only for hedging the interest rate risk on loans, while the forward currency operations and options of La Doria S.p.A, although for currency hedging purposes, are not treated in the present financial statements as hedge accounting.

Liquidity Risk:

The liquidity risk represents the risk that the financial resources available cannot adequately support the commercial and investment actions, in addition to not being able to repay payables on the maturity dates. In order to be prudent against these risks La Doria S.p.A. adopted an optimisation between short and medium-long term debt and within the short-term lines a diversification policy of the credit lines and banking institutions.

The situation at December 31, 2019 compared to December 31, 2018 is as follows:

	31.12.2019	31.12.2018
Medium/long-term loans (incl. portion due in 12 months)	137,736	140,394
Other financial payables (non-current)	1,241	393
Current financial payables	29,800	35,537
Other financial receivables	(38,960)	(14,859)
Liquidity	(41,212)	(74,148)
Total NFP	**88,605**	**87,317**

In relation to the medium/long term loans, the current situation and the repayments made in recent years to December 31, 2019, and also compared with the previous year, are as follows:

	Balance 31.12.19	Within 12 months	Within 24 months	Within 36 months	Within 48 months	Within >5 years
M/L Debt	137,736	40,860	34,980	21,897	18,369	21,630

	Balance 31.12.18	Within 12 months	Within 24 months	Within 36 months	Within 48 months	Within >5 years
M/L Debt	140,394	35,604	38,577	28,901	15,363	21,949

The medium/long-term loans are illustrated in the present Explanatory Notes at paragraph 17 “Financial payables”.

The short-term financial payables are divided between different banking institutions utilising bank overdrafts, import and export finance and invoice financing. At December 31, 2019 “non-recourse factoring” IAS compliant contracts are in place for a total value of Euro 20.2 million. At December 31, 2019, the percentage of the bank overdrafts utilised compared to those accorded was 19% (27% at December 31, 2018).

Amendment to IAS 7: “Disclosure Initiative”

In accordance with the amendment to IAS 7 “Disclosure Initiative”, a reconciliation is provided of the opening and closing balances for financing activity liabilities:

	31.12.18	Ex. rate diffs.	Non-monetary flows			31.12.19
			Ex. rate diffs.	Fair Value Changes	Other changes	
Current financial payables (*)	71,141	(695)		(406)	620	70,660
Non-current financial payables (**)	105,183	(8,071)			1,005	98,117
	176,324	**(8,766)**	**-**	**(406)**	**1,625**	**168,777**

(*) the movements in the cash flow statement include the change to current financial assets and liabilities, respectively of Euro -481 thousand and Euro +24,101 thousand, in addition to a change in the IFRS 9 Reserve of Euro +46 thousand.
(**) the movements in the cash flow statement include the change to non-current financial liabilities and assets, respectively of Euro -7,066 thousand and Euro -123 thousand.

Credit Risk:

The exposure of the La Doria S.p.A. Group to credit risk is essentially connected to the commercial sales activities carried out by the Company both on the domestic market and on the foreign market. In order to control and monitor this risk, La Doria S.p.A. has implemented within the Credit Management function under the Administration and Finance Department, a Credit Policy which governs and coordinates the Credit Standing of the clientele, the monitoring of the relative expected cash flows, the appropriate solicitation actions and concession of extended payment terms supported by adequate guarantees and any recovery actions. The payment terms granted to clients provide for varying terms in line with market standards. From 2015, the Company has decided to discontinue the credit insurance cover. In accordance with the new standard IFRS 9, as from 2018 the parent company wrote-down its accounts receivable by using the expected losses model (and not the incurred losses model used by IAS 39). A provision is made for receivables from customers with inadequate ratings, even if balances are not yet overdue. These ratings were assigned on the basis of internal commercial information and collection statistics and related provisions were carried out on the basis of the percentage of expected losses for rating classes modelled on the statistics of impairment losses occurring in the last 4 years.

The credit risk on the domestic market is largely mitigated by the prevalence of turnover from Supermarket Chains and from the continuous monitoring by our Credit Management department. The ageing of the receivables of La Doria S.p.A. at December 31, 2019 and December 31, 2018 is shown in Tables 9 and 10 -"Current and non-current receivables (overdue and not yet overdue) IFRS 7.37".

The concentration of the receivables at December 31, 2019 and 2018 is shown in Tables 11 and 12 "Concentration of receivables".

The situation of the amounts of La Doria S.p.A. in dispute at December 31, 2019 was Euro 1,681 thousand; this amount, together with current receivables, is covered by a doubtful debt provision of Euro 2,202 thousand.

NOTES TO THE MAIN BALANCE SHEET ACCOUNTS

NON-CURRENT ASSETS

1. Intangible assets

These amount to Euro 2,957 thousand, with a net decrease of Euro 198 thousand compared to December 31, 2018. The changes in the year are reported in **Attachment A**. The increase in the year of Euro 551 thousand mainly refers to investments in the year almost entirely related to the new ERP SAP/HANA. management system. The decrease is due for Euro 667 thousand to amortisation in the year and for Euro 76 thousand to the write-down of the East&West brand.

In 2019 the brand was written down as the company confirmed its focus on the private labels business and to discontinue the production and sale of East&West brand products, as now minimal, used to date as a tactical and residual brand. Therefore, given the almost irrelevant turnover, the asset value was written down.

With reference to the value of the other two brands (Althea e Bella Parma), recorded in the accounts for Euro 1,685 thousand, which reduced on the previous year due to the amortisation in the year of Euro 177 thousand, no indicators of loss arose requiring the undertaking of a specific impairment test.

2. Property, plant and equipment

The account amounts to Euro 167,109 thousand, with a net increase of Euro 9,095 thousand compared to December 31, 2018. Details of the changes during the year are shown in **Attachment B**. The increases during the year are attributable to investments of Euro 20,733 thousand, mainly relating to the following:

- Euro 3,728 thousand for the Buildings, of which Euro 1,110 thousand for improvements to the road network of the Parma plant and Euro 1,200 thousand for seismic prevention of the Angri plant;
- Euro 9,980 thousand for investments in Plant and Machinery (including Euro 7,800 thousand for the new "Easy Open" lid production line at the Parma plant);
- Euro 347 thousand for investments in equipment;
- for Euro 79 thousand in EDP;
- Euro 10 thousand in furniture and other assets.

Tangible fixed assets increased during the year also due to the application of the new standard IFRS 16 which provides a new definition of leases and introduces a criterion based on control (right-of-use) of an asset to distinguish leasing contracts from service contracts, identifying essential differences: the identification of the asset, the right of replacement of the asset, the right to obtain substantially all the economic benefits from the use of the asset and the right to use the asset underlying the contract. It establishes a single model to recognise and measure leasing contracts for the lessee, which provides also for the recognition of operating leases under assets with a related financial payable. The application of this standard did not result in a net increase in the property, plant and equipment presented below:

Euro/000

Right-of-use at 31.12.2019	Tangible Asset	Depreciation
Right-of-use Industrial Buildings	1,029	207
Right-of-use Plant and Machinery	187	94
Right-of-use EDP	253	96
Right-of-use Internal Vehicles	374	101
Right-of-use Motor Vehicles	394	114
TOTAL	**2,237**	**612**

The decreases in the year, of Euro 13,876 thousand, comprises principally Euro 13,769 thousand of depreciation (of which Euro 612 thousand for the application of the new IFRS 16 accounting standard) and total net disposals of Euro 122.

In application of the revised IAS 23 "Borrowing costs", the Company valued the possible financial charges to be capitalised deriving from loans from primary credit institutions concerning the realisation of fixed assets.

At December 31, 2019 no borrowing costs were capitalised given the immaterial amounts involved.

3. Goodwill

The goodwill, recorded for a total value of Euro 2,237 thousand, remained in line with December 31, 2018. The account consists of:

- Euro 669 thousand from the goodwill relating to the incorporation into La Doria S.p.A. of the subsidiary Pomagro S.r.l., company operating exclusively in the tomato-based product sector; the amount represents the difference between the higher value paid for the acquisition of the residual share and the values allocated, based on the fair values at the date of the acquisition, of the individual assets and liabilities of the company acquired. The acquisition of Pomagro S.r.l. concerned substantially the purchase of the Fisciano plant, the reference CGU, in which the specific production is developed for the entire Japanese market and for some English clients. The production site – the only site within the Group – also produces the cherry tomato line. In accordance with IAS 36, management carried out an impairment test on the goodwill resulting from the acquisition of Pomagro utilising a model based on the financial cash flows. In particular, the expected cash flow generated from the business was divided into two periods:

    - the forecasted period relating to the years 2020-2024 which utilised as reference the cash flows relating exclusively to the Fisciano plant contained in the 2020-2024 Plan of the CGU; the base assumptions of the impairment test were approved by the Board of Directors of the Company on March 3, 2020;

    - the second forecast through the Terminal Value which concerns the present value of the perpetual yield represented by the expected cash flows beyond 2024.

  The fixed assets were identified based on the assets ledger of La Doria S.p.A. concerning all assets at the Fisciano plant. These cash flows are discounted utilising a discount rate (WACC) determined applying the Capital Asset Pricing Model. The recoverable value of the goodwill was calculated through discounting the Free Cash Flow from Operations (FCFO) utilising a Weighted Average Cost of Capital (WACC) of 6.66% and the long-term growth rate of 0%; the impairment test resulted in a recoverable value of the "Pomagro Red Line" CGU of Euro 60,000 thousand, against net capital employed of Euro 30,100 thousand and a book value of goodwill of Euro 669 thousand. The recoverable value of the CGU was therefore much greater than the sum of the net capital employed and the goodwill and, therefore, no impairment was incurred. The Company also carried out a sensitivity analysis which takes into consideration a WACC which varies from 5.66% to 7.66% and a growth rate of cash flows (*g*) which varies from 0.0% to 1.0%. The Table below shows the changes in the results of the impairment test from changes in the assumptions of the WACC and the discount rate (in Euro millions):

	WACC				
Flow growth rate (G)	**5.66%**	**6.16%**	**6.66%**	**7.16%**	**7.66%**
0.00%	70.43	64.78	60.00	55.92	52.40
0.50%	76.08	69.42	63.87	59.19	55.18
1.00%	82.94	74.96	68.42	62.98	58.39

- Euro 1,568 thousand relating to the acquisition of the Pafial Group in 2014 and the merger by incorporation as of January 1, 2016. This goodwill was allocated to the only business unit relating to the "sauces line" where production is undertaken at the Parma and Acerra factories. In accordance with IAS 36, management carried out an impairment test on the goodwill utilising a model based on the financial cash flows. In particular, the expected cash flow generated from the business was divided into two periods:

    - the forecasted period relating to the years 2020-2024 which utilised as reference the cash flows contained in the 2020-2024 Budget Plan of La Doria refer exclusively to the ready-made sauces CGU; the base assumptions of the impairment test were approved by the Board of Directors of the Company on March 3, 2020;
    - the second forecast through the Terminal Value which concerns the present value of the perpetual yield represented by the expected cash flows beyond 2024.

  These cash flows are discounted utilising a discount rate (WACC) determined applying the Capital Asset Pricing Model. The valuation was made through the discounting of the FCFO (Free Cash Flow from Operations) utilising an interest rate WACC (Weighted average cost of capital) of 7.25% and the long-term growth rate was 0.00%. The impairment test resulted in a recoverable value of the CGU of Euro 133,390 thousand against a net capital employed of Euro 63,300 thousand and a book value of the consolidated goodwill of Euro 1,568 thousand. The recoverable value of the CGU was therefore greater than the sum of the value of net capital employed and goodwill.

  The Company also carried out a sensitivity analysis which takes into consideration a WACC which varies from 6.25% to 8.25% and a growth rate of cash flows (g) which varies from 0.0% to 1.0%. The Table below shows the changes in the results of the impairment test from changes in the assumptions of the WACC and the discount rate (in Euro millions):

Flow growth rate (G)	WACC				
	6.25%	**6.75%**	**7.25%**	**7.75%**	**8.25%**
0.00%	154.83	143.28	133.39	124.84	117.38
0.50%	166.00	152.61	141.29	131.59	123.20
1.00%	179.29	163.57	150.45	139.34	129.83

4. Investments in subsidiaries

The account, amounting to Euro 9,352 thousand, decreased Euro 2 thousand from the previous year.

The account was comprised of:

- 58.0% investment in LDH (La Doria) LTD, a UK marketing company, with share capital of GBP 1,000,000, carried for Euro 6,019 thousand. The financial statements of the subsidiary were approved by the Board of Directors on March 3, 2020 and report for 2019, as per the accounting standards of the La Doria Group, a net profit of GBP 5,243 thousand and net equity of GBP 64,966 thousand which, translated at the reference exchange rates (average annual rate for net profit and year-end rate for net equity) resulted in a net profit of Euro 5,977 thousand and a net equity of Euro 76,358 thousand. The company holds investments in subsidiaries and associated companies, non-operative, details of which are shown in **Attachment C1**. The investment in the English subsidiary LDH (La Doria) Ltd in 2019 did not change in the year.
- 98.67% investment in Eugea Mediterranea S.p.A., carried in the accounts for Euro 3,316 thousand. The company produces tomato-based products and fruit purées. The financial statements at December 31, 2019, prepared in the accordance with Italian GAAP, were approved by the relative Board of Directors on March 12, 2020. Net equity, based on the international accounting standards adopted by La Doria S.p.A., amounted to Euro 5,347 thousand, with a share capital of Euro 1,500 thousand and a profit for the year of Euro 91 thousand.
- 100% in the share capital of La Doria USA Inc., carried in the accounts for Euro 17 thousand, decreased Euro 2 thousand compared to the previous year. In December 2019, the Company carried out a share capital increase in the subsidiary'

for USD 10 thousand (Euro 8 thousand). In the same period, the equity investment was written down by Euro 10 thousand, through the creation of a special provision, due to the losses accumulated between 2016 and 2018 by the American subsidiary.

The company will operate as the corporate vehicle for the research for better commercial opportunities in the United States. The company reports for 2019, as per the accounting standards of the La Doria Group, a loss of USD 15 thousand and net equity of USD 15 thousand which, translated at the reference exchange rates (average annual rate for the result and year-end rate for net equity) resulted in a loss of Euro 4 thousand and a net equity of Euro 13 thousand.

The principal information concerning the subsidiary companies is reported in **Attachment C**.

5. Investments in other companies

The account principally refers to non-significant minority holdings, amounting to Euro 1,257 thousand, which increased Euro 380 thousand compared to the previous year. With the exception of the investment in T.F.C. S.p.A. for materiality reasons, it was considered appropriate to assimilate the Fair Value to the acquisition cost. The account includes:

- Acciaio Consorzio, for Euro 0.5 thousand unchanged from the previous year; refers to a national consortium which, by law, was assigned the disposal of waste from tin plate processing;
- CONAI Consorzio (National Packaging Consortium) for Euro 5 thousand - this obligatory investment is the result of the enactment of Legislative Decree No. 22 of February 5, 1997 (better known as the "Ronchi Decree") implementing the European Community objectives on recovery and recycling packaging materials;
- Manifesto S.p.A recorded for Euro 2 thousand, has not changed from the previous year. The subscription was made in December 2003 by the subsidiary Adriatica Conserve S.r.l.;
- Consorzio Utilities Ravenna recorded for Euro 0.5 thousand;
- Consorzio Prodotti Biologici, recorded for Euro 3 thousand;
- Consorzio Faentino, recorded for Euro 0.1 thousand;
- Fondazione della Comunità Salernitana, acquired in 2009 and recorded for Euro 3 thousand;
- CFV società cooperativa consortile, subscribed in 2011 for Euro 0.5 thousand;
- Tradizione Italiana-Italian Food Tradition S.c.a.r.l., subscribed in 2012 for Euro 5 thousand and increased during the current year by a further Euro 10 thousand for the transformation of the non-interest-bearing loan of 2016 into a "capital increase payment on account". In the same period a write-down was made, through the creation of a specific provision for the same amount, therefore the final book value is Euro 5 thousand;
- Campania Bioscience SCARL subscribed in 2013 for Euro 10 thousand;
- Tradizione Italiana Capodichino S.c.a.r.l., subscribed in 2017 for Euro 0.5 thousand;
- Tradizione Italiana trading Srl., subscribed in 2017 for Euro 35 thousand;
- Tomato news SAS, subscribed in 2018 for Euro 2 thousand;
- T.F.C. S.p.A., for Euro 1,190 thousand, the investment increased Euro 380 thousand compared to December 31, 2018 due to its valuation at Fair Value. The multiples method for real estate companies was employed to calculate this investment's Fair Value. This method is based on identifying real estate companies listed on the FTSE Real Estate index of the Milan Stock Exchange, for which a median value of the multiplier of the capitalisation on revenues is recorded. A discount of 20%, as involving a minority holding, is applied to the median value. This valuation resulted in a Fair Value of the investment held by the Company of Euro 1,190 thousand, with a change of Euro 380 thousand compared to that recognised at December 31, 2018. The value of the investment was adjusted to its Fair Value through recognition of the change in the OCI.

6. Other non-current financial assets

This account at December 31, 2019 reports a zero balance compared to Euro 123 thousand at the end of the previous year. The company reduced the receivable by Euro 38 thousand, which in application of the debtor company consortium motions was allocated to cover losses. For the residual value, the write-down was made taking account of the receivable's default against probable future losses.

7. Deferred tax assets

They amount to Euro 4,034 thousand and decreased by Euro 555 thousand compared to December 31, 2018 and refer to costs and/or revenues on which taxes have been paid in advance of their recognition for accounting purposes.

The movements in deferred tax assets in the year are detailed below:

Euro/000

Deferred tax asset	IRES	IRAP
Assessable at 31.12.2018	14,882	10,756
Utilisations 2019	(7,227)	(5,796)
Provisions 2019	4,919	3,529
Assessable at 31.12.2019	12,574	8,489
Average Rate	24.00%	4.97%
Total Group IRES - IRAP 31.12.2019	**3,017**	**422**
Total IRES - IRAP Statutory 31.12.2019	**3,439**	
Total IRES - IRAP (non-current assets) IAS for 31.12.2019	191	
Total IRES as per IFRS 9 at 31.12.2019	404	
Total IRES and IRAP deferred tax assets at 31.12.2019	**4,034**	

The amount refers principally to taxes on risk provision, write-downs of inventories and receivables.

The breakdown of the temporary differences giving rise to deferred tax assets are reported below.

Euro/000

	31.12.2018				31.12.2019					
	Amount of temporary differences IRES	Amount of tax asset IRES	Amount of temporary differences IRAP	Amount of tax asset IRAP	Amount of temporary differences IRES	Amount of tax asset IRES	Amount of temporary differences IRAP	Amount of tax asset IRAP	Amount through profit or loss IRES and IRAP	Amount recognised to equity IRES and IRAP
IAS Parent company	689	165	391	20	718	172	372	18	(5)	0
IRS adjustments	1,241	298	0	0	1,682	404	0	0	0	(106)
Doubtful debt provision	1,442	346	0	0	1,968	472	0	0	(126)	0
Exchange losses	225	54	0	0	67	16	0	0	38	0
Provisions for risks and charges	6,317	1,516	3,762	186	5,902	1,416	3,814	189	97	0
Tax for waste removal	10	2	0	0	0	0	0	0	2	0
ASL Loan	0	0	0	0	0	0	0	0	0	0
Membership fees	1	0	0	0	15	4	0	0	(4)	0
Directors´ fees	63	15	0	0	64	15	0	0	0	0
Employee bonus provision	1,934	464	1,918	95	1,755	421	1,755	87	51	0
Inventory write-down	4,244	1,019	4,244	211	2,228	535	2,228	111	584	0
CAPITAL GRANTS LAW 64	33	9	33	2	29	8	29	1	2	0
Recovery prior year tax	230	55	214	11	296	71	292	15	(20)	0
Acerra plant write-down	383	92	385	19	235	56	237	12	43	0
UpFront commissions loans pre-2018	0	0	200	10	0	0	135	7	3	0
Stamp duty	0	0	0	0	15	4	0	0	(4)	0
TOTAL	**16,812**	**4,035**	**11,147**	**554**	**14,974**	**3,594**	**8,862**	**440**	**661**	**(106)**

8. Other non-current assets

These amount to Euro 892 thousand and mainly relate to prepayments over 12 months concerning promotional contributions recognised to the subsidiary LDH (La Doria) Ltd for sales of tomato-based products and pulses subsequent to 2020.

9. Non-current assets held-for-sale

The balance at December 31, 2019 of Euro 1,706 thousand refers to the Acerra plant acquired under the purchase operation and subsequent merger by incorporation of the Pa.Fi.Al. Group. On November 14, 2018, the Board of Directors approved a different intended use of the property as "property held-for-sale" as a result of the transfer of production to other company plants, and the closing of the facility which occurred at end September 2018 and in application of IFRS 5 which requires that the asset is measured at the lower of book value and Fair Value (net of selling costs). The balance reported a decrease of Euro 1,776 thousand compared to December 31, 2018 relating to the valuation adjustment of the property following an offer to purchase the site received at the beginning of 2020 and on which negotiations are underway to finalise the transaction. The fair value of the entire Acerra complex was therefore determined as Euro 1,706 thousand on the basis of a sale to be potentially completed in the coming months, as a result of the Parent Company's ongoing commitment since last year to implement the sales program. This difference was recognised under Depreciation, Amortisation, Write-downs and Provisions in the income statement (Note 36).

CURRENT ASSETS

10. Inventories

Compared to December 31, 2018 a net increase of Euro 4,638 thousand mainly attributable to the valuation of finished and semi-finished products. Inventories increased due to higher inventory levels held (Euro 2,622 thousand) and the reduction in the inventory obsolescence following utilisation of the provision (Euro 2,016 thousand).

The inventory obsolescence provision of Euro 2,228 thousand, represents the best estimate by the directors of the Company, on the basis of the information available at the time of the preparation of the present accounts, of the physiological deterioration of inventories and the value of goods to be destroyed.

The composition of the inventory compared to the previous year is shown below:

INVENTORIES

Euro/000

	AT 31.12.2019	AT 31.12.2018	Change
Raw material, ancillaries and consumables	22,912	24,380	(1,468)
Work-in-progress and semi-finished goods	15,368	17,985	(2,617)
Finished & semi-fin. prods.	117,079	110,422	6,657
Doubtful debt provision	(2,228)	(4,244)	2,016
Payments on account	250	200	50
TOTAL	**153,381**	**148,743**	**4,638**

The changes in the obsolescence provision are as follows:

OBSOLESCENCE PROVISION

Euro/000

	2019	2018	Change
Opening balance	4,244	4,826	(582)
Utilisations	(2,845)	(2,972)	127
Provision for the year	829	2,390	(1,561)
Provision at 31.12.2019	**2,228**	**4,244**	**(2,016)**

The use of the provision refers to destroyed goods, slow moving and contributions made to charities. The inventory obsolescence provision of Euro 2,228 thousand, represents the best estimate by the directors of the Group, on the basis of the information available at the time of the preparation of the present accounts, of the physiological deterioration of inventories and the value of goods to be destroyed.

At December 31, 2019, no inventory was subject to secured guarantees on loans received by the company.

11. Trade Receivables

Trade receivables amounted to Euro 82,264 thousand, increasing Euro 1,621 thousand on December 31, 2018 and are reported net of the relative doubtful debt provision of Euro 2,202 thousand. This account includes receivables from subsidiaries amounting to Euro 27,346 thousand and receivables from other related parties of Euro 151 thousand, commented upon in the paragraph "Transactions with related parties".

The changes in the doubtful debt provision are as follows:

DOUBTFUL DEBT PROVISION

Euro/000

	2019	2018	Change
Opening balance	1,676	2,893	(1,217)
Adjustment provision 01.01.2018 IFRS 9	0	234	(234)
Utilisation for losses during the year	(349)	(1,851)	1,502
Provisions for the year	875	400	475
Provision at 31.12.2019	**2,202**	**1,676**	**526**

The utilisation of the above-mentioned provision refers to the bad debts in 2019, while the provision is essentially attributable to a dispute with a foreign customer. The doubtful debt provision in 2019 at the year-end only includes provisions for receivables from third parties as there is no risk of non-recovery from subsidiaries and other related parties.

For the valuation of trade receivables Impairment: the Company has adopted an internal rating statistical model, supported also by a rating issued by an outside agency, in accordance with which it assesses and categorises customer receivables. On the basis of this model, a historic analysis of receivables over the last 4 years was undertaken, with the establishment of a doubtful debt percentage for each of the Low - Medium - High rating categories including a forward-looking component. Applying the above model to the balances at the end of the period, the Company increased the provision by a further Euro 526 thousand, net of the utilisation during the year.

The Doubtful debt provision represents the best estimate by the directors of the Company, according to the information available at the time of the preparation of the present accounts, of the risk of receivable write-downs.

12. Other assets

These amount to Euro 5,273 thousand, an increase of Euro 500 thousand compared to December 31, 2018. The balance at December 31, 2019 principally includes:

- Employee receivables for Euro 672 thousand (in particular additional IRPEF matured in the year and which will be paid in instalments in subsequent years);
- Euro 1,905 thousand for prepayments, relating for Euro 1,161 thousand to promotional contributions recognised to the subsidiary LDH (La Doria) Ltd against the sales of tomato-based products and pulses in 2020;
- Euro 1,173 thousand for minor receivables of which Euro 651 thousand receivables deriving from payments for the revocatory bankruptcy appealed by La Doria at second level; an identical amount is prudently recorded in the risks provision and Euro 219 thousand for insurance indemnities recognised and not yet received;
- Receivables from the State for Euro 1,523 thousand, of which Euro 1,339 consisting of receivables arising following the signing of the Contract for the granting of supports as per Ministry for Economic Development Decree of February 13, 2014 to facilitate investment programmes for the relaunch of the “Campania Crisis Areas”.

13. Current tax receivables

The account amounts to Euro 5,137 thousand and decreased by Euro 3,753 thousand compared to December 31, 2018 and includes:

- VAT receivable at December 31, 2019 of Euro 2,253 thousand;
- Receivables from the Tax Agency of Euro 1,375 thousand mainly referring for Euro 355 thousand to the reimbursement of IRES relating to the recovery of the IRAP deductibility on personnel costs for the years 2008-2012 and for Euro 956 thousand provisional payments made against these assessments in dispute for the years 2005, 2006 and 2007, not yet settled. For further information, reference should be made to the specific paragraph of the Directors’ Report;
- Receivables for direct taxes of Euro 1,509 thousand for higher payments on account paid in 2019.

14. Other financial assets

These total Euro 38,960 thousand, an increase of Euro 24,101 thousand compared to December 31, 2018, and include:

- for Euro 172 thousand the Fair Value on the currency forward and options at December 31, 2019;
- Euro 261 thousand concerning the positive premiums on currency options; these premiums are expressed for an equal value and for a negative amount in the account Financial Payables. These derivative instruments, although currency hedging operations put in place to offset exchange rate risk related to purchases and sales, are not treated as hedge accounting and, therefore, the relative value is recognised to the income statement under financial income and charges;
- Euro 37,859 thousand as the Fair Value concerning temporary liquidity investments of the Parent Company in class 1 and class 5 insurance policies;
- Euro 375 thousand relating to the Fair Value gain on the put options within the shareholder agreement on the minority shareholdings in the English subsidiary. For further information, reference should be made to Note 24;
- Euro 293 thousand relating to the value of energy efficiency securities of the parent company on the basis of specific investment projects carried out on the Parma and Angri plants.

15. Cash and cash equivalents

The account amounts to Euro 41,212 thousand, a decrease of Euro 32,936 thousand compared to December 31, 2018 and relates to the temporary surplus of liquidity held in bank current accounts in Euro and foreign currencies (Euro 41,210 thousand) and cash (Euro 2 thousand). For the comments on the movements in cash and cash equivalents, reference should be made to Note 40 concerning the cash flow statement. At December 31, 2019, no impairment test was carried out on cash and cash equivalents due to the absence of any indication of financial difficulties on the part of credit institutions with which the Company's liquidity is placed; furthermore, there was no contractual non-compliance with these institutions and all sums are immediately available for use and without the occurrence of any contractual deterioration, including in the first months of 2020.

LIABILITIES AND SHAREHOLDERS' EQUITY

16. Share capital

The share capital of La Doria S.p.A is fully paid-in and at December 31, 2019 amounts to Euro 46,458 thousand, divided into 30,767,000 ordinary shares of a nominal value of Euro 1.51 each. This share capital decreased by Euro 171 thousand due to the acquisition of 113,000 treasury shares paid at an average price of 7.94.

17. Reserves and retained earnings

The total amount is Euro 142,134 thousand, an increase of Euro 12,220 thousand compared to December 31, 2018, as a net result of:

- allocation of the 2018 net profit (Euro 12,939 thousand), following the distribution of dividends (Euro 5,580 thousand), approved by the Shareholders' Meeting of June 11, 2019;
- positive in the cash flow hedge reserve (Euro 46 thousand), which includes the gains and losses on cash flow hedge instruments at December 31, 2019 (Interest Rate Swaps);
- Negative change in the IAS 19 reserve (Euro 54 thousand);
- Negative change in the acquisition of treasury shares reserve (Euro 711 thousand).

18. Net Profit

This amounts to Euro 18,597 thousand, an increase of Euro 78 thousand compared to 2018.

Shareholders' Equity

The account amounts to Euro 207,189 thousand, a total increase of Euro 12,127 thousand.

The distributability and availability of reserves is reported below.

BALANCE SHEET AS PER ART. 2424 CIVIL CODE

Euro/000

				Summary of utilisations made in the previous years 2015 - 2019	
Nature/description	**Amount**	**Possibility of utilisation**	**Quota available**	**for coverage losses**	**for other reasons**
Share capital	46,458				
Capital reserves:					
Share premium reserve	15,327	A-B	15,327		
IAS Reserve	19,280	A-B-C	19,280		
Profit reserves:					
Legal reserve	9,482	B			
Retained earnings	98,045	A-B-C	98,045		
TOTAL	**188,592**		**132,652**		
NON-DISTRIBUTABLE QUOTA			**24,800**		
QUOTA DISTRIBUTABLE			**107,852**		

KEY

A: for share capital increase **B:** to cover losses **C:** for distribution to shareholders

NON-CURRENT LIABILITIES

19. Financial payables

This account amounts to Euro 98,117 thousand, a decrease of Euro 7,067 thousand compared to December 31, 2018 and constitutes the portion due beyond December 31, 2020 of medium/long-term loans undertaken by La Doria S.p.A. During the year 2019 unsecured loans were received of Euro 33,000 thousand.

FINANCIAL PAYABLES

in Euro

	31/12/2019	31/12/2018	CHANGE
Long-term bank loans	96,876	104,790	(7,914)
Due to other lenders over 12 months	1,241	393	847
TOTAL	**98,117**	**105,183**	**(7,067)**

All loans, except for one, require compliance with financial covenants calculated on the consolidated data of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2019.

The principal characteristics of all the loans at the balance sheet date were as follows:

- Euro 5,000 thousand for instalments due beyond December 31, 2020 concerning the new loan of Euro 5,000 thousand issued on December 17, 2019 by Istituto Intesa San Paolo S.p.A. The contract provides for a total amount of Euro 15,000 thousand. The second tranche for the remaining Euro 10,000 thousand was disbursed on January 24, 2020. The two disbursements were hedged 100% by two Interest Rate Swaps. No instalments are due before December 31, 2020.
- Euro 12,833 thousand for instalments due beyond December 31, 2020 concerning the new loan of Euro 14,000 thousand issued on March 22, 2019 by Istituto Unicredit S.p.A. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 1,167 thousand.
- Euro 5,000 thousand for instalments due beyond December 31, 2020 concerning the new loan of Euro 5,000 thousand issued February 12, 2019 by Istituto Banca Nazionale del Lavoro S.p.A Gruppo Bnp Paribas. This loan is hedged 100% by an Interest Rate Swap. No instalments are due before December 31, 2020.
- Euro 8,000 thousand for instalments due beyond December 31, 2020 concerning the loan of Euro 10,000 thousand issued on January 31, 2018 by Istituto Mediocredito Italiano S.p.A. The contract is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 2,000 thousand.
- Euro 15,750 thousand for instalments due beyond December 31, 2020 relating to the two tranches of the loan contract for a total of Euro 18,000 thousand stipulated with Istituto Banca del Mezzogiorno- Mediocredito Centrale S.p.A. The contract was concluded with two disbursements of Euro 9,000 each, made on February 21, 2018 and January 10, 2019 respectively. The two disbursements were hedged 100% by two Interest Rate Swaps. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 2,250 thousand.
- Euro 13,400 thousand for instalments due beyond December 31, 2020 concerning the new loan of Euro 15,000 thousand issued on December 6, 2018 by Banca Nazionale del Lavoro S.p.A Gruppo Bnp Paribas. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 1,600 thousand.
- Euro 8,000 thousand for instalments due beyond December 31, 2020 concerning the loan of Euro 10,000 thousand issued on December 21, 2018 by Istituto Banco Bpm S.p.A. The contract is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 2,000 thousand.
- Euro 4,444 thousand for instalments due beyond December 31, 2020 concerning the loan of Euro 10,000 thousand issued on January 13, 2017 by Intesa San Paolo. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 2,222 thousand.
- Euro 8,400 thousand for instalments due beyond December 31, 2020 concerning the loan of Euro 12,000 thousand issued on December 6, 2017 by Unicredit S.p.A. The contract is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 2,400 thousand.
- Euro 3,063 thousand for instalments due beyond December 31, 2020 concerning the loan issued on July 28, 2016 by Banca Popolare di Milano. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 1,750 thousand.
- Euro 3,418 thousand for instalments due beyond December 31, 2020 concerning the loan issued on July 13, 2015 by Unicredit for a total amount of Euro 15,000 thousand. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current financial liabilities, amount to Euro 3,369 thousand.
- Euro 625 thousand for instalments due beyond December 31, 2020 concerning the loan issued on June 19, 2015 by Cariparma Credit Agricole for a total amount of Euro 5,000 thousand. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current financial liabilities, amount to Euro 1,250 thousand.
- Euro 1,000 thousand for instalments due beyond December 31, 2020 concerning the loan issued on June 18, 2015 by Mediocredito Italiano for a total amount of Euro 10,000 thousand. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 2,000 thousand.

- Euro 833 thousand for instalments due beyond December 31, 2020 concerning the loan issued on June 12, 2015 by Banca Nazionale del Lavoro Bnp Paribas for a total amount of Euro 10,000 thousand. This loan is hedged 100% by an Interest Rate Swap. Instalments due by December 31, 2020, recorded under current liabilities, amount to Euro 1,667 thousand.
- Euro 7,273 thousand for instalments due beyond December 31, 2020 relating to loans drawn down on December 23, 2014 from the banking syndicate of Banco Napoli and Unicredit for a total amount of Euro 40 thousand. The loan, on January 8, 2015, was hedged 100% by two Interest Rate Swaps. Instalments due by December 31, 2020, included in current financial liabilities, amount to Euro 7,273 thousand.

Euro 163 thousand are recorded as a reduction of non-current liabilities for the part beyond twelve months of the commissions on the above loans in application of the amortised cost principle.

Non-current liabilities include Euro **1,004** thousand for the portion beyond twelve months of the financial payables referring to the present value of the right-of-use assets subject to rental and lease contracts having the characteristics provided for by IFRS 16, for which reference should be made to the paragraph "IFRS Accounting standards, amendments and interpretations applied from January 1, 2019".

Euro 236 thousand is also recognised under non-current liabilities for the part beyond twelve months of the payable for the subvention, repayable for 90%, recognised by the Ministry for Economic Development within the Innovation Tender (Internal Register No. 0001949 of June 6, 2014).

20. Other non-current liabilities

They amount to Euro 7,397 thousand, a decrease compared to December 31, 2018 of Euro 419 thousand and refer, for the part over 12 months, to the portion of the grants on plant relating to periods subsequent to 2020 of the Company. The capital grants refer to the investments for the Programme Contract signed in 2012 (Euro 2,062 thousand), the investments for the Sarno Crisis Area Contract signed in 2018 (Euro 802 thousand) and the future portion of the sale of land rights at the Sarno and Fisciano plant (Euro 3,105 thousand).

21. Post-employment benefit and pension provision

The post-employment benefit provision amounts to Euro 3,789 thousand, a decrease of Euro 289 thousand compared to December 31, 2018. At December 31, 2019, the actuarial gain was Euro 95 thousand and was recognised, in accordance with IAS 19 Revised, to the Net Equity Reserves and the Comprehensive Income Statement. The interest cost recorded to financial charges was Euro 41 thousand. The movements in the year are shown below:

PROVISION FOR POST-EMPLOYMENT BENEFITS

Euro/000

	31.12.2019
Balance at 01.01.2019	4,078
Utilisation for departures	(914)
of which INPS fund	495
Provisions at 31.12.2019	1,259
of which INPS fund	(1,062)
Deductions at 31.12.19	(167)
of which INPS fund	21
Discounting provision	95
TOTAL	**3,805**
Utilisation for advances	(16)
Balance at 31/12/2019	**3,789**

The principal actuarial assumptions, indicated below, adopted by the Company in accordance with Article 78 of IAS 19, refer to the market yields of "high quality corporate bonds", securities with a contained credit risk.

	AT 31.12.2019	AT 31.12.2018
Discount rate	EUR Composit AA curve	EUR Composit A curve
Rate of inflation	1.50%	1.50%
% of advances requested	100%	100%

22. Deferred tax liabilities

The account totalling Euro 11,903 thousand decreased by Euro 808 thousand compared to December 31, 2018 and relates to the deferment of income taxes.

DEFERRED TAX LIABILITIES

Euro/000

	IRES	IRAP
Assessable at 31.12.2018	1,664	291
Utilisations 2019	(474)	(275)
Provisions 2019	531	201
Assessable at 31.12.2019	1,721	217
Rate	24.00%	4.97%
Total IRES - IRAP Group Statutory 31.12.2019	**413**	**11**
Deferred tax liability from IAS reversal at 31.12.2019	11,479	
Total IRES and IRAP Group deferred tax liability at 31.12.2019	**11,903**	

The amount relates essentially to the lower fair value of land and buildings on the transition to international accounting standards.

The breakdown of the temporary differences giving rise to deferred tax liabilities are reported below.

Euro/000

	December 31, 2018				December 31, 2019				
	Amount of temporary differences IRES	Amount of tax liability IRES	Amount of temporary differences IRAP	Amount of tax liability IRAP	Amount of temporary differences IRES	Amount of tax liability IRES	Amount of temporary differences IRAP	Amount of tax liability IRAP	Amount recognised to P&L IRES and IRAP
IAS adjustments	46,382	11,133	23,449	1,165	43,429	10,423	21,258	1,057	(818)
Unrealised exchange gains	81	19	0	0	326	78	0	0	59
Capital grants	24	6	24	1	21	5	21	1	(1)
Recovery prior year taxes	316	76	267	13	195	47	195	10	(32)
Accelerated depreciation	1,038	249	0	0	1,038	249	0	0	0
Membership fees paid in advance	4	1	0	0	4	1	0	0	0
UpFront commissions loans pre-2018	200	48	0	0	135	32	0	0	(16)
TOTAL	**48,045**	**11,532**	**23,740**	**1,179**	**45,148**	**10,835**	**21,474**	**1,068**	**(808)**

23. Provisions for risks and charges

The provision at December 31, 2019 amounts to Euro 7,635 thousand, a decrease of Euro 411 thousand compared to December 31, 2018. The amount of the provisions represents the best estimate by the Directors, on the basis of the information available at the time of the preparation of the present accounts, of the charges matured against the Company at year-end and for other potential liabilities deriving from disputes for which the Company prudently considers the risk of charges probable.

The movements in the year are shown below:

PROVISIONS FOR RISKS AND CHARGES

Euro/000

	Other risks	Agents	Total
Opening balance	7,877	169	**8,046**
Utilisations	(1,417)	0	**(1,417)**
Provision for the year	1,003	3	**1,006**
PROVISION AT 31.12.2019	**7,463**	**172**	**7,635**

The account principally includes:

- Euro 7,463 thousand relating to other risk provisions, which covers the risks related to civil and tax disputes in course; the change in the year is due to the utilisation of the Risk Provision for Euro 1,417 thousand for the finalisation of civil disputes and tax disputes, while the provision in 2019 of Euro 1,003 thousand includes provisions made for disputes of a civil and tax nature which the Company considers probable.
- Euro 172 thousand of a provision for supplementary severance indemnities to agents.

For further information on disputes at December 31, 2019, reference should be made to the relevant paragraph of the Directors' Report.

CURRENT LIABILITIES

24. Current financial payables

The account amounts to Euro 70,660 thousand, a decrease of Euro 482 thousand compared to December 31, 2018. The breakdown is as follows:

- Euro 15,500 thousand for short-term advances on contracts, invoices, suppliers, imports and hot money in Euro;
- Euro 8,218 thousand for short-term import advances in US dollars with valuation at year-end exchange rate;
- Euro 40,860 thousand for the portion due within 12 months of the medium/long-term loans;
- Euro 177 thousand for interest on short-term bank payables;
- Euro 1,682 thousand relating to the fair value of the IRS operations at December 31, 2019, subject to hedge accounting;
- Euro 2,668 thousand relating to the negative fair value of the foreign currency forward and options contracts, not subject to hedge accounting;
- Euro 262 thousand concerning the negative premiums on currency options; these premiums are expressed for an equal value under Other Financial Receivables;
- Euro 157 thousand relating to the part of the payable for the subvention reimbursement recognised by the Ministry for Economic Development within the Innovative Tender (Internal Register No. 0001949 of June 6, 2014);
- Euro 141 thousand for reverse factoring with maturity;
- Euro 620 thousand referring to the present value of the right-of-use assets subject to rental and lease contracts having the characteristics provided for by IFRS 16, for which reference should be made to the paragraph "IFRS Accounting standards, amendments and interpretations applied from January 1, 2019".
- Euro 375 thousand relating to the change in the fair value, compared to the differential suspended on initial recognition, of the options on the minority share of the subsidiary LDH (La Doria) Ltd under the agreements between La Doria S.p.A. and the minority shareholders of the UK subsidiary. The account other current financial receivables include the same value relating to the minority share. The initial recognition and subsequent valuations were undertaken in accordance with an accounting opinion, in the year 2016, in relation to which the initial differential between the price paid and the fair value was not recorded in the accounting system and deferred to a future period, principally due to the fact that the parameters which align the valuation, such as the value of the underlying shares and the relative volatility (intended both in absolute terms and in relation to the NAV) may not be obtained from the market and therefore the valuation of the instrument must be anchored to the price of the transaction. At the date of the financial statements subsequent to the initial recognition, the put/call options must be recorded at Fair Value with changes recognised through Profit or Loss, while the differential suspended, on the basis of the accounting policy chosen, will be recognised in the income statement for the entire amount when all the inputs of the valuation become "observable" on the market or at the maturity date or settlement of the instrument.

The notional values and the fair values at December 31, 2019 on interest rate hedge contracts which generated the payable of Euro 1,682 thousand in the accounts, are shown below (at December 31, 2018 – Euro 1,276 thousand):

Euro/000

IRS Bank	Notional	Fair Value 31.12.2019	Fair Value 31.12.2018
AKROS	9,000	(64)	0
BNL	5,000	(75)	0
UNICREDIT	14,000	(296)	0
INTESA SAN PAOLO	5,000	(1)	0
BANCO DI NAPOLI	10,000	(202)	(160)
AKROS	9,000	(145)	(140)
BNL	15,000	(244)	(127)
AKROS	10,000	(169)	(112)
BANCO DI NAPOLI	6,667	(46)	(40)
UNICREDIT	10,800	(167)	(134)
BNL *	5,000	0	0
AKROS	4,812	(14)	(0)
ICCREA *	5,000	0	0
BPER	0	0	(28)
AKROS	0	0	(35)
BNL	2,500	(21)	(43)
BANCO DI NAPOLI	3,000	(31)	(68)
CARIPARMA	1,875	(16)	(35)
UNICREDIT	6,787	(92)	(167)
BANCO DI NAPOLI	7,273	(50)	(93)
UNICREDIT	7,273	(50)	(93)
Total	**137,987**	**(1,682)**	**(1,276)**

* The table shows, only as notional, two loans of Euro 5,000,000 agreed in 2016 at fixed interest rates and reported in the loans section.

25. Trade Payables

They amount to Euro 94,089 thousand, a decrease of Euro 1,817 thousand compared to December 31, 2018 and are net of credit notes to be received from suppliers for discounts, price/quantity discounts on supply of goods and/or services relating to the year. The amount includes the payables to subsidiaries of Euro 14,732 thousand and payables to other related parties of Euro 1 thousand, commented on in the section “Transactions with Related Parties”.

26. Current tax payables

The account amounts to Euro 2,071 thousand and increased by Euro 314 thousand compared to December 31, 2018. The account comprises:

- Euro 2,060 thousand of Tax payables, relating for Euro 1,372 thousand to withholdings by the Company for substitute taxes, paid in January and February 2020, for Euro 675 thousand to additional regional and municipal taxes to be paid in 2020, for Euro 13 thousand to withholding taxes on salaries and consultants’ fees;
- Euro 11 thousand relating to Public Administration payables for local taxes.

27. Other current liabilities

These amount to Euro 12,921 thousand and have increased by Euro 531 thousand compared to December 31, 2018. They principally include:

- payables to social security institutions of Euro 990 thousand;
- payables to employees not yet paid at December 31, 2019 for Euro 9,822 thousand, of which Euro 2,156 thousand for salaries and wages for the month of December 2019, Euro 4,861 thousand for vacation days matured at December 31, 2019, Euro 1,009 thousand for the provision of the fourteenth month matured in 2019, Euro 1,755 thousand relating to a better estimate for employee bonuses based on the company agreement in which employees are recognised an economic indemnity related to the achievement of set company objectives, among which the results of the parent company;
- payables to employees not yet paid at December 31, 2018 for Euro 9,543 thousand, of which Euro 1,705 thousand for salaries and wages for the month of December 2018, Euro 4,243 thousand for vacation days matured at December 31, 2018, Euro 1,625 thousand for the provision of the fourteenth month matured in 2018, Euro 1,934 thousand relating to a better estimate for employee bonuses based on the company agreement in which employees are recognised an economic indemnity related to the achievement of set company objectives, among which the results of the parent company;
- other charges to be received for Euro 1,177 thousand, of which Euro 968 thousand in payables arising from the cost of the quotas to be acquired to reconcile the overrun on Co_2 emission quotas granted, as reported in the section "Trade payables and other liabilities";
- Euro 78 thousand for insurance payables for insurance indemnities to be paid;
- minor payables of Euro 235 thousand;
- current portion of the grants on plant relating to future periods of Euro 619 thousand.

Commitments and guarantees

These total Euro 66,218 thousand and relate to:

- Euro 18,387 thousand for guarantees and comfort letters by La Doria S.p.A. on the short-term and medium/long-term loans provided to the subsidiary Eugea Mediterranea S.p.A.;
- Euro 41,386 thousand for the amount at December 31, 2019 of guarantees given on behalf of banks by La Doria S.p.A. for credit lines made to the subsidiary LDH (La Doria) Ltd;
- Euro 2,917 thousand for a surety issued in favour of the Agenzia Nazionale per l'attrazione degli investimenti e lo sviluppo d' impresa Spa (INVITALIA) to guarantee the subsidised loan provided for La Doria Spa pursuant to the Ministerial Decree of February 13, 2014 and subsequent amendments to facilitate the implementation of investment programmes aimed at the industrial relaunch of Crisis Areas in Campania;

  La Doria presented this programme as an expansion of the Sarno production unit and is to be implemented through investment in wall structures, plants, machinery and equipment;
- Euro 1,361 thousand for sureties on payment terms from suppliers;
- Euro 1,462 thousand for guarantees issued in favour of the Customs Office and Campania Region against customs duties and taxes;
- Euro 705 thousand for guarantees on La Doria S.p.A. receivables to the public administration.

Euro 81 thousand is also included as a guarantee in favour of the parent company for the surety issued by the Insurance Company in favour of La Doria Spa for the procurement contract on the replacement of generators.

INCOME STATEMENT

Segment information as per IFRS 8

2019 revenues by production line are detailed below (in Euro):

COMPARISON REVENUES LA DORIA S.P.A. BY LINE

Euro/000

PRODUCT LINE	2019 Net of bonuses Year-end	2018 Net of bonuses Year-end	Change total
TOTAL RED LINE	126,709	128,966	(2,257)
TOTAL SAUCES LINE	88,897	83,992	4,905
TOTAL FRUIT LINE	48,298	47,668	630
TOTAL PULSES LINE	169,701	160,953	8,748
TOTAL OTHER LINES	5,696	4,820	876
TOTAL REVENUES	**439,301**	**426,399**	**12,902**

The principal client was the English subsidiary LDH (La Doria) Ltd accounting for 27% of revenues.

28. Revenues

Revenues from sales and services amount to Euro 439,301 thousand, an increase of Euro 12,902 thousand compared to 2019.

The significant increase was achieved through improvement in performances of the traditional pulse line, which takes advantage of the new trend to replace animal protein with vegetable protein, and the "Sauces line". The changes in the individual business areas are illustrated in the Directors' Report. This change was impacted by application of the new standard IFRS 15, which recognises Performance Obligations directly related to revenues as a reduction in revenues.

Applied to the Company's situation, this concerns a contribution for promotional activities recognised to the client, reclassified from operating costs to the direct reduction in revenues in the financial statements for Euro 4,154 thousand compared with Euro 4,130 thousand in 2018.

REVENUES FROM SALES AND SERVICES

Euro/000

	AT 31.12.2019	AT 31.12.2018	CHANGE
- ITALY	140,401	145,019	(4,618)
- OVERSEAS	307,935	290,251	17,684
- LOYALTY BONUS PROVISION	(9,035)	(8,871)	(164)
TOTAL	**439,301**	**426,399**	**12,902**

29. Other operating revenues

Other operating revenues amount to Euro 11,682 thousand, increasing Euro 915 thousand compared to 2018. Other revenues are comprised of:

- Other income of Euro 3,468 thousand, of which non-recurring income of Euro 1,916 thousand and compensation for damages of Euro 1,574 thousand;
- Increase in internal work capitalised for Euro 114 thousand;
- Revenues and other income of Euro 8,100 thousand, essentially concerning the sale of raw material and packaging materials for Euro 3,245 thousand, the sale of scrap and recovery materials for Euro 778 thousand, plant grants for Euro 333 thousand, provision of services for Euro 483 thousand, income from product gifts for Euro 1,543 thousand (identical amount recorded under promotional expenses), Euro 402 thousand lease contracts from the sale of land rights and revenue for the recognition of white certificates for Euro 64 thousand.

30. Change in inventories

The account summarises the economic impact of the changes in the inventories of raw materials, semi-finished and finished products. The net change in inventories at December 31, 2019 was Euro 10,578 thousand and was broken down as follows:

Euro/000

	At 31.12.19	At 31.12.18	Change
Finished, semi-fin. and inter. products			
Semi-finished products	(2,616)	3,422	(6,038)
Finished & semi-fin. prods.	6,658	(9,956)	16,614
Final inventory obsolescence provision	(829)	(2,390)	1,561
Util. Final Inventories Write-down Provision	2,845	2,972	(127)
TOTAL	**6,058**	**(5,952)**	**12,010**
Raw materials, ancillary and consumables			
Raw materials	2,283	992	1,291
Packaging	(747)	(901)	154
Other supplies	(66)	(53)	(13)
TOTAL	**1,470**	**38**	**1,432**
CHANGE	**4,588**	**(5,990)**	**10,578**

31. Purchase of raw materials and goods

Raw materials and costs total Euro 287,175 thousand, an increase of Euro 11,020 thousand compared to the previous year. The increase derives from the net effect of an increase in volumes of the legumes and ready sauces lines with an increase in raw material and goods costs relating to the traditional business. Reference should be made to the Directors' Report for changes on the business lines. The breakdown compared to the previous year is shown below:

COSTS OF PRODUCTION RAW MATERIALS, ANCILLARY, CONS. & GOODS FOR RESALE

Euro/000

	At 31.12.2019	At 31.12.2018	Change
RAW MATERIALS	112,829	110,945	1,884
SEMI-FINISHED PRODUCTS	25,816	25,566	250
FINISHED/SEMI-FINISHED PRODUCTS	26,147	22,522	3,625
PACKAGING	80,887	80,924	(37)
ENERGY CONSUMPTION	6,520	5,920	600
MAINTENANCE AND REPAIR MATERIALS	4,988	4,339	649
SUPPLIES FOR MAIN. AND REPAIRS	32,492	28,505	3,987
TOTAL	**289,679**	**278,721**	**10,958**
BONUSES AND DISCOUNTS ON DIRECT MATERIAL PURCHASES	(2,504)	(2,566)	62
TOTAL	**287,175**	**276,155**	**11,020**

32. Services

These total Euro 64,554 thousand, an increase of Euro 4,493 thousand compared to the previous year. The aggregate of the service costs amount to Euro 63,012 thousand and rent, lease and similar costs amount to Euro 1,542 thousand. The breakdown is detailed below:

COSTS OF PRODUCTION FOR SERVICES

Euro/000

	AT 31.12.2019	AT 31.12.2018	CHANGE
MAINTENANCE & REPAIR SERVICES	3,381	3,670	(289)
THIRD PARTY PROCESSING AND WORKS	5,266	4,678	588
TRAVEL AND ACCOMODATION EXPENSES	295	281	14
EMPLOYEE TRANSFERS	205	184	21
ENTERTAINING	89	84	5
INTERNAL TRANSPORT (MOV. PALLETS & WRAPPER)	3,411	3,075	336
MOTORWAY TOLLS	61	58	3
COMMISSIONS AND RELATIVE CHARGES	405	595	(190)
TRANSPORT	32,116	28,223	3,893
PROFESSIONAL SERVICES	1,068	1,113	(45)
DIRECTORS & STATUTORY AUDITORS	530	524	6
AUDIT COSTS	84	85	(1)
TELEPHONE AND FAX	172	169	3
POSTAGE	5	5	0
INSURANCE	982	961	21
MEMBERSHIP FEES	130	120	10
COMMERCIAL COSTS	1,399	1,300	99
CLEANING OF INDUSTRIAL STRUCTURES	1,902	1,658	244
ELECTRICITY	6,421	5,779	642
AQUEDUCT SERVICE WATER CONSUMPTION	32	33	(1)
AQUEDUCT SERVICE	233	166	67
AQUEDUCT SERVICE SEWER SYSTEM	263	239	24
WAREHOUSING STORAGE COSTS	1,212	1,212	0
LOADING AND UNLOADING	2,818	3,031	(213)
SOFTWARE COST (MAINTENANCE/ASSISTANCE)	161	152	9
BANK EXPENSES	263	262	1
MOTOR VEHICLE AND EDP SERVICES	108	-	108
TOTAL	**63,012**	**57,657**	**5,355**

COSTS OF PRODUCTION RENTS, LEASING AND SIMILAR COSTS

Euro/000

	AT 31.12.2019	AT 31.12.2018	CHANGE
LAND AND BUILDING RENTAL CHARGES	20	235	(215)
UTILISATION BRANDS AND PATENTS CHARGES	7	5	2
PLANT AND MACHINERY	51	367	(316)
EDP USER FEES	262	242	20
LIFTRUCKS HIRE FEES	220	356	(136)
ELECTRONIC AND ELECTRICAL MACHINES HIRE FEES	129	220	(91)
RENT OF PALLETS	579	474	105
MOTOR VEHICLE HIRE FEES	103	342	(239)
CLOTHING HIRE FEES	151	143	8
CONTAINER HIRE FEES	25	25	0
PREMIUMS AND DISCOUNTS	(5)	(5)	0
TOTAL	**1,542**	**2,404**	**(862)**

33. Labour costs

Total labour costs for the year amount to Euro 48,205 thousand, an increase of Euro 3,670 thousand on the previous year. The breakdown of labour costs is shown below:

COSTS OF PRODUCTION SALARIES AND WAGES

Euro/000

	AT 31.12.2019	AT 31.12.2018	CHANGE
EXECUTIVES	3,298	2,599	699
WHITE-COLLAR	9,584	9,107	477
BLUE-COLLAR	14,394	13,152	1,242
SEASONAL STAFF	4,854	5,323	(469)
SELF-EMPLOYED ASSOCIATES	115	83	32
CANTEEN SERVICE	0	30	(30)
TOTAL	**32,245**	**30,294**	**1,951**

COSTS OF PRODUCTION SOCIAL CHARGES

Euro/000

	AT 31.12.2019	AT 31.12.2018	CHANGE
EXECUTIVES	1.055	857	198
WHITE-COLLAR	2,878	2,727	151
BLUE-COLLAR	4,686	4,227	459
SEASONAL STAFF	1,651	1,824	(173)
SELF-EMPLOYED ASSOCIATES	19	14	5
TOTAL	**10,289**	**9,649**	**640**

COSTS OF PRODUCTION EMPLOYEES SEVERANCE INDEMNITY

Euro/000

	AT 31.12.2019	AT 31.12.2018	CHANGE
EXECUTIVES	331	273	58
WHITE-COLLAR	732	695	37
BLUE-COLLAR	989	926	63
INTERNS	278	300	(22)
TOTAL	**2,330**	**2,194**	**136**

COSTS OF PRODUCTION OTHER COST

Euro/000

	AT 31.12.2019	AT 31.12.2018	CHANGE
PERSONNEL DONATIONS	50	49	1
GENERAL PERSONNEL EXPENSES	3	0	3
TRAINEE REMUNERATION	138	57	81
PROV. EMPLOYEE INCENTIVES	1,806	1,985	(179)
LIFE POLICIES	16	15	1
TEMPORARY STAFF	345	179	166
LEAVING INCENTIVES	275	66	209
INPS REDUNDANCY	33	6	27
ALLOWANCES AND TRANSFERS	47	41	6
INTEGRATION POST-EMPOLEYEMENT BENEFITS	628	0	628
TOTAL	**3,341**	**2,398**	**943**

The other labour costs amount to Euro 3,341 thousand, an increase compared to 2018 of Euro 943 thousand, principally relating to employee incentives of Euro 1,806 thousand, post-employment leaving indemnities of Euro 628 thousand, leaving incentive costs of Euro 275 thousand, gratuities to employees of Euro 50 thousand and part-time workers of Euro 345 thousand.

At December 31, 2019, the breakdown of the workforce was as follows:

Workforce	AT 31.12.2019	AT 31.12.2018	CHANGE
Executives/White-collar	243	231	12
Foremen/Blue-collar	457	428	29
Seasonal, temporary and self-employed	47	42	5
TOTAL	**747**	**701**	**46**

34. Other operating costs

The account amounts to Euro 12,747 thousand, an increase of Euro 1,264 thousand compared to the previous year. The account includes other operating charges of Euro 11,676 thousand and non-recurring operating charges of Euro 1,071 thousand. The principal components are shown below:

COSTS OF PRODUCTION OTHER OPERATING CHARGES

Euro/000

	AT 31.12.2019	AT 31.12.2018	CHANGE
SUNDRY CONSUMABLES & SMALL TOOLS	5,248	4,385	863
SUNDRY SERVICES	4,268	4,047	221
INCOME TAXES	1,228	1,177	51
LOSSES	932	487	445
TOTAL	**11,676**	**10,096**	**1,580**

EXTRAORDINARY INCOME & CHARGES

Euro/000

	AT 31.12.2019	AT 31.12.2018	CHANGE
PRIOR YEAR INCOME AND OVER-ACCRUALS	304	255	49
NON-INHERENT COSTS	25	5	20
PRIOR YEAR CHARGES DEDUCTIBLE	363	676	(313)
LOSSES ON DISPOSALS OF ASSETS	14	93	(79)
SURTAXES, PENALTIES AND FINES	20	14	6
REBATES AND DISCOUNTS	0	1	(1)
CONTRACTUAL PENALTIES	7	41	(34)
DAMAGE COMPENSATION TO CUSTOMERS	338	302	36
TOTAL	**1,071**	**1,387**	**(316)**

35. Amortisation, depreciation, write-downs and provisions

The account amounts to Euro 18,166 thousand, an increase of Euro 1,220 thousand compared to the previous year. The account includes:

Euro/000

	AT 31.12.2019	AT 31.12.2018	CHANGE
Amortisation of intangible assets	667	807	(140)
Depreciation of property, plant and equipment	13,769	11,863	1,906
Other fixed asset write-downs	76	2,686	(2,610)
Provisions for doubtful debts	2,651	400	2,251
Provisions for risks	1,003	1,190	(187)
Total	**18,166**	**16,946**	**1,220**

In relation to the "Provisions for risks" reference is made to the comments on the specific balance sheet accounts "Provisions for risks and charges" (Note 23). "Other fixed asset write-downs" include the write-down of the East & West brand (Note 1), while the "Doubtful debt provision" includes the provision relating to the risk on trade receivables (Note 11) and the write-down on the Acerra plant (Note 9).

36. Financial income

These total Euro 8,453 thousand and relate to:

- for Euro 1,521 thousand of interest on temporary liquidity on current accounts and on interest from receivables due from the State;
- for Euro 6,932 thousand income from exchange gains on commercial and financial operations (Euro 6,418 thousand), the fair value gains on the forward and currency option contracts held at December 31, 2019 (Euro 375 thousand) and the positive Fair Value of the call options of the shareholder agreement of the English subsidiary (Euro 138 thousand).

37. Financial charges

These amount to Euro 12,095 thousand and include:

- for Euro 3,042 thousand financial charges on medium/long-term and short-term payables;
- financial charges concerning the Interest Cost component under IAS 19 Revised "Employee benefits" for Euro 41 thousand;
- Euro 47 thousand relating to financial charges deriving from the application of the new accounting standard IFRS 16;
- for Euro 8,868 thousand losses relating to commercial and financial transactions (Euro 4,391 thousand) and losses realised in 2019 on forward operations and currency operations and the negative fair value on the forward and currency options held at December 31, 2018 (Euro 4,477 thousand);
- for Euro 138 thousand relating to the Fair Value loss on the put options within the shareholder agreement on the minority shareholdings in the English subsidiary (same value of the call options under financial income).

38. Dividends

During 2019, dividends were received relating to the year 2018 for a total amount of Euro 3,069 thousand from the subsidiary LDH (La Doria) Ltd, with an increase of Euro 227 thousand on the dividend received in the previous year and relating to the same subsidiary.

39. Income taxes

These total Euro 5,554 thousand (Euro 6,292 thousand in 2018). The account includes current income taxes of Euro 5,669 thousand, deferred income tax of Euro 661 thousand, deferred tax charges of Euro 808 thousand and prior year taxes of Euro 32 thousand.

The following is a reconciliation of the tax expense on net profit and the tax charge.

RECONCILIATION OF THE THERORETICAL TAX CHARGE FROM THE FIN. STATS. AND THE TAX CHARGE

Euro/000

Description	Tax changes	Taxable	Income taxes
Profit before taxes - Theoretical tax charge (24%)		**24,151**	**5,796**
Values not recorded fiscally for the application of the IFRS			
Inventories change	6		
Other accrued revenues	(12)		
Amortisation & Depreciation	1,179		
Discounting employee leaving indemnity provision	41		
Capitalisation of deferred charges	(54)		
Acerra write-down	1,776		
Althea write-down	76		
Total		**3,012**	**723**
Exchange gains/losses not realised including reversal in previous year	(403)		
Total		**(403)**	**(97)**
Temporary differences assessable in future years			
Doubtful debt provision	875		
Provision	829		
Final obsolescence provision	1,755		
Employee bonus provision	1,003		
Provisions for other risks	397		
Other-costs		**4,859**	**1,166**
Total			
Use of doubtful debt provision	(340)		
Use of inventory provision	(2,845)		
Utilisation of provision for other risks	(1,417)		
Utilisation of employee bonus provision	(1,934)		
Other	(426)		
Total decrease		**(6,962)**	**(1,784)**
Changes Non-reversing in future years			
Non-deductible costs	1,232		
Total increase		**1,232**	**296**
Changes Non-reversing in future years			
Super Amortisation	(601)		
Super Depreciation	(4,019)		
Other	(3,675)		
Total decrease		**(8,295)**	**(1,991)**
Assessable income		**17,594**	**4,222**
Not assesseable Monti Law	(752)	(752)	(180)
Assessable income		**16,842**	**4,042**

RECONCILIATION OF THEORETICAL CHARGE FROM FINANCIAL STATEMENTS AND IRAP TAX CHARGE

Euro/000

Description	Tax changes	Taxable	Income taxes	Theoretical tax charge	Actual tax charge
Difference between value and costs of production		**24,723**			
Costs not considered for IRAP purposes					
Labour costs	48,205				
Total increase		**48,205**			
Total		**72,928**			
Theoretical tax charge			**3,493**	**4.79%**	
Values not recorded fiscally for the application of the IFRS					
Other accrued revenues	(12)				
Amortisation & Depreciation	726				
Write-down Acerra	1,776				
Write-down Acerra Brand	76				
Total changes due to IFRS application		**2,566**			
Temporary differences deductible in future years					
Accrual to obsolescence provision	829				
Provisions for risks	1,003				
Other	1,170				
Total increase		**3,002**			
Reversal of prior years' temporary differences					
Utilisation of obsolence provision	(2,845)				
Utilisation of risk provision	(1,023)				
Other	(412)				
Total decrease		**(4,280)**			
Non-reversing differences in future years					
Deductible costs not included in production value	(41,028)				
Revenues not related to production	(704)				
Total decrease		**(41,732)**			
Differences not reversing in future years					
Non-deductible costs	1,483				
Total increase		**1,483**			
Assessable IRAP		**33,967**			
Current income taxes IRAP			**1,626**		**4.79%**

40. Cash Flow Statement

The cash and cash equivalents of the Company decreased during 2019 Euro 32,936 thousand, due to the generation of cash from operating activities, for Euro 26,087 thousand, net of cash absorbed from investing activities, for Euro 20,702 thousand and from financing activities for Euro 37,987 thousand and absorbed from non-monetary changes for Euro 334 thousand. No particular uncertainties exist which may impact the value of assets and liabilities recognised to the financial statements. Cash and cash equivalents entirely concern current account balances and cash on hand.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are undertaken at normal market conditions between independent parties. There were no operations of an untypical and/or unusual nature. The transactions with related parties, in accordance with IAS 24 revised, relate to normal operations and are conducted at normal market conditions.

The transactions are in accordance with the most recent "corporate governance" regulations adopted by the Company. In accordance with Article 2391 *bis* of the Civil Code, with CONSOB regulation in relation to related parties approved with resolution No. 17221 of March 12, 2010, subsequently amended with resolution No. 17389 of 23.06.2010 and that recommended by Article 9.C.1 of the Self-Governance Code for listed companies, the Board of Directors of La Doria S.p.A. on November 11, 2010 adopted the Regulation for the governance of transactions with related parties which defines the guidelines and criteria for the identification, approval and execution of the transactions with related parties undertaken by the Company, directly or through subsidiary companies, in order to ensure transparency and substantial and procedural correctness of the transactions.

All transactions of a financial or economic nature with related parties of the Company for the years 2018 and 2019 are reported below:

FY 2018

Euro/000

31.12.2018	Trade receivables	Other current assets	Other non-current assets	Trade Payables	Other current liabilities	Other non-current liabilities	Guarantees	Commit.
Balance sheet Subsidiaries								
Eugea Mediterranea SpA	6,191			13,583			18,506	
LDH (LA DORIA) Ltd	17,728	301	156	734			8,620	
TOTAL	**23,919**	**301**	**156**	**14,317**	**0**	**0**	**27,126**	

LDH (La Doria) LTD:

Trade receivables: Receivables from the subsidiary LDH (La Doria) Ltd for Euro 17,728 thousand for operations of a commercial nature;

Other current and non-current assets: This account relates to the non-current and current portion of prepayments concerning promotional contributions of the subsidiary LDH (La Doria);

Trade payables: Payables to the subsidiary LDH (La Doria) Ltd. for Euro 734 thousand, of a commercial nature;

Guarantees: Euro 8,620 thousand for the equivalent amount at December 31, 2018 of guarantees given on behalf of banks for loans made to the subsidiary LDH (La Doria) Ltd..

Eugea Mediterranea S.p.A.:

Trade receivables: Receivables from the subsidiary Eugea Mediterranea S.p.A. for Euro 6,191 thousand of which Euro 6,154 thousand of a commercial nature and Euro 37 thousand relating to the transfer of intercompany VAT;

Trade payables: Payables to the subsidiary Eugea Mediterranea S.p.A. for Euro 13,583 thousand, of a commercial nature;

Guarantees: Euro 18,506 thousand for guarantees and comfort letters on the short-term and medium/long-term loans provided to the subsidiary Eugea Mediterranea S.p.A..

Euro/000

31.12.2018	Revenues	Other revenues	Costs	Other costs	Financial income	Financial charges	Dividends
P&L transactions Subsidiaries							
Eugea Mediterranea SpA	4,749	613	19,213				
LDH (LA DORIA) Ltd	101,972	34		2,129	21		2,842
TOTAL	**106,721**	**647**	**19,213**	**2,129**	**21**	**0**	**2,842**

LDH (La Doria) Ltd:

Revenue: Revenues for the sale of finished products of Euro 101,972 thousand;

Other revenues: Recharges for damage and recovery of expenses of Euro 34 thousand;

Other costs: Service costs and damage reimbursements for Euro 2,108 thousand (net of exchange gains), of which Euro 2,059 thousand relating to promotional contributions;

Dividends: Dividends distributed by the subsidiary LDH (La Doria) Ltd., in relation to the year 2017 for Euro 2,842 thousand.

Eugea Mediterranea S.p.A.:

Revenues: revenues for the sale of finished, semi-finished and intermediate products of Euro 4,749 thousand;

Other revenues: Raw material and packaging revenues for Euro 613 thousand and services of Euro 130 thousand;

Costs: Costs for purchase of finished, semi-finished and intermediate products of Euro 19,213 thousand.

FY 2019

Euro/000

31.12.2019	Trade receivables	Other current assets	Other non-current assets	Trade Payables	Other current liabilities	Other non-current liabilities	Guarantees	Commit.
Balance sheet Subsidiaries								
Eugea Mediterranea SpA	6,280			13,978				18,387
LDH (LA DORIA) Ltd	21,066	1,178	835	754				41,386
TOTAL	**27,346**	**1,178**	**835**	**14,732**	**0**	**0**	**0**	**59,773**

LDH (La Doria) LTD:

Trade receivables: Receivables from the subsidiary LDH (La Doria) Ltd for Euro 21,066 thousand for operations of a commercial nature;

Other current and non-current assets: This account relates to the non-current and current portion of prepayments concerning promotional contributions of the subsidiary LDH (La Doria);

Trade payables: Payables to the subsidiary LDH (La Doria) Ltd. for Euro 754 thousand, of a commercial nature;

Guarantees: Euro 41,386 thousand for the equivalent amount at December 31, 2019 of guarantees given on behalf of banks for loans made to the subsidiary LDH (La Doria) Ltd..

Eugea Mediterranea S.p.A.:

Trade receivables: Receivables from the subsidiary Eugea Mediterranea S.p.A. for Euro 6,280 thousand of which Euro 5,861 thousand of a commercial nature and Euro 419 thousand relating to the transfer of intercompany VAT;

Trade payables: Payables to the subsidiary Eugea Mediterranea S.p.A. for Euro 13,978 thousand, of a commercial nature;

Guarantees: Euro 18,387 thousand for guarantees and comfort letters on the short-term and medium/long-term loans provided to the subsidiary Eugea Mediterranea S.p.A..

Euro/000

31.12.2019	Revenues	Other revenues	Costs	Other costs	Financial income	Financial charges	Dividends
P&L transactions Subsidiaries							
Eugea Mediterranea SpA	4,814	714	25,224				
LDH (LA DORIA) Ltd	117,245	190		119		(27)	3,069
TOTAL	**122,059**	**904**	**25,224**	**119**	**0**	**(27)**	**3,069**

LDH (La Doria) Ltd:

Revenue: Revenues for the sale of finished products of Euro 117,245 thousand;

Other revenues: Recharges for damage and recovery of expenses of Euro 190 thousand;

Other costs: Service costs and damage reimbursements for Euro 119 thousand;

Financial charges: Financial charges concerning exchange differences on purchases for Euro 27 thousand;

Dividends: Dividends distributed by the subsidiary LDH (La Doria) Ltd., in relation to the year 2018 for Euro 3,069 thousand.

Eugea Mediterranea S.p.A.:

Revenues: revenues for the sale of finished, semi-finished and intermediate products of Euro 4,814 thousand;

Other revenues: Raw material and packaging revenues for Euro 167 thousand, services of Euro 150 thousand and various recharges of Euro 397 thousand;

Costs: Costs for purchase of finished, semi-finished and intermediate products of Euro 25,224 thousand.

TRANSACTIONS WITH RELATED PARTIES

FY 2018

Euro/000

31.12.2018	Trade receivables	Other current assets	Other non-current assets	Trade Payables	Other current liabilities	Other non-current liabilities
Balance sheet						
Trade receivables	141					
Trade payables				3		
Directors					154	
TOTAL	**141**	**0**	**0**	**3**	**154**	**0**

Trade receivables: Refers to receivables from clients considered as other related parties for Euro 141 thousand for transactions of a commercial nature;

Trade payables: Concerns payables to suppliers for services of Euro 3 thousand;

Other current liabilities: Concerns payables to Directors for Euro 154 thousand and remuneration, salary and bonuses matured in the year and still not paid.

Euro/000

31.12.2018	Revenues	Other revenues	Costs	Other costs
Income statement				
Revenues	342			
Costs			11	
Directors				1,649
TOTAL	**342**	**0**	**11**	**1,649**

Revenue: Concerns revenues deriving from the sale of finished products and amounts to Euro 342 thousand;

Costs: Concerns costs for the acquisition of services for Euro 11 thousand;

Other costs: These amount to Euro 1,649 thousand and entirely refer to remuneration, salaries and bonuses matured by the Directors in the year.

FY 2019

Euro/000

31.12.2019	Trade receivables	Other current assets	Other non-current assets	Trade Payables	Other current liabilities	Other non-current liabilities
Balance sheet						
Trade receivables	151					
Trade payables				1		
Directors					162	
TOTAL	**151**	**0**	**0**	**1**	**162**	**0**

Trade receivables: Refers to receivables from clients considered as other related parties for Euro 151 thousand for transactions of a commercial nature;

Trade payables: Concerns payables to suppliers for services of Euro 1 thousand;

Other current liabilities: Concerns payables to Directors for Euro 162 thousand and remuneration, salary and bonuses matured in the year and still not paid.

Euro/000

31.12.2019	Revenues	Other revenues	Costs	Other costs
Income statement				
Revenues	363			
Costs			11	
Directors				2,043
TOTAL	**363**	**0**	**11**	**2,043**

Revenue: Concerns revenues deriving from the sale of finished products and amounts to Euro 363 thousand;

Costs: Concerns costs for the acquisition of services for Euro 11 thousand;

Other costs: These amount to Euro 2,043 thousand and entirely refer to remuneration, salaries and bonuses matured by the Directors in the year.

KEY MANAGEMENT PERSONNEL REMUNERATION

The remuneration of those holding positions with authority and responsibility for planning, management and control of the Company, including Executive and Non-Executive Directors, is reported in Tables D and E.

Such remuneration concerns emoluments and all other payments, including the portion carried by the Company, of a remunerative, pension-related or social security nature deriving from the role of Director or Statutory Auditor of the Parent Company and other companies within the consolidation scope, which resulted in a cost for the Group.

DISCLOSURE PURSUANT TO ARTICLE 149 *DUODECIES* OF THE CONSOB ISSUER'S REGULATION

Table E, prepared pursuant to Article 149 *duodecies* of the CONSOB Issuer's Regulations, reports the payments made in 2019 for audit, declaration, tax consultancy and other services carried out by the independent audit firm and associated entities.

SUBSEQUENT EVENTS

COVID-19 Emergency

The company is managing the contingent situation concerning the Covid-19 emergency in line with the central Government's orders and those imposed in the regions in which Group facilities are located. In particular, the company has introduced specific measures to reduce the contagion risk for its employees and to ensure at the same time continuity of company operations, also through "smart working" (working from home).

The global spread of Covid 19 is impacting economic activities in Italy, giving rise to an environment of general uncertainty and whose evolution and effects are unforeseeable.

With regards to the economic impact of this situation on the business, the Company currently, as involved in the packaged food and mainly the retail segment, is responding to the demand peaks from both Italian and overseas customers.

However, the situation will continue to be closely monitored, alongside its potential impacts on the financial statements for the current year.

Attachments to the Explanatory notes

The net financial position required by CONSOB communication of July 28, 2006 DEM/6064293 and by CESR recommendation of February 10, 2005 "Recommendations for the standard application of the European Commission Regulation on disclosure statements", taking account also of the new ESMA guidelines issued on July 3, 2016 on alternative performance indicators, is as follows:

NET DEBT

Euro/000

	31.12.2019	31.12.2018
A. Cash	2	3
B. Other cash & cash equivalents (Bank & postal deposits)	41,210	74,145
C. Securities held-for-trading	-	-
D. Liquidity (A+B+C)	**41,212**	**74,148**
E. Current financial receivables	**38,960**	**14,859**
F. Current Bank payables	25,577	34,799
G. Current portion of non-current debt	40,860	35,604
H. Other current financial payables	4,223	738
I. Current financial debt (F+G+H)	**70,660**	**71,141**
J. Current net debt (+I-D-E)	**(9,512)**	**17,866**
K. Bank payables – non-current portion	96,876	104,790
L. Bonds issued	-	-
M. Other non-current liabilities	1,241	393
N. Non-current debt (K+L+M)	**98,117**	**105,183**
O. Net debt (J+N)	**88,605**	**87,317**

TABLE A - LA DORIA S.P.A. - INTANGIBLE ASSETS AT 31/12/2019

Euro/000

		DECREASES					
	HISTORIC COST	AMORT. PR. YEARS	AMORT. 31/12/19	INVEST. 31/12/19	DIVEST. 31/12/19	RECLASS. 31/12/19	NET TOTAL
SOFTWARE COSTS	8,163	7,155	470	23	-	102	663
BRANDS	2,924	986	177	-	76	-	1,685
OTHER DEFERRED CHARGES	196	95	20	-	-	-	81
ASSETS IN PROGRESS	108	-	-	528	-	(108)	528
TOTAL	**11,391**	**8,236**	**667**	**551**	**76**	**(6)**	**2,957**

TABLE B - LA DORIA S.P.A. - NET TANGIBLE FIXED ASSETS AT 31/12/2019

Euro/000

CATEGORY	RATE	HIST. COST at 1.1.2019	REVAL. PR. YEARS.	DEPR. PR. YEARS at 1.1.2019.	DIVEST. PROVISION 31.12.2019	DEPR. 31.12.2019	DEPE. IFRS 16 31.12.2019	INVEST. 31.12.2019	INVEST. IFRS 16 31.12.2019	DIVEST. 31.12.2019	RECLASS. 31.12.2019	NET TOTAL
LAND		28,687	0	0	0	0	0	0	0	0	0	28,687
IND. BUILDINGS/ LIGHT CONST.	*	111,133	0	26,758	3	3,286	207	3,728	1,029	79	743	86,306
PLANT AND MACHINERY	7.50%-14%	177,119	1,454	138,475	383	9,344	94	9,980	187	413	2,120	42,917
EQUIPMENT	20.00%	7,249	194	6,910	2	220	0	347	0	18	17	661
EDP	20.00%	3,721	0	3,103	0	219	96	79	253	0	6	641
INTERNAL TRANSPORT	20.00%	931	23	940	0	9	101	0	374	0	0	278
MOTOR VEHICLES	25.00%	16	0	16	1	0	114	0	394	1	0	280
FURNITURE AND OTHER ASSETS	7.50%-12.00%	1,231	12	930	0	79	0	10	0	0	0	244
ASSETS IN PROGRESS	0.00%	3,377	0	0	0	0	0	6,589	0	0	(2,871)	7,095
TOTAL		**333,464**	**1,683**	**177,132**	**389**	**13,157**	**612**	**20,733**	**2,237**	**511**	**15**	**167,109**

* The rate applied corresponds to the estimated residual useful life.

TABLE C - HOLDINGS IN CONSOLIDATED SUBSIDIARIES

Euro/000

	BALANCE 31.12.2018	DECREASE	WRITE-DOWN	NEW CONTR.	BALANCE 31.12.2019	% HELD	% CONSOLID.
LDH (La Doria) Ltd	6,019	-	-	-	6,019[1]	100%	100%
EUGEA MEDITERRANEA SPA	3,316	-	-	-	3,316[2]	98.67%	98.67%
LA DORIA USA Inc.	19	-	(10)	8	17[3]	100.00%	100.00%
	9,354	**-**	**(10)**	**8**	**9,352**		

[1] LDH (La Doria) Ltd - LDH House - Parsons Green - St Ives
Cambridgeshire - PE27 4AA
Share Capital GBP 1,000,000 shares of GBP 1 each
Net equity 31.12.2019 of GBP 64,966 thousand
Including net profit for year of GBP 5,243 thousand

[2] EUGEA MEDITERRANEA S.p.A. - Strada Consorziata s.n.c. - Gaudiano di Lavello (PZ)
Share Capital Euro 1,500 thousand - 15,000 shares of 100.00 each
Net equity of Euro 5,347 thousand at 31.12.2019
Including net profit of Euro 91 thousand at 31.12.2019

[3] LA DORIA USA Inc. - 5 WEST 19^{TH} STREET, 10^{TH} FLOOR, New York, NY 10011
Share Capital USD 22,000
Net equity of USD 15 thousand at 31.12.2019
Including Net loss for year of USD 5 thousand

TABLE C1 - HOLDINGS IN INDIRECT SUBSIDIARIES

	NET EQUITY	% HELD	NET EQUITY SHARE
LDH Foods (Hellas) ldt - (in liquidation)			
32 Omiron Street - Athens (Grecia) Investment acquired on May 14, 1998 Share capital - Euro 18 thousand Investment eliminated at December 31, 2007 on ceasing of activities	0	58.00%	0
LDH Foods S.L. (in liquidation)			
Av.da De Los Castanos, 53 - Urb. El Chorrico" - Molina De Segura (Murcia) Share capital - Euro 9 thousand Investment eliminated at December 31, 2007 on ceasing of activities	0	58.00%	0
MANPINECO			
519 North Gate - Alconbury Airfield- Alconbury Huntingdon - Cambridgeshire PE 28 4WX Share capital - GBP 0.001 thousand The company was incorporated in January 2008 by the subsidiary LDH (La Doria) Ltd.	1	58.00%	0.58
Oriental & Pacific Frozen Food Co. Ltd			
519 North Gate - Alconbury Airfield- Alconbury Huntingdon - Cambridgeshire PE 28 4WX Share capital - GBP 10 thousand LDH (La Doria) Ltd holds 100% since 1/4/2008.	10,000	58.00%	5.80

REMUNERATION OF ADMINISTRATION AND CONTROL BOARDS, GENERAL MANAGER AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES.

Information on the remuneration of administration and control boards, the general manager and executives with strategic responsibilities and on the equity they hold, are provided in the Remuneration Report, drawn up pursuant to Article 123-*ter* of Legislative Decree No. 58/1998 (CFA). The Remuneration Report may be viewed in the Governance section of the La Doria website (www.gruppoladoria.it).

TABLE D - REMUNERATION OF DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGER AND EXECUTIVES WITH STRATEGIC RESPOSIBILITIES OF LA DORIA S.P.A

PARTY	DESCRIPTION OF OFFICE							
Name	Office held	Duration of office (*)	Emoluments for office in company preparing financial stats.	Non-monetary benefits	Bonus other incentives	Emoluments for risk control/ renum. committee	Emoluments Supervisory Board	Other remuner.
Persico Sergio	Vice Chairman of BoD	17/06/2017-31/12/2019	100,000			10,000	5,000	
Ferraioli Antonio	Chairman of BoD	17/06/2017-31/12/2019	30,000	5,259	161,510			400,000
Ferraioli Andrea	Director of BoD	17/06/2017-31/12/2019	30,000	4,905	161,510			400,000
Ferraioli Iolanda	Director of BoD	17/06/2017-31/12/2019	30,000	4,723	25,353			110,036
Preda Michele	Director of BoD	17/06/2017-31/12/2019	30,000			5,000		
David Elena	Director of BoD	17/06/2017-31/12/2019	30,000			5,000		
Lamberti Enzo Diodato	Director of BoD	17/06/2017-31/12/2019	30,000	11,334				153,469
Castelli Michaela	Director of BoD	17/06/2017-31/12/2019	30,000			10,000	10,000	
Ferraioli Diodato	Director of BoD	17/06/2017-31/12/2019	30,000	2,227	15,242			68,199
Alfano Ottavia	Chair Brd Stat. Audit.	17/06/2017-31/12/2019	30,000					
Caldarelli Adele	Standing Auditor	17/06/2017-31/12/2019	25,000					
D'Amore Maurizio	Standing Auditor	17/06/2017-31/12/2019	25,000					
TOTAL			**420,000**	**28,448**	**363,615**	**30,000**	**15,000**	**1,131,704**

Other remuneration	Ferraioli Antonio	Executive
Other remuneration	Ferraioli Andrea	Executive
Other remuneration	Ferraioli Iolanda	Executive

* Until approval of accounts by Shareholders' Meeting

TABLE E - REMUNERATION OF DIRECTORS OF SUBSIDIARES

LDH (LA DORIA) LTD

PARTY	DESCRIPTION OF OFFICE		FEES			
Name	Office held	Duration of office	Emoluments for benefits	Non-monetary benefits	Bonus and other incent.	Other remuner.
Ferraioli Antonio	Chairman of BoD	19/2/97 until revocation	7,979			
Persico Sergio	Director of BoD	19/2/97 until revocation	7,979			
Ferraioli Rosa	Director of BoD	04/2009 until revocation	7,979			
Festa Alberto	Director of BoD	01/2010 until revocation	7,979			
Ferraioli Andrea	Director of BoD	02/03/98 until revocation	7,979			
Total			**39,895**			

Remuneration of GBP 35 thousand at average 2019 rate of 0.87731

EUGEA MEDITERRANEA SPA

PARTY	DESCRIPTION OF OFFICE		FEES			
Name	Office held	Duration of office	Emoluments for benefits	Non-monetary benefits	Bonus and other incent.	Other remuner.
Ferraioli Antonio	Chairman of BoD	04/30/2019-12/31/2021*	10,000			
Ferraioli Andrea	Director of BoD	04/30/2019-12/31/2021*	10,000			
Festa Alberto	Director of BoD	04/30/2019-12/31/2021*	10,000			
Persico Sergio	Director of BoD	04/30/2019-12/31/2021*	10,000			
Total			**40,000**			

(*) up to the date of approval of the financial statements at 12/31/2021

DISCLOSURE PURSUANT TO ARTICLE 149 DUODECIES OF THE CONSOB ISSUER'S REGULATION

The following table, prepared pursuant to Article 149 duodecies of the CONSOB Issuers´ Regulations,presents the fees paid in 2019 for audit and other services provided by the audit firm and entities associated with the audit firm.

TABLE F – INDEPENDENT AUDITORS' FEES

Euro/000

	Service provider	Company	Fees earned 2019
Audit	Deloitte & Touche S.P.A.	Parent Company - La Doria S.p.A.	60
	Deloitte & Touche S.P.A.	Subsidiaries	
	Rete Deloitte & Touche	Subsidiaries	
Certification work	Deloitte & Touche S.P.A.	Parent Company - La Doria S.p.A.	37
	Deloitte & Touche S.P.A.	Subsidiaries	
	Rete Deloitte & Touche	Subsidiaries	
Other services	Deloitte & Touche S.P.A.	Parent Company - La Doria S.p.A.	
	Deloitte & Touche S.P.A.	Subsidiaries	
	Rete Deloitte & Touche	Subsidiaries	
Total			**97**

- Audit services essentially include: (i) the audit of the consolidated financial statements and the financial statements of La Doria S.p.A and subsidiaries; (ii) the limited audit of the half-year financial statements; (iii) accounting checks during the year - Legislative Decree No. 39/2010;

- Certification services concern: (i) Review of the non-financial statement (ii) VAT statement compliance

TABLE 1 - FINANCIAL INSTRUMENTS - IFRS 7.8

Euro/000

	Financial Instruments Fair Value P&L						Reference	
At December 31, 2019	Assets	Liabilities	Loans & Receivables	Investments held to maturity	Financial assets AFS	TOTAL	Account Balance Sheet	Fair Value
NON-CURRENT ASSETS								
Held-to-maturity investment securities						-		
Non-current receivables from holding companies						-		
Non-current receivables from subsidiaries						-		
Non-current financial assets at fair value					1,257	1,257	Investments in other companies	
Non-current receivables						-		
Non-current receivables from third parties						-		
Derivatives						-		
CURRENT ASSETS								
Trade receivables - holding companies						-		
Trade receivables - subsidiaries			27,346			27,346	Trade Receivables	
Trade receivables - third parties			54,918			54,918	Trade Receivables	
Held-to-maturity investment securities						-		
Other financial assets	172		38,788			38,960	Other financial assets	
Tax receivables			5,137			5,137	Tax receivables	
Derivatives						-	Bank receivables	
Other assets			5,273			5,273	Other assets	

	Financial Instruments Fair Value P&L						Reference	
	FVC/E	Amortised Cost						Fair Value
NON-CURRENT LIABILITIES								
Payables to holding companies						-		
Payables to subsidiaries						-		
Non-current financial payables		96,876				96,876	Medium/long term debt	
Non-current financial payables						-		
Derivatives						-		
Non-current financial payables		1,241				1,241	Other lenders (non-current)	
CURRENT LIABILITIES								
Trade payables to holding companies						-		
Trade Payables		14,732				14,732	Payables Subsidiaries	
Payables						-	Customer pay. on account	
Trade Payables		79,357				79,357	Trade payables	
Tax liabilities		2,071				2,071	Tax Payables	
Payables		-				-		
Current financial payables	1,682	64,755				66,437	Bank loans	
Current financial payables	2,668	1,555				4,223	Other lenders	
Other current liabilities		12,921				12,921	Other current liabilities	

The Fair Value at 31/12/19 of the IRS issued to hedge Loans is included in the account Current financial payables

The Fair Value of the currency hedges on the Export area (GBP and AUD) and the Import area (USD) are recorded under other financial assets for positive Fair Values and under financial payables under and financial payables for negative Fair Values.

TABLE 2 - FINANCIAL INSTRUMENTS - IFRS 7.8

Euro/000

At December 31, 2018	Financial Instruments Fair Value P&L: Assets	Financial Instruments Fair Value P&L: Liabilities	Loans & Receivables	Investments held to maturity	Financial assets AFS	TOTAL	Reference: Account Balance Sheet	Reference: Fair Value
NON-CURRENT ASSETS								
Held-to-maturity investment securities						-		
Non-current receivables from holding companies						-		
Non-current receivables from subsidiaries						-		
Non-current financial assets at fair value					877	877	Investments in other companies	
Non-current receivables						-		
Non-current receivables from third parties						-		
Derivatives						-		
CURRENT ASSETS								
Trade receivables - holding companies						-		
Trade Receivables - subsidiaries			23,919			23,919	Trade Receivables	
Trade receivables - third parties			56,724			56,724	Trade Receivables	
Held-to-maturity investment securities						-		
Other financial assets	1,782		13,077			14,859	Other financial assets	
Tax receivables			8,890			8,890	Tax receivables	
Derivatives						-	Bank receivables	
Other assets			4,773			4,773	Other assets	

	Financial Instruments Fair Value P&L						Reference	
	FVC/E	Amortised Cost				TOTALE		Fair Value
NON-CURRENT LIABILITIES								
Payables to holding companies						-		
Payables to subsidiaries						-		
Non-current financial payables		104,790				104,790	Medium/long term debt	
Non-current financial payables						-		
Derivatives						-		
Non-current financial payables		393				393	Other lenders (non-current)	
CURRENT LIABILITIES								
Trade payables to holding companies						-		
Trade Payables			14,317			14,317	Payables to subsidiaries	
Payables						-	Customer pay. on account	
Trade Payables			81,589			81,589	Trade payables	
Tax liabilities			1,757			1,757	Tax Payables	
Payables			-			-		
Current financial payables		1,276	69,127			70,403	Bank loans	
Current financial payables		176	562			738	Other lenders	
Other current liabilities			12,390			12,390	Other current liabilities	

The Fair Value at 31/12/18 of the IRS issued to hedge Loans is included in the account Current financial payables

The Fair Value of the currency hedges on the Export area (GBP and AUD) and the Import area (USD) are recorded under other financial assets for positive Fair Values and under current and non-current financial payables for negative Fair Values.

TABLE 3 - HEDGE VALUATION

Euro/000

At December 31, 2019	Amount (thousands)					
FV of derivatives not valued in current assets	**USD** Notional	**EUR** FV	**AUD** Notional	**EUR** FV	**GBP** Notional	**EUR** FV
Sales expected			10,610	(95)	88,943	(2,226)
Purchases expected	31,500	(187)				
Total	**31,500**	**(187)**	**10,610**	**(95)**	**88,943**	**(2,226)**

The La Doria Options were signed for partial hedging of the purchases in USD and sales in GBS and AUD expected in the coming 12-18 months. La Doria Spa also concluded swaps on commodity CO2 whose fair value is equal at 31/12/19 to +Euro 12 thousand

At December 31, 2019	Amount (thousands)					
FV of derivatives not valued in current liabilities	**IRS** Notional	**IRS** FV	Notional	FV	Notional	FV
Loans granted						
Loans received with IRS	137,987	(1,682)				
Total	**137,987**	**(1,682)**	**-**	**-**	**-**	**-**

The La Doria IRS operations were signed for partial hedging of the Medium/long loans.

TABLE 4 - HEDGE VALUATION

Euro/000

At December 31, 2018	Amount (thousands)					
FV of derivatives not valued in current assets	**USD** Notional	**EUR** FV	**AUD** Notional	**EUR** FV	**GBP** Notional	**EUR** FV
Sales expected			18,373	347	81,681	898
Purchases expected	37,800	361				
Total	**37,800**	**361**	**18,373**	**347**	**81,681**	**898**

The La Doria Options were signed for partial hedging of the purchases in USD and sales in GBS and AUD expected in the coming 12-18 months.

At December 31, 2018	Amount (thousands)					
FV of derivatives not valued in current liabilities	**IRS** Notional	**IRS** FV	Notional	FV	Notional	FV
Loans granted						
Loans received with IRS	135,669	(1,276)				
Total	**135,669**	**(1,276)**				

The La Doria IRS operations were signed for partial hedging of the Medium/long loans.

TABLE 5 - SENSITIVITY ANALYSIS (IFRS 7.40-42)

Euro/000

At December 31, 2019	Reference Account Balance Sheet	Book Value	Effect change interest rate Hyp1	Effect change interest rate Hyp2
NON-CURRENT ASSETS				
Non-current receivables from holding companies (La Doria)				
Non-current receivables from subsidiaries (Others)				
Non current financial assets at fair value				
Receivables				
Non-current receivables from third parties				
CURRENT ASSETS				
Current receivables from holding companies (La Doria)				
Current receivables from subsidiaries (Others)				
Trade receivables				
Current financial assets at fair value				
Other financial assets		38,960		
Derivatives				
Other current assets				
Cash and cash equivalents	Cash and cash equivalents	41,212		
NON-CURRENT LIABILITIES				
Non-current payables from holding companies (La Doria)				
Non-current payables from subsidiaries (Others)				
Non-current financial payables	M/L loans	96,876	12	(12)
Other non-current liabilities		1,241		
CURRENT LIABILITIES				
Payables to holding companies (La Doria)				
Payables to subsidiaries (Others)				
Trade payables				
Current financial payables	Bank and other lenders	70,660	159	(159)
Derivatives				
Other Payables				
SHAREHOLDERS' EQUITY				
Translation reserve				
Cash flow reserves				
Net Profit			(171)	171
Minority interest share				

Euribor 2019 at 3 months average= - 0.36%

Hyp1 Average interest rate curve higher 50 bps =2.10%+0.5% on Medium/Long term; +0.96%+0.5% on Short-term

The change +/- 0.5% is measured on the part of the loan not hedged at 31/12/19 of Euro 2,466 thousand

Hyp2 Average interest rate curve lower 50 bps =1.10%-0.5% on Medium/Long term; -0.04%-0.5% on Short-term

TABLE 6 - SENSITIVITY ANALYSIS (IFRS 7.40-42)

Euro/000

At December 31, 2018	Reference Account Balance Sheet	Book Value	Effect change interest rate Hyp1	Hyp2
NON-CURRENT ASSETS				
Non-current receivables from holding companies (La Doria)				
Non-current receivables from subsidiaries (Others)				
Non current financial assets at fair value				
Receivables				
Non-current receivables from third parties				
CURRENT ASSETS				
Current receivables from holding companies (La Doria)				
Current receivables from subsidiaries (Others)				
Trade receivables				
Current financial assets at fair value				
Other financial assets		14,859		
Derivatives				
Other current assets				
Cash and cash equivalents	Cash and cash equivalents	74,148		
NON-CURRENT LIABILITIES				
Non-current payables from holding companies (La Doria)				
Non-current payables from subsidiaries (Others)				
Non-current financial payables	M/L Loans	104,790	26	(26)
Other non-current liabilities		393		
CURRENT LIABILITIES				
Payables to holding companies (La Doria)				
Payables to subsidiaries (Others)				
Trade payables				
Current financial payables	Bank and other lenders	71,141	165	(165)
Derivatives				
Other Payables				
SHAREHOLDERS' EQUITY				
Translation reserve				
Cash flow reserves				
Net Profit			(191)	191
Minority interest share				

Euribor 2018 at 3 months average = - 0.33%%

Hyp1 Average interest rate curve higher 50 bps =2.19%+0.5% on Medium/Long term; 0.88%+0.5% on Short-term

The change +/- 0.5% is measured on the part of the loan not hedged at 31/12/18 of Euro 5,000 thousand

Hyp2 Average interest rate curve lower 50 bps =1.19%-0.5% on Medium/Long term; -0.12%-0.5% on Short-term

TABLE 7 - SENSITIVITY ANALYSIS (IFRS 7.40-42)

Euro/000

					Amount in original currency				Impact of different assumptions	
At December 31, 2019	Reference Account Balance Sheet	Book Value	€	GBP	USD	AUD	JPY	EUR1+5% vs.USD,GBP,AUD	EUR2-5% vs.USD,GBP,AUD
NON-CURRENT ASSETS									
Non-current receivables from holding companies (La Doria)									
Non-current receivables from subsidiaries (Others)									
Non current financial assets at fair value									
Receivables									
Non-current receivables from third parties									
CURRENT ASSETS									
Current receivables from holding companies (La Doria)									
Current receivables from subsidiaries (Others)									
Trade receivables	Trade receivables	25,438		17,612	840	6,380	0	(1,211)	1,339
Current financial assets at fair value									
Financial receivables									
Derivatives									
Other current assets									
Cash and cash equivalents	Currency accounts	10,227		7,859	533	823	0	(487)	538
NON-CURRENT LIABILITIES									
Non-current payables from holding companies (La Doria)									
Non-current payables from subsidiaries (Others)									
Non-current financial liabilities									
Other non-current liabilities									
CURRENT LIABILITIES									
Payables to holding companies (La Doria)									
Payables to subsidiaries (Others)									
Trade payables	Trade payables	5,419		679	5,186	8	0	258	(285)
Financial payables	Gbp fin. payables	8,218			9,232	0		391	(433)
Derivatives									
Other Payables									
SHAREHOLDERS' EQUITY									
Translation reserve									
Cash flow reserves									
Net Result								(1,049)	1,159
Minority interest share									

Examples of hypotheses		€/currency	Examples of hypotheses		€/currency
GBP/€	Current rate	0.8508	GBP/€	€ increase by 5%	0.89334
USD/€	Current rate	1.1234	GBP/€	€ decrease by 5%	0.80826
AUD/€	Current rate	1.5995	AUD/€	€ increase by 5%	1.679475
JPY/€	Current rate	121.94	AUD/€	€ decrease by 5%	1.519525
USD/€	€ increase by 5%	1.17957	JPY/€	€ increase by 5%	128.037
USD/€	€ decrease by 5%	1.06723	JPY/€	€ decrease by 5%	115.843

TABLE 8 - SENSITIVITY ANALYSIS (IFRS 7.40-42)

Euro/000

At December 31, 2018	Reference Account Balance Sheete	Book Value	€	GBP	USD	AUD	JPY	EUR1+5% vs.USD,GBP,AUD	EUR2-5% vs.USD,GBP,AUD
			Amount in original currency					Impact of different assumptions	
NON-CURRENT ASSETS									
Non-current receivables from holding companies (La Doria)									
Non-current receivables from subsidiaries (Others)									
Non current financial assets at fair value									
Receivables									
Non-current receivables from third parties									
CURRENT ASSETS									
Current receivables from holding companies (La Doria)									
Current receivables from subsidiaries (Others)									
Trade receivables	Trade receivables	22,021		15,458	938	6,361	0	(1,049)	1,159
Current financial assets at fair value									
Financial receivables									
Derivatives									
Other current assets									
Cash and cash equivalents	Currency accounts	4,926		3,558	582	713	0	(235)	259
NON-CURRENT LIABILITIES									
Non-current payables from holding companies (La Doria)									
Non-current payables from subsidiaries (Others)									
Non-current financial liabilities									
Other non-current liabilities									
CURRENT LIABILITIES									
Payables to holding companies (La Doria)									
Payables to subsidiaries (Others)									
Trade payables	Trade payables	5,312		683	5,201	9	0	253	(280)
Financial payables	GBP fin. payables								
Derivatives									
Other Payables									
SHAREHOLDERS' EQUITY									
Translation reserve									
Cash flow reserves									
Net Result								(1,030)	1,139
Minority interest share									

Examples of hypotheses		€/currency	Examples of hypotheses		€/currency
GBP/€	Current rate	0.89453	GBP/€	€ increase by 5%	0.9392565
USD/€	Current rate	1.145	GBP/€	€ decrease by 5%	0.8498035
AUD/€	Current rate	1.622	AUD/€	€ increase by 5%	1.7031
JPY/€	Current rate	125.85	AUD/€	€ decrease by 5%	1.5409
USD/€	€ increase by 5%	1.20225	JPY/€	€ increase by 5%	132.1425
USD/€	€ decrease by 5%	1.08775	JPY/€	€ decrease by 5%	119.5575

TABLE 9 - CURRENT RECEIVABLES (OVERDUE AND NOT YET DUE) - IFRS 7.37

Euro/000

				ANALYSIS : DUE and WITH FUTURE DUE DATE					
At December 31, 2019	Book Value	Reference Account Balance Sheet	Write-downs	Not Due	Due < 2 months	Due 2months <x<1 year	Due 1year<x <5 years	Due > 5 years	Total
Receivables	57,120	Trade Receivables		45,665	8,719	2,304	164	268	57,120
Receivables from subsidiaries (Others)	27,346	Trade receivables Subsidiaries		27,276	70				27,346
Tax receivables	5,137	Tax Receivables		5,137					5,137
Other assets	5,273	Other assets		5,273					5,273
Gross receivables	**94,876**		**-**	**83,351**	**8,789**	**2,304**	**164**	**268**	**94,876**
Write-down of receivables	2,202	Bad debt provision		2,202	-	-	-	-	2,202
Write-down receivables from holding companies		Bad debt provision	-	-	-	-	-	-	-
Write-down of other receivables		Write-down of other receivables							-
Net receivables	**92,674**		**-**	**81,149**	**8,789**	**2,304**	**164**	**268**	**92,674**

CURRENT RECEIVABLES (OVERDUE AND NOT YET DUE) - IFRS 7.37

Euro/000

				ANALYSIS : DUE and WITH FUTURE DUE DATE					
At December 31, 2019	Book Value	Reference Account Balance Sheet	Write-downs	Not Due	Due < 2 months	Due 2months <x<1 year	Due 1year<x <5 years	Due > 5 years	Total
Receivables									-
Receivables from subsidiaries (Others)									-
Tax receivables for deferred tax assets		Tax receivables for deferred tax assets							-
Other Receivables									-
Gross receivables	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Write-down of receivables									-
Write-down of receivables from subsidiaries									-
Write-down of other receivables									-
Net receivables	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**

TABLE 10 - RRENT RECEIVABLES (OVERDUE AND NOT YET DUE) - IFRS 7.37

Euro/000

				ANALYSIS : DUE and WITH FUTURE DUE DATE					
At December 31, 2018	Book Value	Reference Account Balance Sheet	Write-downs	Not Due	Due < 2 months	Due 2months <x<1 year	Due 1year<x <5 years	Due > 5 years	Total
Receivables	58,400	Trade Receivables		46,765	9,708	1,456	167	304	58,400
Receivables from subsidiaries (Others)	23,919	Trade receivables Subsidiaries		23,919					23,919
Tax receivables	8,890	Tax Receivables		8,890					8,890
Other assets	4,773	Other assets		4,773					4,773
Gross receivables	**95,982**		**-**	**84,347**	**9,708**	**1,456**	**167**	**304**	**95,982**
Write-down of receivables	1,676	Bad debt provision		1,676	-	-	-	-	1,676
Write-down of receivables from subsidiaries		Bad debt provision	-	-	-	-	-	-	-
Write-down of other receivables		Write-down of other receivables							-
Net receivables	**94,306**		**-**	**82,671**	**9,708**	**1,456**	**167**	**304**	**94,306**

CURRENT RECEIVABLES (OVERDUE AND NOT YET DUE) - IFRS 7.37

Euro/000

				ANALYSIS : DUE and WITH FUTURE DUE DATE					
At December 31, 2018	Book Value	Reference Account Balance Sheet	Write-downs	Not Due	Due < 2 months	Due 2months <x<1 year	Due 1year<x <5 years	Due > 5 years	Total
Receivables									-
Receivables from subsidiaries (Others)									-
Tax receivables for deferred tax assets		Tax receivables for deferred tax assets							
Other Receivables									-
Gross receivables			**-**		**-**	**-**	**-**	**-**	
Write-down of receivables									-
Write-down of receivables from subsidiaries									-
Write-down of other receivables									-
Net receivables			**-**		**-**	**-**	**-**	**-**	

TABLE 11 - CONCENTRATION OF RECEIVABLES

Euro/000

BY CUSTOMERS

			Due from						
At December 31, 2019	Book Value	Reference Account Balance Sheet	Due from First 2 Clients	From 3 to 5 Clients	From 6 to 10 Clients	From 11 to 20 Clients	Other Clients	Accrued Income	Total
Receivables	57,120	Trade Receivables	11,965	8,162	5,405	6,733	24,855		57,120
Other assets	5,273	Other assets	2,010	1,157	195	6		1,905	5,273
Receivables	**62,393**		**13,975**	**9,319**	**5,600**	**6,739**	**24,855**	**1,905**	**62,393**

BY COUNTRY

			Due from							
At December 31, 2019	Book Value	Reference Account Balance Sheet	EU (Excl. UK) Clients	UK Clients	US Clients	Asia Clients	America Clients	Other Clients	Accrued Income	Total
Receivables	57,120	Trade Receivables	43,548	1,665	1,564	2,444	1,042	6,857		57,120
Other assets	5,273	Other assets	3,368						1,905	5,273
Receivables	**62,393**		**46,916**	**1,665**	**1,564**	**2,444**	**1,042**	**6,857**	**1,905**	**62,393**

TABLE 12 - CONCENTRATION OF RECEIVABLES

Euro/000

BY CUSTOMERS

At December 31, 2018	Book Value	Reference Account Balance Sheet	Due from First 2 Clients	From 3 to 5 Clients	From 6 to 10 Clients	From 11 to 20 Clients	Other Clients	Accrued Income	Total
			Due from						
Receivables	58,400	Trade Receivables	10,486	7,841	6,426	7,243	26,404		58,400
Other assets	4,773	Other assets	2,051	1,404	208	6		1,104	4,773
Receivables	**63,173**		**12,537**	**9,245**	**6,634**	**7,249**	**26,404**	**1,104**	**63,173**

BY COUNTRY

At December 31, 2018	Book Value	Reference Account Balance Sheet	EU (Excl. UK) Clients	UK Clients	US Clients	Asia Clients	America Clients	Other Clients	Accrued Income	Total
					Due from					
Receivables	58,400	Trade Receivables	42,358	1,941	1,723	3,343	1,060	7,975		58,400
Other assets	4,773	Other assets	3,669						1,104	4,773
Receivables	**63,173**		**46,027**	**1,941**	**1,723**	**3,343**	**1,060**	**7,975**	**1,104**	**63,173**

BOARD OF STATUTORY AUDITORS' REPORT
TO THE SHAREHOLDERS' MEETING OF LA DORIA S.P.A.

IN ACCORDANCE WITH ARTICLE 153 OF LEGS. DECREE NO. 58/1998 AND ARTICLE 2429 OF THE CIVIL CODE

Dear Shareholders,
In the financial year ended December 31, 2019, the Board of Statutory Auditors of La Doria S.p.A. (the "company''), carried out supervisory activities in accordance with the provisions of Art. 149 of Legislative Decree No. 58/1998 (CFA) and Article 2403 of the Civil Code, also taking into account the principles of conduct as recommended by the National Council of Chartered Accountants and Accounting Professionals, Consob communications regarding corporate controls and the Board of Statutory Auditors' activities (in particular, Communication No. DAC/RM 97001574 of February 20, 1997 and Communication No. DEM 1025564 of April 6, 2001, subsequently supplemented with Communication No. DEM/3021582 of April 4, 2003 and Communication No. DEM/6031329 of April 7, 2006) and the information contained in the Self-Governance Code.

The Board of Statutory Auditors, in its current composition, was appointed by the company's Shareholders' Meeting on June 16, 2017 and will hold office until the approval of the financial statements for the financial year ended December 31, 2019.

Pursuant to Art, 144-quinquiesdecies of the Issuers' Regulation approved by Consob with Resolution 11971/99 and subsequent amendments and additions, the list of posts covered by members of the Board of Statutory Auditors at the companies mentioned in Book V, Title V, Chapters V, VI and VII of the Civil Code is published by Consob on its website (www.consob.it).

***

During the year in question and with reference to activities that fall within the scope of its responsibility, the Board of Statutory Auditors declares to have:

- Participated in the Shareholders' Meeting of June 11, 2019, and in all the meetings of the Board of Directors, obtaining appropriate information from directors at least on a quarterly basis on the general performance of operations and their expected development, as well as on significant transactions in terms of size and characteristics made by the company and its subsidiaries;
- Acquired the elements of information needed to verify compliance with the law, the By-Laws, the principles of good administration and the suitability and functioning of the company's organisational structure. This was achieved through the acquisition of documents and information from the managers of departments concerned, as well as through regular exchanges of information with the company Deloitte & Touche S.p.A. (the "Independent Audit Firm"), responsible for the audit pursuant to Legislative Decree 58/1998 and Legislative Decree No. 39/2010;
- Participated in the meetings of the Control, Risks and Sustainability Committee and of the Remuneration and Appointments Committee;
- Monitored the functioning and effectiveness of the internal control system and the suita-

bility of the administrative and accounting system, particularly in terms of the latter's reliability in representing accounting data;

- Promptly exchanged data and information relevant to the performance of respective duties with the managers of the Independent Audit Firm pursuant to Art. 150 of Legislative Decree 58/1998, including by reviewing the results of work performed and the receipt of reports envisaged by Art. 14 of Legislative Decree No. 39/2010 and Art. 11 of EU Regulation 537/2014;
- Examined the content of the Additional Report pursuant to Art. 11 of EU Regulation 537/2014. Its review did not reveal any aspects that should be highlighted in this report;
- Monitored the functionality of the control system on Group companies and the suitability of instructions imparted to them, also pursuant to Art. 114, paragraph 2 of Legislative Decree No. 58/1998;
- Verified, to the extent of its remit, the correct application of the criteria and procedures for ascertaining the independence of the Directors, in accordance with law and the Self-Governance Code;
- Noted the preparation of the Remuneration Report pursuant to Art. 123-*ter* of Legislative Decree No. 58/1998 and the additional reports as per Art. 84-*ter* of the Issuers' Regulation, without any observations to report;
- Monitored the procedures on the pragmatic implementation of corporate governance rules adopted by the company in accordance with the Self-Governance Code for listed companies as promoted by Borsa Italiana S.p.A.;
- Supervised, as per Article 2391-bis of the civil code, the compliance of the internal procedure concerning Transactions with Related Parties according to the principles indicated in the Regulation approved by Consob with Resolution No. 17221 of March 12, 2010 and subsequent amendments, and its observance, pursuant to Art. 4, paragraph 6 of this Regulation;
- Monitored the fulfilment of obligations related to Market Abuse (MAR) legislation and the processing of insider information, and the procedures adopted by the company in this regard;
- Supervised the corporate information process and verified directors' compliance with procedural rules concerning the drafting, approval and publication of the separate and consolidated financial statements;
- Ascertained the methodological suitability of the impairment process implemented to determine the possible existence of impairment losses on goodwill and/or assets recorded in the balance sheet;
- Verified that the Directors' Report conformed to applicable legislation and was consistent with the decisions taken by the Board of Directors and with the facts represented in the separate and consolidated financial statements;

- Noted the content of the Consolidated Half-Year Report, without the need to report any observations, and also ascertained that the latter was published in accordance with the procedures laid down by law;
- In the role of Internal Control and Audit Committee, pursuant to Art. 19, paragraph 1 of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016, performed the specific information, monitoring, control and audit functions envisaged therein and fulfilled the duties and tasks indicated in the aforesaid legislation;
- Supervised compliance with the provisions set forth in Legislative Decree No. 254/2016 by examining, *inter alia*, the Non-Financial Consolidated Statement, while also ascertaining compliance with the provisions governing its preparation pursuant to the abovementioned decree.

During the supervisory activities carried out by the Board of Statutory Auditors in accordance with the methods described above, no facts emerged from which to deduce non-compliance with the law and the articles of association, nor to justify reports to the Supervisory Authorities or a mention in this report.

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Additional information required by Consob Communication No. DEM/ 1025564 of April 6, 2001 and subsequent amendments, is as follows.

I. Significant economic, financial and equity transactions made by the company and its subsidiaries are analytically detailed in the Directors' Report and in the notes to the separate and consolidated financial statements, to which reference should be made.

On the basis of information provided by the company and data acquired on the aforesaid transactions, the Board of Statutory Auditors ascertained its compliance with the law, the articles of association and the principles of correct administration, ensuring that these were not manifestly imprudent or risky, in possible conflict of interest, inconsistent with the resolutions taken by the Shareholders' Meeting or such as to compromise the integrity of corporate assets.

II. During its audits, the Board of Statutory Auditors did not identify atypical and/or unusual transactions with third parties, Group companies or related parties. It is hereby acknowledged that information provided in the Financial Report as regards significant events and transactions and any atypical and/or unusual transactions, including intragroup transactions and those with related parties, is adequate and complies with regulatory provisions.

III. The nature of inter-company and related party transactions made by the company and its subsidiaries during 2019, the parties involved and the corresponding economic effects are listed in the consolidated and separate financial statements. It should be noted that the company regularly maintains commercial relationships with subsidiaries, which consist of transactions falling within the scope of ordinary management activities and concluded in line with market practices. The Board of Statutory Auditors assessed the information provided on the aforesaid transactions as being overall suitable and has concluded that, on the basis of data acquired, the latter appear consistent and in line with the company's interests.

Transactions with Related Parties, identified on the basis of international accounting standards and the provisions issued by Consob, are regulated by an internal procedure (the "Procedure"). The Board of Statutory Auditors examined the Procedure and ascertained compliance with the related party transactions regulation adopted by Consob with motion No. 17221 of March 12, 2010 and subsequent amendments, additions and interpretations. In addition, for the above transactions, the Board of Statutory Auditors verified compliance with the Procedure.

The Control, Risks and Sustainability Committee did not express in 2019 binding opinions for the Board of Directors in executing its assigned duties, as per the Consob Regulation concerning related party transactions and the Procedure, with the company not undertaking any related party transactions requiring the issue of an opinion by the above-mentioned Control, Risks and Sustainability Committee.

IV. On March 27, 2020, the Independent Audit Firm issued reports pursuant to Art. 14 of Legislative Decree. 39/2010 and Art. 10 of EU Regulation No. 537/2014, with which it attested that:

- The company's separate financial statements and the Group consolidated financial statements as at December 31, 2019 give a true and fair view of the balance sheet, the economic result and cash flows for the year ended on that date in compliance with IFRS adopted by the European Union;
- The Directors' Report and the information referred to in Art. 123-*bis* of the CFA contained in the Corporate Governance and Ownership Structure Report are consistent with the company's separate financial statements and Group consolidated financial statements and are drawn up in accordance with the law;
- The opinion on the separate and consolidated financial statements expressed in the abovementioned reports is in line with that indicated in the Additional Report drawn up pursuant to Art. 11 of EU Regulation No. 537/2014.

On March 27, 2020, the Independent Audit Firm also issued the report pursuant to Art. 3 of Legislative Decree No. 254/2016 and Art. 5 of Consob Regulation No. 20267/2018, with which it attested to compliance in all significant aspects of the Non-Financial Statement for the year 2019 with the requirements of Arts. 3 and 4 of Legislative Decree No. 254/2016 and Art. 5 of Consob Regulation No. 20267/2018 and the principles and methodologies referred to in the GRI Standards selected by the company.

There were no findings, emphasis of matter paragraphs or statements issued pursuant to Art. 14, paragraphs 2(d) and (e) of Legislative Decree No. 39/2010 in the abovementioned Independent Audit Firm's report.

On the same date, the Independent Audit Firm sent the Additional Report to the Board of Statutory Auditors in its capacity of Internal Control and Audit Committee to illustrate the statutory audit results, the elements inherent in the planning process, the audit conducted with associated methodological choices and its compliance with ethical principles pursuant to Art. 11 of EU Regulation No. 537/2014.

The Board of Statutory Auditors did not receive any disclosures from the Independent Audit Firm on significant reprehensible facts found during the audit of the separate and consolidated financial statements.

V. During the financial year, the Board of Statutory Auditors did not receive any statements pursuant to Art. 2408 of the Civil Code, or complaints from shareholders or third parties.

VI. During the year, the Independent Audit Firm and entities belonging to its network provided services, other than statutory audits, to the company and its subsidiaries as shown in the notes to the company's separate financial statements and the Group consolidated financial statements, together with the corresponding fees for the year, as required by Art. 149-*duodecies* of the Issuers' Regulation; these services relate to tax compliance and training services as confirmed by the Independent Audit Firm.

The Board of Statutory Auditors, in its role of Internal Control and Audit Committee, has fulfilled the obligations required by Art. 19, paragraph 1(e) of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/ 2016 and by Art. 5, para. 4 of EU Regulation 537/2014, on the prior approval of these appointments. It also verified their compatibility with applicable legislation and, specifically, with the provisions of Art. 17 of Legislative Decree No. 39/ 2010 and subsequent amendments, as well as the prohibitions referred to in Art. 5 of the Regulation referred to therein.

Furthermore, the Board of Statutory Auditors:

a. Confirmed and monitored the Audit Firm's independence, in accordance with Arts. 10, 10-*bis*, 10-*ter*, 10-*quater* and 17 of Legislative Decree 39/2010 and Art. 6 of EU Regulation No. 537/2014, ascertaining compliance with applicable regulations. It also confirmed that the appointments for services, other than audits, conferred to this company do not appear to generate potential risks for the auditor's independence and for the safeguards referred to in Art. 22-ter of Directive 2006/ 43/EC;

b. Reviewed the Transparency Report and the Additional Report drawn up by the Independent Audit Firm in compliance with the criteria referred to in EU Regulation 537/2014 noting that, on the basis of acquired information, no critical aspects emerged in relation to this Audit Firm's independence;

c. Received written confirmation that, in the period from January 1, 2019 up to the time of issuing the statement, the Independent Audit Firm did not find any situations that could compromise its independence pursuant to the combined provisions of Arts. 6, para. 2(a) of EU Regulation 537/2014, 10 and 17 of Legislative Decree No. 39/2010, as well as Arts. 4 and 5 of EU Regulation 537/2014.

VII. In the year 2019, the Board of Statutory Auditors expressed itself in all those cases in which it was requested to do so by the Board of Directors, also in compliance with regulatory provisions that require prior consultation with the Board of Statutory Auditors.

The Board of Statutory Auditors, within the scope of its responsibility, examined proposals made during the year in relation to the remuneration structure, following their prior evaluation by the Remuneration and Appointments Committee.

With reference to strategic executives, the Board of Statutory Auditors noted that the remuneration system, implemented on the proposal of the Remuneration and Appointments Committee, provides for the payment of structured bonuses in a fixed and variable component linked to the economic results achieved and to specific pre-set objectives.

The evaluation of the Remuneration and Appointments Committee shows that bonuses paid are aligned with market values.

In general, in order to acquire the information necessary to accomplish its supervisory duties, the Board of Statutory Auditors met 7 times in the year. Activities carried out in the abovementioned meetings are documented in the relevant minutes. Furthermore, the Board of Statutory Auditors participated in all 6 meetings of the company's Board of Directors, in the 6 meetings of the Control, Risks and Sustainability Committee and in the 2 meetings of the Remuneration and Appointments Committee.

VIII. The Board of Statutory Auditors monitored the observance of the law, the By-Laws and compliance with the principles of good administration. It ensured that the transactions resolved and implemented by directors conformed to the abovementioned rules and principles and were inspired by the principles of economic rationality. It also ascertained that transactions were not demonstrably imprudent or risky, in conflict with the company's interests, inconsistent with the decisions taken by the Shareholders' Meeting, or such as to compromise the integrity of corporate assets. The Board of Statutory Auditors considers that the tools and governance procedures adopted by the company represent a valid safeguard for compliance with the principles of correct administration.

IX. The suitability of the company and Group organisational structures was monitored through an understanding of the company's administrative structure and the exchange of data and information with the managers of the various corporate functions, the Internal Audit Department and the Independent Audit Firm.

The company and Group organisational structures are managed by the Chief Executive Officers and implemented through a system of internal mandates that has identified the managers responsible for different areas and conferred powers of attorney consistent with assigned responsibilities.

In the light of checks carried out and in the absence of any critical issues noted, the company's organisational structure appears to be suitable in view of the object, characteristics and size of the company.

X. With reference to monitoring the suitability and effectiveness of the internal control system, also pursuant to the applicable Article 19 of Legislative Decree No. 39/2010, the Board of Statutory Auditors held regular meetings with the Internal Audit Function and with the managers of other corporate departments and, through the participation of at least one of its members, in associated meetings with the Control, Risks and Sustainability Committee and with the Model's Supervisory Board pursuant to Legislative Decree 231/2001.

The Board noted that company's internal control system is based on a structured and organic set of rules, procedures and organisational structures aimed at preventing or limiting the consequences of unexpected results and to enable the achievement of strategic and operational objectives (that is, consistency of activities with the activities' objectives, efficiency and effectiveness and the safeguarding of corporate assets), compliance with applicable laws and regulations (compliance), and correct and transparent internal disclosure and disclosure to the market (reporting).

This system's guidelines are defined by the Board of Directors with the assistance of the Control, Risks and Sustainability Committee. The Board of Directors also assesses its suitability and correct functioning at least once a year with the support of the Internal Audit Department.

The company makes use of additional tools to safeguard operational and compliance objectives, including the Accounting Control Model in accordance with Law No. 262/2005 on financial reporting. The structure and functional features of these systems and models are described in the Corporate Governance and Ownership Structure Report.

The company has implemented the organisational model envisaged by Legislative Decree No. 231/2001 ("231 Model"), of which the Code of Ethics is an integral part, aimed at preventing relevant offences pursuant to the Decree and, consequently, the extension of administrative responsibility to the company.

The Supervisory Board monitored the functioning and compliance of the 231 Model - which it concluded as being suitable pursuant to Legislative Decree No. 231/2001 - by monitoring the development of the relevant legislation, implementation of staff training initiatives, and observance of the Protocols by their recipients, including through audits carried out with the support of the Internal Audit Function.

In terms of internal dealing, notwithstanding the obligations relating to the regulation of market abuse, the company regulated the obligation to refrain from carrying out transactions on financial instruments issued by the company and listed on regulated markets in accordance with the provisions of EU Regulation 596/2014 on market abuse. The company applied the abstention obligation to obligatory financial documents and the additional periodic financial disclosure and indicated this obligation's times and duration in accordance with the provisions on the matter by the abovementioned Regulation.

In relation to the year 2019, on the basis of information and evidence gathered and also with the support of the Control, Risks and Sustainability Committee's preliminary activities, the Board of Directors carried out an overall assessment on the suitability of the internal control and risk management system and concluded that it is overall suitable to enable, with reasonable certainty, the adequate management of the main risks identified.

In the Board of Statutory Auditors' opinion and in the light of information acquired, the company's internal control and risk management system appears suitable, efficacious and is functionally effective.

XI. The Board of Statutory Auditors also monitored the suitability and reliability of the administrative and accounting system to correctly represent accounting data, by obtaining information from the managers of the respective departments, examining company documents and analysing the results of the work performed by the independent audit firm. The Executive Officer for Financial Reporting has been jointly assigned the functions established by law and granted adequate powers and means to exercise the related duties. Moreover, the Chief Executive Officer, through the Executive Officer in charge, is responsible for the implementation of the "Accounting Control Model pursuant to Law No. 262/2005", having the objective of defining the lines to be applied within the La Doria Group with reference to the requirements arising from Art. 154-*bis* of Legislative Decree No. 58/1998 on the drafting of corporate accounting documents and associated declaratory obligations. The preparation of accounting disclosures and statutory and consolidated financial statements is governed by the Group's accounting policies and by other administrative and accounting procedures that are part of the Model pursuant to Law 262/2005.

The Model referred to in Law No. 262/2005 also formalises procedures concerning the impairment process in compliance with the IAS 36 accounting standard.

The analysis on the recoverability of asset and goodwill values was conducted with the assistance of an external expert and shared by the Board of Directors in the meeting of March 3, 2020. A more complete description of the methodologies and assumptions applied may be viewed in the associated note to the Consolidated Financial Statements.

The impairment procedure and its results were monitored by the Board of Statutory Auditors through meetings with the Independent Audit Firm and through participation in the meetings of the Control, Risks and Sustainability Committee which examined them.

The Board of Statutory Auditors monitored the financial reporting process, including through the gathering of information from the company's management and deems the company's administrative and accounting system to be suitable and reliable to correctly represent accounting data.

XII. The Board of Statutory Auditors monitored the suitability of instructions issued by the company to its subsidiaries pursuant to Art. 114, paragraph 2 of Legislative Decree No. 58/98 and, on the basis of information rendered by the company, ascertained its suitability to provide the information necessary to fulfil the communication obligations envisaged by law, without exceptions.

XIII. As regards the audit on the procedures for the pragmatic implementation of corporate governance rules envisaged by the current edition of Borsa Italiana's Self-Governance Code ("Code"), the Board of Statutory Auditors carried out this audit with the assistance of the Corporate Affairs Function.

The Corporate Governance and Ownership Structure Report outlines the Code's recommendations which the Board of Directors decided not to implement, providing due reasons and describing any alternative conduct adopted.

XIV. The company's Board of Directors is currently composed of 9 directors, 3 of whom are independent. Its composition complies with the rules on gender balance.

In 2019, the Board of Directors carried out a self-assessment on the size, composition and functioning of the Board and its Committees. The results are mentioned in the Corporate Governance and Ownership Structure Report.

With regard to the procedure followed by the Board of Directors to verify the independence of its members, the Board of Statutory Auditors carried out the assessments under its responsibility, noting the correct application of the criteria and procedures to assess the requirements of independence pursuant to law and the Self-Governance Code and compliance with the requirements of the administrative body's composition in its entirety.

Finally, the Board of Statutory Auditors assessed the suitability for the role of its members and its adequate composition, in terms of professionalism, expertise, good standing and independence, as per the regulation, preparing the Self-assessment Report of the Board of Statutory Auditors for 2019 and communicating such to the Board of Directors of the Company, as reported by the latter in the Corporate Governance and Ownership Structure Report.

It also adopted the recommendation of the Corporate Governance Code, which requires declaring one's own interests or those of third parties in specific transactions submitted to the Board of Directors. In the year 2019, there were no situations wherein members of the Board of Statutory Auditors had to make such statements.

The following committees were set up within the Board of Directors:

- **The Control, Risks and Sustainability Committee**, with advisory and recommendation functions, reporting at least every six months to the Board of Directors on activities performed, the suitability of the internal control and risk management system and the functions of reviewing and evaluating transactions with related parties. These powers were assigned to the Control, Risks and Sustainability Committee, pursuant to CONSOB Regulation on related parties approved by Resolution No. 17221 of March 12, 2010, and subsequent amendments and supplements; this Committee is composed of three non-executive directors, two of whom are independent. The Control, Risks and Sustainability Committee met 6 times in 2019;
- **The Remuneration and Appointments Committee**, which met three times in 2019. This is composed of three non-executive directors, two of whom are independent.

Further information on the company's corporate governance is available in the Corporate Governance and Ownership Structure Report. The Board of Statutory Auditors has nothing to add in this regard.

XV. The Board of Statutory Auditors reviewed the Remuneration Report approved by the Board of Directors on March 13, 2020 on the proposal of the Remuneration and Appointments Committee and verified its compliance with legal and regulatory requirements and the clarity and completeness of information with regard to the remuneration policy adopted by the Company.

XVI. The Board of Statutory Auditors also reviewed the proposals that the Board of Directors, in its meeting of March 13, 2020 resolved to submit to the Shareholders' Meeting, and states that it has no observations to make in this regard.

XVII. Finally, the Board of Statutory Auditors carried out its own audits on compliance with legal provisions relating to the compilation of the separate financial statements and Group consolidated financial statements as at December 31, 2019, the respective explanatory notes and the Directors' Report included in them. In particular, the Board of Statutory Auditors, within the limits of its responsibility in accordance with Art. 149 of Legislative Decree No. 58/1998, based on the audits carried out and information provided by the company, notes that the schedules to the company's separate and consolidated financial statements as at December 31, 2019 were drawn up in compliance with the legal provisions governing their preparation and presentation. They are also compliant with International Financial Reporting Standards issued by the International Accounting Standards Board on the basis of the text published in the Official Journal of the European Communities.

The separate and consolidated financial statements are accompanied by the prescribed declarations of conformity signed by the Chief Executive Officer and the Executive Officer for Financial Reporting.

Furthermore, the Board of Statutory Auditors confirmed that the company has fulfilled the obligations envisaged by Legislative Decree No. 254/2016 and that in particular, it has drawn up the Non-Financial Consolidated Statement in compliance with the provisions of Arts. 3 and 4 of this Decree.

This statement was accompanied with the prescribed Independent Audit Firm's statements on the compliance of information provided with the mentioned legislative decree, with reference to the principles, methodologies and procedures established for their preparation, and also pursuant to the Consob Regulation adopted with Resolution No. 20267 of January 18, 2018.

Based on the foregoing considerations providing an overview of the supervisory activities carried out in the year, the Board of Statutory Auditors has not identified specific critical issues, omissions, reprehensible facts or irregularities. Moreover, it has no observations or proposals to submit to the shareholders' meeting pursuant to Art. 153 of Legislative Decree No. 58/1998, for matters falling within its competence and has no objections to raise to the approval of the proposed resolutions submitted by the Board of Directors to the Shareholders' Meeting.

Milan, March 27, 2020

The Board of Statutory Auditors

Ms. Ottavia Alfano	*Chairperson*
Ms. Adele Caldarelli	*Statutory Auditor*
Mr. Maurizio D'Amore	*Statutory Auditor*

Independent auditor's report

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
La Doria S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of La Doria S.p.A. (hereinafter the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Evaluation of the recoverability of goodwill	
Description of the key audit matter	The Company shows in the financial statements as at 31 December 2019 goodwill for Euro 2.237 thousand, allocated to two "cash generating units" (CGU) with regards to different business combinations. As disclosed in the explanatory notes in the Valuation Criteria and in the Note 3, the goodwill, under provision of "IAS 36 Impairment of asset", isn't subject to amortization but, at least on an annual basis, it is subject to an impairment test, comparing the recoverability amount of the CGU - based on the value in use – to the recorded value, which includes the goodwill and the other tangible and intangible assets allocated to the CGU.

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The estimates related to the impairment test performed by Management involve considerations about complex elements including assumptions influenced by future expectations and market conditions, concerning the forecast of the expected cash flows of the CGU showed by the business plan prepared with reference to the period 2020-2024, the determination of the discount rate (WACC) and long-term growth rate (g-rate) for the determination of the terminal value beyond the explicit forecast period.

Considering the subjectivity of the estimates used for estimating the future cash flows and determining the key input data for the impairment model, we considered the impairment test a key audit matter for the Company's financial statements.

Audit procedures performed

We first examined the methods adopted by the Management for determining the use value of the CGUs, analyzing the methods and assumptions used for the development of the impairment test.

As part of our audit we have perfomed the following procedures:

- evaluation of the design and implementation of the relevant controls operating in the Company on the impairment test process;
- examination of the model used by Management for impairment tests and concistency of their application;
- analysis of the report of the independent external expert who assisted the Company in the development of the impairment tests, as well as assessment of its competence, ability and objectivity;
- analysis of the reasonableness of the main assumptions used for the determination of expected cash flows, through collection of information obtained from Management, analysis of forecasted data compared to those included in the original plan;
- analysis of of the reasonableness of the discount rate (WACC) and the long-term growth rate;
- verification of the mathematical accuracy of the model used for estimating the value in use of the CGU and the correct determination of the book value of the CGU;
- check of the sensitivity analysis prepared by Management.

We also examined the adequacy of the disclosures provided by the Company on the impairment test with respect to IAS 36.

Recognition and measurement of non-current asset held for sale

Description of the key audit matter

As disclosed in the Note 9, the Board of Directors, on 14 November 2018, approved the classification as non-current assets held for sale of Acerra Plant, as a consequence of the decision to close the site and trasfer the production activities to other Group's plants. In these circumstances and in accordance with IFRS 5, the Company, also on the basis of a purchasing offer of the plant received by the Company in the first months of the 2020 financial year, maintained the classification of the asset among non-current assets held for sale, and valued it at the lower of the book value recorded in the financial statements at the time of the first classification as "held for sale" and its fair value, net of sales costs, recognizing the negative difference compared to the

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	income statement at the aforementioned book value for an amount of Euro 1.777 thousand. Considering the subjectivity of the estimates to measure the fair value of the asset, the impact on the financial statement and the specific requirements of the IFRS 5, we considered the recognition and measurement of the Acerra Plant as non-current asset held for sale a key audit matter for the Company's financial statements as at 31 December 2019.
Audit procedures performed	As part of our audit procedures, we preliminarly discussed with the Directors about the results of the engagement to sell agreed by the Company with an entity specialized in the real estate brokerage, renewed until 30 July 2020, as well as the existence of the conditions for classifying the Acerra as a non-current asset held for sale. As part of our audit we have perfomed the following procedures: • evaluation of the design and implementation of the relevant controls operating in the Company on the impairment test process; • obtaining and analyzing the conditions included in the renewed engagement to sell agreed by the Company with an entity specialized in the real estate brokerage; • obtaining the purchase offer received by the Company and analyzing the conditions indicated therein; • background analysis relating to the acquiring company, its shareholders and its directors; • verification of the existence of the requirements of IFRS 5 for the qualification of the asset as held for sale and the methodology adopted for the determination of the fair value; • verifies the correctness of the journal entry accounting of the write-down; • obtaining and analyzing the minute of the Board of Directors regarding the evaluation of the purchase offer. Finally, we considered the adequacy and compliance of the Company's disclosures on this transaction with the applicabile IFRS.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors 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 the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

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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 Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's 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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of La Doria S.p.A. has appointed us on 10 June 2016 as auditors of the Company for the years from 31 December 2016 to 31 December 2024.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of La Doria S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of La Doria S.p.A. as at 31 December 2019, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of La Doria S.p.A. as at 31 December 2019 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of La Doria S.p.A. as at 31 December 2019 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Mariano Bruno
Partner

Naples, Italy
March 27, 2020

This report has been translated into the English language solely for the convenience of international readers.

CREATIVE PROJECT

Bluedog

La Doria S.p.A.
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Angri (SA) Italia