Annual Report 2020

Barilla
The Italian Food Company. Since 1877.

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Barilla's plants light up with the Italian flag during the national lockdown period. It is a way to show its closeness and pride and encourage the #italiacheresiste (resiliant Italians) and the communities in which Barilla operates.

In the photo: Parma headquarters

March 2020

Summary

Since the start of the Covid-19 emergency, we have taken all necessary measures to protect the safety of Barilla people.

Chairman's letter

2020 was a year of challenges and resilience for the Barilla Group. Faced with the global Covid-19 pandemic that impacted the lives of everybody around the world, the Company maintained its long-term vision, continuing to invest in innovation and in the quality of its products and production processes, to ensure it is always ready for the future.

Barilla guaranteed the safety and support of its people and the continuity of its business, even in the toughest months of the global outbreak. The Group responded to the increased demand for its products, supplying high-quality food to people all over the world. The Company also intensified its solidarity initiatives and community support in the countries in which it operates, by way of donations to people, hospitals, food banks, local associations, schools, scientific research and front-line medical staff.

Despite the difficult circumstances, Group's net turnover reached €3.89 billion, a 7% increase year-on-year (+9% net of the foreign exchange effect).

In the 'Meal Solutions' global scenario, pasta maintained its market positioning, with outstanding results in the premium segment, and positive results were recorded in both the sauces and bakery products categories.

Italy recorded growth in volume and value in the bakery products sector - particularly in breakfast and ready-meals - relaunched Barilla-branded pasta and achieved positive results with its sauces.

Increases in volume and value were recorded in Germany, France, Russia, northern European countries, and in the United States, our principal non-European market. Overseas sales currently account for approximately 57% of Barilla's total turnover. However, there is significant potential for growth worldwide, and Barilla is continuing its innovative approach, including the development of new skills investments and renewed governance in overseas markets.

Growth in 2020 was the result of the Group's long-term vision and the consolidation of strategic lines, resulting in sustainability and the achievement of other important objectives, such as *Gender Pay Equality* for all Barilla Employees worldwide.

Barilla has been recognized and awarded by the world's leading reputation data and insights company, The RepTrak Company™, as the leading food company and 11th worldwide (in the 2021 *Global RepTrak®* 100) for its corporate reputation. Together with the prestigious global *Catalyst D&I Award*, for the advancement of women in the workplace, these achievements are major acknowledgments for the Barilla Group worldwide.

The next few years will be extremely challenging for the food sector in the global context. and we are all experiencing the initial socio-economic consequences of the pandemic. 2021 is a year of uncertainty, but the Barilla Group's solid foundations, the strength of its brands and the organization's ability to handle challenging situations will ensure the next period can be faced as effectively and efficiently as possible.

The financial transactions completed in the latter half of 2020 and in early 2021 represent a step forward and outline the Group's future strategies: the acquisitions of Pasta Catelli in Canada and a majority stake in Pasta Evangelists in the UK, signal international growth and a desire to identify and anticipate consumer needs and values around the world. The finalization of the acquisition of Pasta Zara factory in Muggia (Italy) is another major part of Barilla's development and innovation plan, which equating to a global investment of €1 billion over 5 years (2020 to 2024).

The passion and dedication demonstrated by all Barilla People over the past year have been exceptional. By persevering on this path, the Group will continue to face great challenges and gain fundamental experience to build an even more robust and bright future.

Parma, April 2021

Guido Barilla

Guido Barilla

Directors and officers

BARILLA HOLDING S.r.l.

Board of directors

Chairman
Guido Maria Barilla

Deputy chairman
Luca Barilla

Directors
Emanuela Barilla
Paolo Barilla

Board of statutory auditors

Chairman
Luigi Capitani

Auditors
Claudio Marchignoli
Mario Tardini

Independent auditors
KPMG S.p.A.

BARILLA INIZIATIVE S.p.A

Board of directors

Chairman
Guido Maria Barilla

Deputy chairmen
Luca Barilla
Paolo Barilla

Chief executive officer
Claudio Colzani

Directors
Emanuela Barilla
Gratian Anda
Nicolaus Issenmann
Andrea Pontremoli
Antonio Belloni

Board of statutory auditors

Chairman
Mario Tardini

Auditors
Alberto Pizzi
Augusto Schianchi

Independent auditors
KPMG S.p.A.

BARILLA INTERNATIONAL Limited

Board of directors

Directors
Franco Guariglia
Francesco Giliotti
Giangaddo Prati

Independent auditors
KPMG LLP

Barilla's history in a nutshell, since 1877

«I STARTED WORKING WHEN I WAS THIRTEEN YEARS OLD. MY FATHER WOULD SEND ME WITH OUR HANDCART TO FETCH A FEW SACKS OF FLOUR, WHICH WERE THEN TRANSFORMED INTO BREAD IN OUR OLD SMALL BRICK OVEN. AFTER A FEW YEARS, IN A SMALL SHOP, WITH THE HELP OF MY SISTERS AND MY MOTHER WHO WORKED AT THE COUNTER, WE SOLD THE BREAD THAT MY FATHER AND I PRODUCED BY WORKING FOR UP TO 18 HOURS A DAY»

Riccardo Barilla

«IT IS MY BELIEF THAT THE THREE CHARACTERISTICS OF A BUSINESSMAN ARE COURAGE, INTUITION, AND OPTIMISM. I THINK THAT THE ENTREPRENEUR HAS AN IMPORTANT ROLE TO PLAY NO MATTER WHAT HIS FIELD. BUT THE FOOD SECTOR HAS A SPECIFIC ROLE, I WOULD CALL IT A DEEPER AND MORE CHALLENGING ONE, BECAUSE FOOD GOES OUT TO EVERYONE: TO CHILDREN, TO THE ELDERLY, TO FAMILIES. FOOD HAS THIS SENSITIVITY, THIS IMPORTANCE FOR THE HEALTH OF PEOPLE»

Pietro Barilla

«THE ITALIAN NUTRITIONAL MODEL IS THE ESSENTIAL POINT OF REFERENCE FOR HEALTHY EATING HABITS, FOR THE RESPECT AND PROTECTION OF THE NATURAL RESOURCES OF OUR PLANET AND FOR SAFEGUARDING THE RIGHTS OF FUTURE GENERATIONS»

Guido, Luca and Paolo Barilla

«I DON'T THINK OF A GREAT COMPANY IN TERMS OF SIZE, I THINK IT SHOULD BE GREAT FOR THE VALUES AND TRUST THAT INSPIRES»

Paolo Barilla

«IT IS IMPORTANT TO UNDERLINE THAT, IF BARILLA AFTER MANY YEARS MANAGED TO BECAME AN ESTIMATED AND WELL REPUTED COMPANY, IT IS ALSO BECAUSE IT HAS ALWAYS BEEN COMMITTED TO CREATE WELLBEING FOR THE ENTIRE COMMUNITY.»

Luca Barilla

«THE BRAND MUST BE ABLE TO BUILD RELATIONSHIPS, NOT JUST TRANSACTIONS, WITH CONSUMERS; AND OUR FUTURE IS DEPENDENT ON OUR CONTINUING TO CREATIVELY RENEW THE WAY WE COMPETE»

Guido Barilla

THE HISTORY OF BARILLA

1877
THE BEGINNINGS

THE BARILLA ADVENTURE STARTS

THE BARILLA STORY BEGINS IN 1877 WITH PIETRO BARILLA, IN A BREAD AND PASTA SHOP IN THE CENTRE OF PARMA.

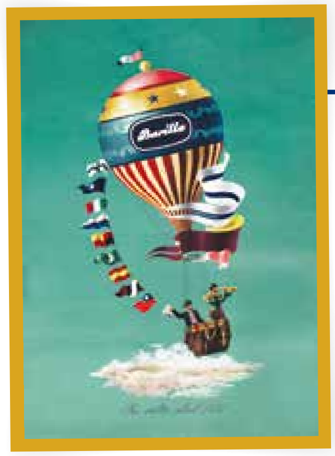
1910
RICCARDO AT THE HELM OF BARILLA

THE FIRST FACTORY OPENED

IN THE EARLY YEARS OF THE 20TH CENTURY, THE FOUNDER WAS SUCCEEDED BY HIS SONS RICCARDO AND GUALTIERO. THE FIRST FACTORY OPENED, EMPLOYING 100 WORKERS AND PRODUCING 80,000KG OF PASTA A DAY, AND IN THE SAME YEAR BARILLA REGISTERED ITS FIRST TRADEMARK: A LITTLE BOY CRACKING AN EGG YOLK INTO A FLOUR TROUGH.

AFTER THE DEATH OF HIS FATHER AND BROTHER, RICCARDO BARILLA STEERED THE COMPANY'S GROWTH IN THE TWENTIES AND THIRTIES. IN 1936, PIETRO, RICCARDO'S SON, ENTERED THE COMPANY AND BEGAN DEVELOPING ITS COMMERCIAL NETWORK.

1947
POST WORLD WAR II YEARS



GIANNI AND PIETRO AT THE HELM OF THE COMPANY

AFTER RICCARDO BARILLA'S DEATH IN 1947, HIS SONS PIETRO AND GIANNI TOOK THE REINS OF THE COMPANY, DEVELOPING MODERN PRODUCTION SYSTEMS AND ENGAGING IN INTENSE BUSINESS COMMUNICATION AND ADVERTISING ACTIVITIES.

1958 1970
BARILLA ITALIAN LEADER

THE PEDRIGNANO (PARMA) FACTORY IS BUILT

IN THE EARLY SIXTIES, BARILLA BECAME A LIMITED COMPANY. IT HAD 1,300 EMPLOYEES AND 200 SALESPEOPLE. IN 1965, BARILLA ENTERED THE PACKAGED BAKERY PRODUCTS MARKET FOR THE FIRST TIME, WITH THE PRODUCTION OF BREADSTICKS AND CRACKERS.

IN 1969, THE PEDRIGNANO (PARMA) FACTORY WAS BUILT, THE LARGEST PASTA PRODUCTION PLANT IN THE WORLD, WITH A PRODUCTION CAPACITY OF 1,000 TONS A DAY.

1975
THE MULINO BIANCO ERA BEGIN

1975 SAW THE LAUNCH OF MULINO BIANCO, A NEW BAKERY PRODUCTS LINE, INCLUDING BISCUITS, BREAD SUBSTITUTES AND SNACKS, CHARACTERIZED BY AUTHENTICITY AND RECIPES WITH NATURAL INGREDIENTS, USING THE EXPERIENCE BARILLA HAS GAINED IN CENTURIES OF CEREAL PROCESSING.

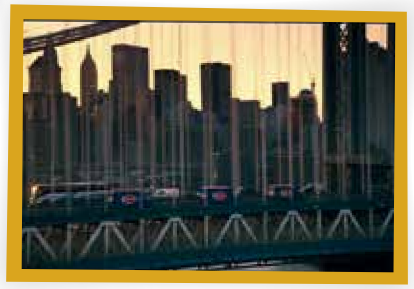
1979 1993
THE RETURN OF PIETRO BARILLA

THE RELAUNCH

IN 1979, PIETRO BARILLA RETURNED TO THE HELM OF THE COMPANY. THE HISTORIC RE-ACQUISITION COINCIDED WITH THE RESUMPTION OF A LONG-TERM INDUSTRIAL AND ADVERTISING STRATEGY, BASED ON THE IDEA OF RE-LAUNCHING PASTA AND THE ITALIAN FIRST COURSE AND DEVELOPING THE OFFER OF BAKERY PRODUCTS.

GUIDO, LUC AT THE HELI

IN 1993, AFT PIETRO BARI COMPANY P OF HIS SONS PAOLO.



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THE NINETIES AND THE FIRST DECADE OF THE NEW MILLENNIUM WERE CHARACTERIZED BY A STRONG INTERNATIONALIZATION PROCESS, WITH THE GROWTH OF BARILLA'S PRESENCE IN EUROPEAN AND US MARKETS, THE OPENING OF NEW

A AND PAOLO
M OF THE COMPANY

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LLA, LEADERSHIP OF THE
ASSED INTO THE HANDS
GUIDO, LUCA AND

2000

INTERNATIONAL EXPANSION

PRODUCTION PLANTS AND THE ACQUISITION OF IMPORTANT BRANDS SUCH AS PAVESI (ITALY), MISKO (GREECE), FILIZ (TURKEY), WASA (SWEDEN), YEMINA AND VESTA (MEXICO), LIEKEN (GERMANY) AND HARRYS (FRANCE).

CREATION OF THE BARILLA CENTER FOR FOOD AND NUTRITION

THE YEAR 2009 SAW THE LAUNCH OF THE BARILLA CENTER FOR FOOD AND NUTRITION (BCFN), A MULTIDISCIPLINARY RESEARCH CENTRE COMMITTED TO THE PROMOTION AND DEBATE OF TOPICS RELATED TO FOOD AND NUTRITION.

BCFN

2009

2016

EXPANSION IN BRAZIL, MIDDLE EAST AND RUSSIA

IN **2016** BARILLA CONTINUED ITS GEOGRAPHICAL EXPANSION IN BRAZIL, MIDDLE EAST AND RUSSIA, CONFIRMING AT THE SAME TIME ITS STRENGTH IN THE US AND IN THE EMERGING ASIAN MARKETS.
THE COMPANY CONTINUED ALSO TO IMPROVE THE NUTRITIONAL PROFILE OF ITS PRODUCTS, REPLACING PALM OIL IN ITS COMPLETE BAKERY PORTFOLIO AND EXPANDING THE RANGE OF WHOLE GRAIN PRODUCTS.

FEEDING THE FUTURE

SINCE 140 YEARS WE ARE PASSIONATE ABOUT PASTA, FROM THE FIELD TO THE TABLE, AND WE ARE COMMITTED TO BRING PEOPLE THE BEST EXPERIENCES: HIGH QUALITY AND TASTY MOMENTS, PRESERVING OUR PLANET.

140 YEARS OF BARILLA HISTORY

2017

2018

INVEST IN THE FUTURE

BARILLA EXPECTS TO INVEST ABOUT 1 BILLION EUROS OVER FIVE YEARS ON ITS INDUSTRIAL ASSETS.
ABOUT 60% OF THE INVESTMENTS WILL BE AIMED AT BOOSTING COMPETITIVENESS AND SUSTAINABILITY BY IMPROVING PROCESSES AND TECHNOLOGIES, WHILE OVER 40% WILL SUPPORT INNOVATION AND GEOGRAPHIC EXPANSION.

INDUSTRIAL INVESTMENTS CONTINUE WITH THE CONSTRUCTION OF TWO NEW PRODUCTION LINES AT THE PLANT IN RUSSIA AND THE EXPANSION OF THE AMES PLANT (USA).

BARILLA ENTERS THE CREAM SPREADS MARKET IN ITALY WITH THE NEW PAN DI STELLE CREAM.

WASA IS THE FIRST BARILLA GROUP BRAND TO ACHIEVE 100% CARBON NEUTRALITY.

CONTINUED GROWTH IN LINE WITH "GOOD FOR YOU, GOOD FOR THE PLANET"

2019

2020

INTERNATIONAL DEVELOPMENT

CREATION OF A NEW DIGITAL HUB IN LONDON.

ACQUISITION OF THE PASTA FACTORY IN MUGGIA (TRIESTE-ITALY).

Barilla Group

We were born in Parma in 1877, **more than 140 years ago**, when Pietro Barilla opened a small bread and pasta shop. That moment marked the beginning of a journey of quality and passion that has identified Barilla over the years, leading us to the development of **iconic brands in the food sector.**

TURNOVER (MLN EURO)

2020	2019
3,890	3,627

GEOGRAPHICAL AREAS

4.6% ASIA, AFRICA, AUSTRALIA

19.6% AMERICAS

42.6% ITALY

33.2% REST OF EUROPE AND RUSSIA

EMPLOYEES

2020	2019
8,591	8,481

Our purpose

We bring to the world joyful and wholesome food habits, coming from responsible supply chains, inspired by the Italian lifestyle and the Mediterranean Diet.

Because food for Barilla is not just food: it is the pleasure you feel, the energy inside you, it is being well for many years to come, it is respect for us and for the planet we live on.
With our know-how, with simple and authentic gestures we talk about our only way of doing business: Good for You, Good for the Planet.

We are convinced that a company can only have a long term presence if it is committed to caring for people and the environment every day.

"**Good for You, Good for the Planet**" is Barilla's approach to give its contribution to the 2030 Agenda of the United Nations and the **17 Sustainable Development Goals**.

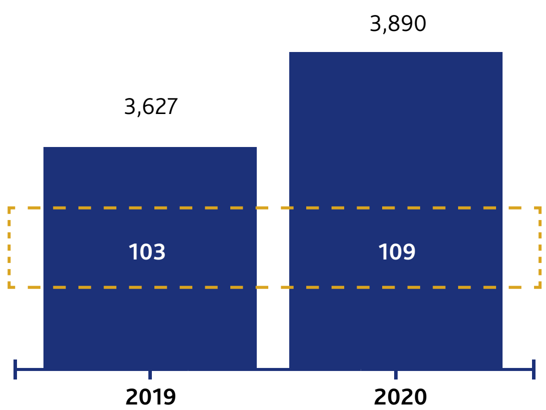
Directors' Report

2020 will be remembered as the year with the worst recession since the Great Depression due to the outbreak of the coronavirus pandemic. The entire world has been affected by the pandemic and Italy has suffered with a large number of victims and the most significant decline in gross domestic product of all the developed countries.
Due to its priority in terms of consumption, the food sector has suffered less in comparison with the other industrial sectors and the services sector, although negative effects were recorded in relation to certain market segments alongside a general fall in profitability.
Faced with this emergency, at the end of February the Group (controlled by Barilla Holding S.r.l., hereinafter referred to as "Barilla Group" or "the Group") pursued two immediate objectives:

- Safeguarding the health of all employees;
- Consolidating the Group's production, capital, financial and organizational structure.

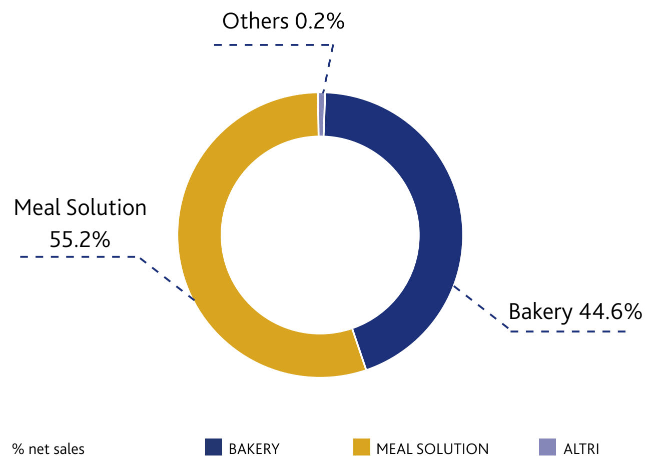
Several health centers were immediately set up at all organizational levels; the company's operations were safeguarded by adhering (where permitted) to smart working, by guaranteeing work on site only in the production sectors and by ensuring its continuity in maximum safety.

REVENUES (€/MM)
INDEX vs previuos year net of forex impact



In this context, the Barilla Group still maintained its growth path in 2020, with increased sales volumes and net turnover equal to euro 3,890 million.

Revenues by business area



There was a positive change of 7% compared to the previous year which, net of the exchange rate effect, corresponds to an increase of 9% with a different impact in the Pasta and Bakery segments.

The Group's action plan was filled with initiatives in a view of long-term growth:

- The production emergency which arose due to an increase in sales volume of 7%, was dealt with business rationalization, by concentrating the use of plants in relation to products with higher demand and by postponing those investments that were deemed to be not immediately necessary;
- The acquisition of the pasta plant, ex-Zara, near Muggia (Trieste - Italy), was completed and the integration process began. In Russia, planning work commenced on the construction of the new pasta production plant with an integrated mill. Furthermore, the restructuring process of the production plants in Sweden continued;
- The corporate reorganization process was finalized, with Barilla International Ltd, the Group's sub-holding for foreign shareholdings, being located in London;
- Even in the current pandemic period, the Group confirmed its sustainability objectives through the "Good for You, Good for

the Planet" mission, which has guided the company's strategy in recent years, and the Diversity & Inclusion program. The "Equal pay for Equal work" program, aimed at Gender pay equality, was accomplished in 2020;
- The close cooperation of the various internal control bodies and the supervision of Corporate Governance in compliance with the respective competences and responsibilities, ensured the evolution of the company's core operations with adequate risk assessment, in the view of long-term going concern;
- In this emergency situation, the Group acknowledged the extraordinary commitment of all of its employees, expressly thanking them and has awarded an extraordinary bonus for the year just ended.

Transactions involving subsidiaries

The considerations below analytically clarify the several business aspects of the single companies and of Barilla Holding S.r.l. (formerly CO.FI.BA. S.r.l.), which changed its company name with effect from 8 July 2020, in compliance with the information criteria referred to in art. 2428 of the (It.) Civil Code and with art. 40 of the (It.) Legislative Decree no. 127 of 9 April 1991, amended by (It.) Law Decree no. 32/2007.

Accounting standards - International Financial Reporting Standards (IFRS)

The Group decided to prepare the first consolidated financial statements as at 31 December 2020 in compliance with the international accounting standards - International Financial Reporting Standards - IFRS (hereinafter referred to as IAS/IFRS), adopted by the European Union. Due to the reorganization of the Group structure described above, up until the previous year end the consolidated financial statements of the Barilla Group were prepared by the subsidiary Barilla Initiative S.p.A. in compliance with the international accounting standards IFRS. Barilla Holding S.r.l. took advantage of an exemption as the consolidated financial statements, IFRS compliant too, were prepared by the ultimate parent company Guido M. Barilla e F.lli S.r.l. & C. S.a.p.A.

For more detailed information, please refer to the Illustrative Notes to the Consolidated Financial Statements.

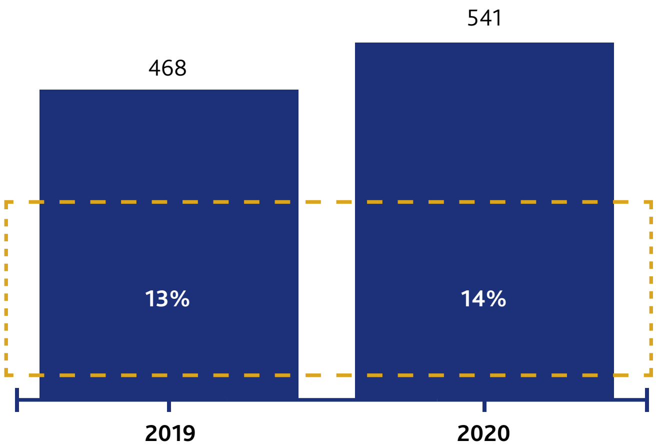
General information

All amounts are expressed in thousands of euro, unless otherwise specified. All comparisons disclosed later on in the Report and in the Consolidated Financial Statements are made with respect to the data related to the previous year (which are indicated in brackets). The percentage ratios (margins and changes) are calculated with reference to values expressed in thousands of euro.

When the notes refer to the parent company or to subsidiaries, the full company names and the legal nature of the companies are indicated.

Consolidated financial highlights

EBITDA (€/MM)
Index on REVENUES



Results are in line with the performance of the major international groups in the food sector, with an increase in EBITDA resulting from the effect of the increase in volumes.
The profit before taxes amounted to euro 365 million (329 million).

The total consolidated net result shows a profit of euro 416 million, compared to the profit in 2019, equal to euro 269 million.

Our brands

The Barilla brand has its roots in a small bread and pasta store opened in Parma in 1877. Today it is the number one pasta in Italy and around the world. Thanks to the best durum wheat and impressive modern technologies, Barilla supplies millions around the world with pasta that always cooks to a perfect al dente texture, as well as ready-to-eat pasta sauces.

Voiello was established in 1879 as a small store in Torre Annunziata, a small town outside Naples, a world capital of pasta making since the 16th century. Voiello pasta comes in all the most popular Neapolitan shapes. Its secret is the uneven surface achieved with bronze dies. Voiello was acquired by Barilla in 1973.

Yemina, created in 1952, and Vesta, in 1966, are two of the leading Mexican brands. Barilla entered that market by forming a joint venture with the Mexican Grupo Herdez in 2002.

Tolerant is designed to make a difference in the lives of those who seek healthier lifestyles, have food intolerances or dietary restrictions through naturally powerful, plant-based foods.
Tolerant is a minimally processed legume-based pasta line, made with a single Organic ingredient.

Pan di Stelle was created in 1983 as one of Mulino Bianco's breakfast biscuits. In 2007, with the launch of the snacks and the cake, it began its career as a stand-alone brand to become a trademark in its own right much loved by people everywhere.

The Pavesi brand was established in 1937 by Mario Pavesi, an inventive baker and entrepreneur in the city of Novara. It offers a wide range of bakery products and pastries, all of which have unique flavor and rely on well-developed production technologies.
Pavesi was acquired by Barilla in 1992.

Academia Barilla was set up in 2004 with the aim of promoting Italian gastronomic culture and popularizing the Mediterranean Diet as a healthy and balanced lifestyle.

On December 1st, 2013, Barilla opened the company's first restaurants in New York - 6th Avenue 52nd - with the goal of bringing Italian conviviality to the world.

The leading pasta brand in Greece, Misko was established in 1927 and represents Greece's substantial pasta tradition; its logo depicts the monk Akakio on his donkey, going to buy pasta at the village market. Barilla acquired Misko in 1991.

Established in 1977, Filiz is one of the top pasta producers in Turkey, one of the biggest pasta consuming countries. Barilla acquired Filiz in 1994.

Founded in 1975, Mulino Bianco is truly a part of the cultural fabric of Italian food and of the everyday diet of Italian families. This brand offers simple, genuine bakery products in all categories that are perfect for eating at home or on the go.

Gran Cereale was founded in 1989 as a Mulino Bianco whole grain biscuit and has grown to become a Barilla brand of whole grain and natural products. Nowadays, the brand offers consumers a wide range of products ranging from Biscuits to Cereals, from Crackers to "Snackbiscotto".

Founded in Sweden in 1919, Wasa is the world's largest producer of crispbreads. It distributes its many rye and wheat products in more than 40 countries. Barilla acquired Wasa in 1999.

Launched in 1970 on the baked goods market in France, the Harrys brand today is leader in the soft bread market and an important player in the morning goods market. Quality and innovation are two of the most important key success factors.

Launched in Italy in 2015 via a partnership with Whirpool, CucinaBarilla is a project which offers a "service" comprising a special oven and a series of ready-to-use ingredient kits for the easy preparation of quality recipes.

FIRST is a brand specialized in retail sales services.

Barilla worldwide

MORE THAN
8,000
BARILLA PEOPLE

29
PRODUCTION DISTRICTS

3,890
MLN OF EUROS TURNOVER

● INCLUDE: MILLS, PRODUCTION PLANTS, COMMERCIAL OFFICES, RESTAURANTS, CUSTOMER COLLABORATION CENTERS

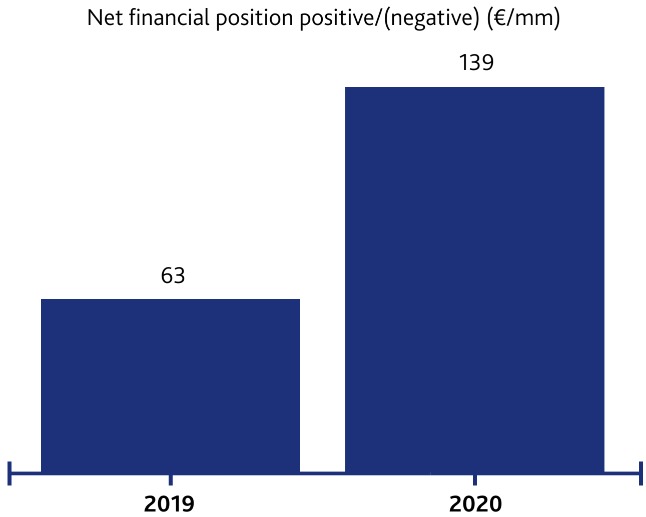
The consolidated net result of the Group (net of non-controlling interests) closed with a profit of euro 351 million, compared to euro 227 million achieved in the previous year. The net profit attributable to non-controlling interest was approximately equal to euro 65 million. Current and deferred income taxes for the year showed a positive value of euro 51 million.
This value was affected, for euro 187 million, by the impact of deferred tax assets on the revaluation of Brands, which took place in Barilla G. e R. Fratelli S.p.A. (the negative value in 2019 was equal to euro 61 million).
On facing uncertainties in the financial markets, the Group's financial policy maintained a prudent approach and confirmed a significant generation of cash.
A positive Group net financial position (NFP) was achieved this year as well, specifically for a total of euro 139 million compared to a positive NFP for euro 63 million in the previous year.
For further details concerning its components, please refer to the Illustrative Notes.

The main existing loans are:

- Bonds issued by Barilla France S.A.S. for a total of 125 million dollars, placed by US institutional investors in 2011 and divided into several instalments (with maturities in 2021 and 2023). These loans, including the related hedging derivatives, have a balance sheet amount of euro 84 million at the end of the year;
- Bonds issued by Barilla Iniziative S.p.A. for a total of 335 million dollars, placed by US institutional investors in 2013 and 2015 with maturities in 2025 and 2027. These loans, including the related mark-to-market hedging derivatives, have a balance sheet amount of euro 281 million at the end of the year;
- Revolving credit facility (RCF) expiring in January 2025 (following the extensions defined in January 2019 and 2020), for a total amount of euro 500 million (with the option of a subsequent increase up to euro 800 million) is entirely unused as at 31 December 2020. Barilla International Ltd joined the borrowers and guarantors, Barilla Initiative S.p.A. and Barilla G. e R. Fratelli S.p.a., as an additional guarantor, without prejudice to the right to appoint other borrowers within the Group in the future;
- Term loan signed in December 2020 between Barilla Iniziative S.p.A. and Intesa Sanpaolo S.p.A. for a fixed amount of euro 200 million, with maturity in December 2025, amortizable starting from December 2022.

The NFP includes a securities assets portfolio, issued in 2019 and 2020, consisting mainly of Investment Grade bonds, denominated in euro and with an average residual maturity of approximately 4 years, diversified across different sectors and geographical areas. As at 31 December 2020, the value of the aforementioned securities was euro 254 million.

The Group's Net Financial Position is as follows:



The Group confirms its ability to generate value within a context of minimizing financial risk.

Group structure and organisation

The organizational structure of the Group identifies Barilla Initiative S.p.A. and Barilla International Ltd. as operating sub-holdings which are active through their subsidiaries, in the manufacture and sale of pasta, sauces and bakery products at national and international level, in addition to the companies IKRG LLC and IKRG LLC OC1, intended for the development and management of the project "Restaurants".

The Group operates in 26 countries directly, exports its products to over 100 countries and owns 29 production sites in 9 countries.

Economic scenario

As already pointed out, the global economy in 2020 was heavily impacted by the Covid-19 pandemic, which had an aggravated impact on those countries that are structurally weaker and were affected the most.
In particular, Italy recorded a decline in GDP of almost 9% in relation to several sectors, such as tourism and transport, which had serious difficulties due to the generalized lockdowns across almost the entire world. In this scenario, the food sector was one of the least penalized due to the non-substitutability of primary consumption. This led to renewed competitive fervor, especially relating to pasta, with the entry of new players in the premium sector and with intensified price competition for the lower part of the market.
Prospects for 2021 were strongly optimistic at first, basing on the belief that the arrival of anti-virus vaccines at the beginning of the year would have quickly led to a normalization of the economy, with a rebound effect on recovery.
However, that optimism quickly faded due to two factors:

- the vaccination campaign turned out to be much more difficult than expected, in terms of availability of vaccines, since there are fewer vaccines than the quantities initially promised by manufacturers, and in terms of organizational difficulties in carrying out the vaccination plan in each country,
- the spread of virus with variants that are not more dangerous but are unfortunately more contagious.

The two effects (fewer vaccines and a more contagious virus) did not eliminate the prospect of recovery, but they have postponed its likely implementation to the second half of the year.
Although in the uncertainty of that recovery, there is still optimism on the economic upturn, which is assumed to be faster for the United States and Germany (China is a separate case), and slower for countries like Italy, affected by inherent structural rigidity. The central banks supporting monetary policy decisively contributed to handling the pandemic, with interest rates close to zero and extensive intervention aimed at supporting the financial needs of countries through the purchase of government bonds. The quality in the use of public spending will be decisive in the future, especially for Italy where more than 190 billion is expected from the European Union, for the purpose of financing qualified projects for physical and digital infrastructures, a basic condition for future development.
The widespread global uncertainty slowed down consumers' spending decisions and companies' decisions for new investments, with a generalized increase in the propensity towards saving. The deciding factor for global recovery will be an increase in confidence.

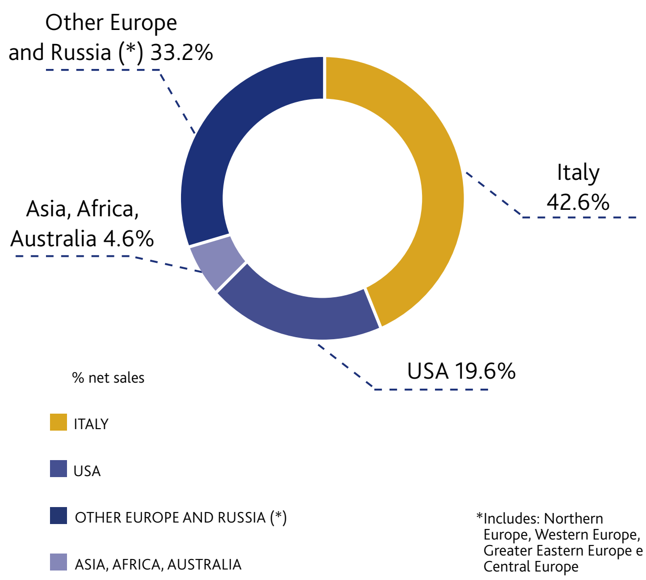
Group operating activities

From a strategic point of view, the Barilla Group confirms its purpose of accelerating its own growth and, at the same time, its corporate purpose "Good for you, Good for the Planet".
The structure of the Global Leadership Team is based on the model below:

1. **Regions** to which the purpose of ensuring the business growth and profitability is assigned, through development of Customers and Channels and of a solid portfolio of brands and product categories, in compliance with the corporate guidelines:
   - Italy Region;
   - America Region;
   - Western Europe Region, which includes France, Iberia (Spain, Portugal), UK, Benelux (Belgium, Netherlands, Luxembourg);
   - Central Europe Region, which includes Germany, Switzerland, Austria, Poland;
   - Greater Eastern Europe Region, which includes:
     a. Eastern Europe markets: Greece, Slovenia, Croatia, South Adriatic (Serbia, Bosnia, Montenegro, Kosovo), Central East (Romania, Hungary, Slovakia, Czech Republic), South East (Albania, Bulgaria, North Macedonia, Cyprus);
     b. Russia & CIS markets;
   - Asia, Africa & Australia Region;
   - Northern Europe Region, which includes Sweden, Norway, Finland, Denmark and the Baltic countries (Latvia, Estonia, Lithuania).
2. **Process Units** which act as a global competence center, by ensuring strategic alignment, standard processes and the development of key capabilities. The Marketing area, to develop global brands in a coordinated way, shows the subdivision below:
   - Meal Solutions, for the production and marketing of first course products (pasta and sauces) under the brands Barilla, Voiello, Misko, Filiz, Yemina, Vesta and Tolerant;
   - Bakery, for the production and sale of baked goods, mainly under the brands Mulino Bianco, Pan di Stelle, Pavesi, Wasa and Harrys.

The Barilla Restaurants business area has the mandate to create and develop Business to Consumer models and to promote the Italian gastronomic culture and the Mediterranean lifestyle all over the world.

The trends broken down by Region are shown below:



Italy Region

The systemic crisis caused by the Covid-19 pandemic involved many aspects of daily life and led to some radical changes in purchasing habits. As a consequence, consumer packaged goods was strongly affected by these dynamics and closed 2020 with significant growth. The boom in local stores, driven by restrictions on individual mobility, led to significant growth for the Traditional Trade, which had experienced difficulties until last year. Supermarkets and Discount stores are confirmed as the most dynamic formats and good performances are recorded for the Superstores as well; on the other hand, the crisis of large surfaces (Hypermarkets over 4,500 sqm) continues. The growth of e-commerce was consolidated thanks to a better and wider territorial coverage, a consequence of the investments made by numerous Retailers to enhance this service.

A significant decline in the food service channel, which was heavily affected by the limitations imposed by the pandemic on the business of bars, hotels and restaurants, was recorded. As a consequence of the lockdown imposed on the restaurant industry as a result of the crisis, the home food delivery business through online platforms grew significantly.

In comparison with 2019, some trends that characterized the growth of the food sector in recent years (free from, rich-in, gluten free, organic) strengthened in 2020 and benefited from the general increase in sales.

Other significant factors that distinguish domestic consumption are the Italian origin of products (the turnover of products linked to Italy exceeds 8 billion, +6.3%) and certifications.

Within this context, the Barilla Group showed a positive trend and grew in almost all the categories in which it operates, albeit with very different dynamics caused by changes in purchasing behavior during the pandemic crisis.

The Bakery business closed with a growth, both in terms of volume and value, with a strong displacement of sales on basic products for breakfast and home meals such as biscuits, rusks, soft breads and crackers. Sales of dry snacks showed signs of difficulty, affected by the decline in products consumed outside the home and at school.

The Meal solution business was impacted by the important relaunch of Barilla-branded pasta, with the move to 100% selected Italian durum wheat, the redesign of the shape of the 10 main formats and new packaging for the entire range.

The very positive performance of the premium brand Voiello was confirmed.

The growth trend of Sauces has been very strong, with the important contribution of the Pesto segment.

On the other hand, the exponential increase in the demand for essential products during the pandemic affected the growth in sales of packaged flour with an extraordinary contribution in volume but with a low unit value.

America Region

During 2020 the economies of the region suffered considerably due to the pandemic. However, in this extremely challenging economic environment, demand by retail consumers increased significantly in comparison to the previous year. As a consequence, Barilla recorded a significant increase in overall turnover for the entire Region:

- in the United States, which continue to represent the most important market in the Region, Barilla Group saw substantial growth in the Pasta category and while maintaining its market share value equal at 32.7%. All product lines included in retail Pasta, from Semolina Pasta to Gluten Free Pasta and Legume Pasta, experienced double-digit growth. This growth was achieved despite the consumers' "panic" purchases recorded in the first part of the pandemic. Although consumers' preference for the brand Barilla decreased at the beginning of the year, due to the limited availability of the product on the shelf, it subsequently increased in the last quarter of the year and overtook the previous year. That recovery was achieved thanks to considerable media support, mainly by means of two marketing campaigns: one dedicated to the quality of the Barilla product and the other one leveraging brand equity.
- Meanwhile, the Sauces business showed double-digit growth as well, from the premium line (now with no added sugars) to the super-premium line (with Vero Gusto) and Pesto, a fast-growing segment in which Barilla is close to the leadership position;
- in Mexico, the market share in the Modern Trade channel reached 35.3% in terms of value with an increase of 0.7% compared to the previous year. Despite the price increases aimed at recovering the increases in raw material costs (linked to the devaluation of the Mexican Peso against the US Dollar), the brand Yemina remained relatively stable, while the brand Barilla continued to grow in the Blue Box, Gluten Free and Collection lines;
- in Brazil, the devaluation of the Brazilian Real against the Euro led to two price increases during the year. As a result of the price increase, Barilla gained 1.1 percentage points on the value market share compared to the previous year, thus reaching 17.9% in the São Paulo area where the Group's activities are concentrated;
- in Canada, the Barilla value market share in the Pasta segment rose to 13.3% (+0.3% compared to the previous year), mostly thanks to the continuous support of trade and marketing activities.

Western Europe Region

The Region closed recording significant growth in the year of the health crisis, with an increase in turnover of 8%. France, which is the largest market in the Region, grew in value by 7%, thus recording two different rates between Meal Solutions +18% and Bakery +1%. In France the brand Barilla performed above the market trend and above the competition thanks to the 'Better for You' platform and to solid positions in e-commerce, which now amounts to 10% of the total business. In Belgium Barilla Group closed the year with faster growth than the market, reaching 23% and confirming its leadership position in the Pasta sector. In the Netherlands, Wasa solidified its leading position at 41.7% and gained 2.3 points of the market share. Portugal recorded double-digit growth in the Sauce business.

Central Europe Region

The Region shows sustained growth in terms of volumes (+11%) and turnover (+16%), compared to the previous year, with market shares at all-time record levels for Pasta (Switzerland, Austria), Sauces (Germany, Switzerland, Austria, Poland) and Bakery (Germany, Switzerland, Austria).

The focus on creating value, the product and customer mix and the increase in domestic consumption (caused by the Covid-19 pandemic), led to the positive performance in 2020 compared to the previous year.

Germany recorded turnover growth of 11%, Switzerland of 24%, Austria of 22% and Poland of 28%.

As far as product categories are concerned, Pesti recorded a growth in turnover of 27% and Pasta of 14%.

Greater Eastern Europe Region

In 2020 the Region recorded significant growth in terms of volumes (+11%) and value (+19% at constant exchange rates) compared to the previous year, thus gaining market share in all the main markets, leveraging a positive market trend and ensuring a high level of service, even during the pandemic crisis period. As far as product categories are concerned, the Pasta segment grew by 19% in value, with a significant increase of 19% recorded even in the Premium Pasta and 'Better For You' segments.

The performance of the Sauces category was excellent, with an increase in value of 32% and significant growth in the Pesti segment (+35%). The bakery products business grew by 13% in value, with a significant increase for Wasa (+62%), thus recording an ongoing increase in consumers and market shares.

The Eastern Europe markets recorded a considerably positive performance in terms of volume (+13%) and value (+17%) and all categories grew compared to the previous year. Greece recorded a relevant positive performance, solidifying its leading position in the Pasta market and achieved the highest growth in the last 10 years,

recording +11% despite, the poor tourist season.
In 2020 Russia & CIS markets increased growth in volume and value compared to the previous year, respectively by 10% and 22% (at constant exchange rates), thus strengthening the market share of the Barilla brand, confirming its position as the third brand of the Pasta sector in the Russian market and reducing the gap with the second brand. Furthermore, the Region strengthened its leadership positions in terms of value and volumes, thus ranking second in Moscow and in St. Petersburg.
An investment project for the construction of an integrated mill in the 'Special Economic Zone' in the Moscow Region is in progress, with the purpose of starting production at the beginning of 2023. Furthermore, the extension of the Solnečnogorsk production site was approved at the end of 2020, through the installation of a new American Sandwich production line, the third in this plant, which will be completed in 2021.

Region Asia, Africa, Australia

In 2020 this Region was the first to be hit by the Covid-19 pandemic and all the related consequences in terms of both social interaction in many Asian countries and trade. The first intervention carried out in this area, and later across the entire Barilla Group, was aimed at guaranteeing the safety of employees' health, thanks to the implementation of Business Continuity programs and support for personnel in all of the regional offices.
Although the Covid-19 pandemic generated one of the worst economic recessions, with a decline in world GDP of about 10%, many Asian markets showed solid resilience, with smaller GDP declines and, in some specific cases like China, GDP growth. In that context, the business in the Region recorded an increase in 2020 turnover, up 27% compared to 2019 at constant exchange rates; this is due to the growth in the penetration of Italian food, and therefore Barilla products, thanks to the reputation of being healthy, tasty and innovative food that is easy to consume at home in periods of lockdown.
In Turkey, despite the vulnerable and uncertain macroeconomic and social situation with strong inflation growth, turnover grew by 35% compared to 2019, at constant exchange rates, thanks to an effective relaunch of the local Filiz brand and to a greater presence in the Discounters channel.
Australia recorded a significant increase in turnover, with growth of 30% compared to the previous year, at constant exchange rates, generated by the Pasta, Pesto and Sauces businesses, with growing market shares for the fourth consecutive year.
In China, within a context of growing GDP, turnover increased by 31%, at constant exchange rates, partly thanks to the acceleration of the growth of e-commerce, retail and convenience products. The significant increase in penetration led to strong sales growth compared to 2019, specifically 22% in Japan and 20% in Asia.
Barilla Group grew 8% in Africa and the Middle East, at constant exchange rates against 2019, thanks to a significant increase in market and business shares in Israel and the United Arab Emirates.

Northern Europe Region

2020 recorded strong growth compared to the previous year both in terms of volumes (+5%) and turnover (+8% at constant exchange rates).
The Meal Solutions category in the Nordic countries continues to grow both in terms of volume and value, with double-digit figures recorded due to the extraordinary consumption caused by the Covid-19 pandemic.
Within that context, Barilla Group records significant growth in all categories, starting with dry pasta which grew by 3% in volumes and by 10% in value, and benefited from the price increase carried out in February 2020 on facing the inflation of the main raw material, durum wheat. Within the Sauces category, both segments grew significantly compared to 2019: the Red Sauces achieved double-digit growth (+9% in volumes, +12% in value), while the Pesti segment, once again, recorded an excellent result (+28% in volumes, +35% in value).
Even the Crispbread category recorded a positive performance, returning to a growth in volumes and confirming the trend of higher growth in value, thanks to the shift of the mix towards a richer assortment, favored primarily by the growth of Wasa in the premium segment, thus recording increased volumes (+5% compared to the previous year) and an even greater increase in values (+7%), at constant exchange rates.
The considerable growth is noteworthy at significant rates, compared to 2019, in Finland (+17% in value) and in the Baltic Countries (+47% in value), while in Denmark the successful launch of the Wasa-brand biscuits was witnessed in addition to the positive general performance (+5% in value).

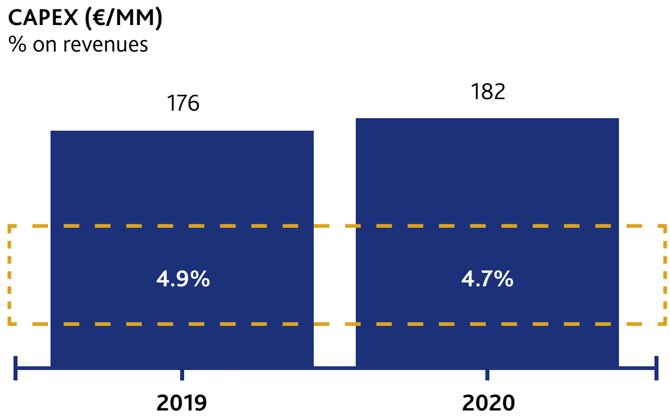
Barilla Restaurants

In 2020 the Barilla Restaurants business was significantly affected by the Covid-19 pandemic, with forced closures of restaurants, evolving restrictions and changes in consumer and company behavior, which led to a drop in revenues of 76% compared to the previous year. As a result of this situation, the Barilla Restaurants business reshaped its priorities and focused on preserving EBITDA and limiting its decrease compared to the previous year. At the same time, the commitment to 'elevate, inspire and explore' the experience of Italian gastronomy and the Mediterranean lifestyle was renewed, also through new initiatives within the home delivery market with the development of 'dark kitchens' in collaboration with Global Foodservice.

Every year, 100,000 tons of pasta, sauces and pesto are transported by train: 5,000 fewer trucks on the roads and around 70% less CO_2

From March 2020, 70% of Barilla Group's products intended for Germany will no longer be transported by road, but on three special trains that will run from the Parma freight yard to ULM in Baden-Württemberg, Germany.

Capital expenditure



To innovate its own products, increase its production capacity and improve efficiency, the Group's investments amounted to euro 182 million during the year, of which 9 million was attributable to new contracts for leased tangible assets entered into throughout the year. The incidence of investments on the Group's turnover is 4.7%.

The main investments were:

- the redesign of packaging solutions for dry semolina pasta was completed, making it more flexible and qualitatively consistent with market trends and needs, through the strengthening of 25 packaging lines in 4 plants;
- during the year, the construction project of the new integrated mill in the 'Special Economic Zone' began in Stupino, Russia, in the Moscow district; the investment includes the purchase of the land on which the milling plant will be built, and the project will be completed over the next few years. Still in Russia, at the Solnečnogorsk plant, the installation of two new production lines of Pasta and a new production line of American Sandwich was finalized, and office renovations were completed in Solne;
- the increase in production capacity at the Celle plant, in Germany, through installation of a new production line of 'Wasa Delicate Thin crispbread' and the resulting closure of the only existing line in Filipstad, now considered obsolete;
- the increase in production capacity in France, through the installation of a new production line of Crustless Soft Bread at the Talmont plant;
- the completion of the installation of a new Trigeneration plant at the Pedrignano plant (Parma, Italy), aimed at improving the competitiveness of the production site and significantly reducing polluting emissions, in line with the mission "Good for You, Good for the Planet";
- the expansion of the production capacity of the Ames production site (America), through the installation of two production lines of pasta and related packaging, aimed at coping with the ongoing growth of the business in North America;
- the replacement of the toasting oven of the production line of rusks at the Melfi plant (Italy) in order to ensure more efficient production continuity;
- the installation of new pasta packaging lines in Turkey;
- migration and integration project of infrastructure, reports and data from SAP BW to SAP BW/4 in order to integrate the Barilla Advanced Data Analytics landscape in cloud and to purchase SAP BW licences;
- the integration of the new Zara production site in Muggia (Italy), acquired in 2020, in order to ensure the plant's continuity and integration, in line with the infrastructural and information technology requirements defined by Barilla.

Corporate Governance and Compliance

Barilla Holding S.r.l. adheres to the "traditional" administration and control system, in respect of which the corporate governance structure is based on the corporate bodies below: the Board of Directors, the Board of Statutory Auditors and the Independent Auditors.

The Board of Directors (BoD) is the body vested with the widest powers, except for those reserved to the Shareholders' Meeting by law or by the Articles of Association, and can delegate specific offices to its members; it is responsible for the direction of management, the assessment of the adequacy of the organizational, administrative and accounting structure, the assessment of the general management trend as well as the adoption of resolutions on those matters reserved to it by law or by the Articles of Association.
The current BoD is composed of four Directors whose mandate will end with the approval of the 2021 financial statements.
The Board of Statutory Auditors, appointed by the General Shareholders' Meeting, supervises compliance with the law and the Articles of Association and compliance with the principles of proper administration. The mandate of the Board of Statutory Auditors will end with approval of the 2021 financial statements.
The entity appointed to carry out the Audit of the Accounts, pursuant to law, is KPMG S.p.A.; it was engaged to audit the consolidated financial statements of the Barilla Group and the financial statements of the main Group companies; this assignment will end with approval of the 2021 financial statements.

The corporate governance structure of Barilla Holding S.r.l. is based on the corporate bodies below: the Board of Directors, the Board of Statutory Auditors and the Independent Auditors.
The current Board of Directors is composed of nine Directors (two of whom represent the non-controlling interests) whose mandate will end on the date of the next Shareholders' Meeting, called for the approval of the financial statements for the year 2020.
The Board of Statutory Auditors, appointed by the General Shareholders' Meeting, supervises compliance with the law and the Articles of Association and compliance with the principles of proper administration. The mandate of the Board of Statutory Auditors will end with approval of the 2020 financial statements. The Independent Auditor is KPMG S.p.A.
Starting from 27 March 2018, Barilla Initiative S.p.A. adopted an Organization, Management and Control Model pursuant to (It.) Legislative Decree 231/2001 ("MOG"). The MOG includes a General part, several Special parts relating to predicate offences and the Code of Ethics. The MOG has been updated over time, where new predicate offences were introduced, by means of resolutions by the Board of Directors.
In order to verify the effective and correct functioning of the MOG, the Board of Directors of Barilla Holding S.p.A. appointed a monocratic Supervisory Body (SB), composed of one external member, who is a university professor and freelance professional. The SB reports to the Board of Directors on its activities every six months.
The governance structure of the main Italian subsidiaries is consistent with local operating conditions and, in respect of overseas companies, it takes into account local legislation.

Cari lavoratori della Barilla,

vogliamo dirlo a tutti: **SIAMO FIERI DI VOI**.

Sì, perché ogni giorno tenete accese
le fabbriche e con esse le nostre speranze
di far arrivare i prodotti Barilla
a tutte le persone che li desiderano.

A voi, donne e uomini tenaci, il nostro GRAZIE
per il contributo che date ogni giorno
al nostro meraviglioso Paese.

Guido, Luca, Paolo Barilla.

Guido, Luca and Paolo Barilla would like to thank, one by one, all the workers at the Barilla plants who, during the emergency period, continued with great determination and passion to ensure the smooth running of production.

By way of example, two of the press pages published in leading Italian and French newspapers.

April 2020

MERCI À

ANASS AAMIRA
TARIK AJRINYI
KARINE ALI-BEN-HADJ
JULIEN ALLEE
MATHE AMAKOE
SUSANA ANCIAES-FERREIRA
LUIS ANCIAES-FERREIRA
RUI-M. ANDRADE DE FREITAS
DELPHINE ANGONIN
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JOSETTE BALOUX
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ANTHONY BARRE
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MARIE-MADELEINE BASQUE
PASCAL BATARD
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JEAN-LOUIS BAUCHET
MOHAMED BAUD
GUY BAUDIN
MICHAEL BEAUCHENAT
YOANN BELLEMENT
THIERRY BELLET
NOEL BENALI
DIDIER BERGER
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MOHAMED MEZIANI
CLAIRE MILLIET
THIERRY MIRANDA
KARIM MOHAMED
JULIEN MONNIER
ERIC MOREAU

À Les Personnes de l'usine de La Malterie,

Nous voudrions vous dire à toutes et à tous que
NOUS SOMMES FIERS DE VOUS.

Oui, car tous les jours, vous êtes engagés dans nos sites de production afin de continuer à livrer les produits Harrys à tous ceux qui en ont besoin.

MERCI à vous, ainsi qu'à tous nos intérimaires, prestataires et fournisseurs, pour la contribution que vous apportez tous les jours à ce formidable pays qu'est la France.

MERCI aussi à tous ceux qui, si nombreux, dans les entrepôts, sur les routes et dans tous les magasins, travaillent à servir la population.

MERCI enfin à tous les soignants qui œuvrent, chaque jour, pour sauver des vies.

Guido, Luca, Paolo Barilla.

Guido Luca Paolo

PATRICK DECHENE
OLIVIER DEHAYE
LAURENT DEJOIE
STEPHANE DEJOIE
JEROME DELACOUX
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PASCALE PEAN
NICOLAS PELTIER
ERIC PENAULT
SANDRA PENOT
CORINNE PERICAT
ISABELLE PERICAT
STEPHANE PERICAT
SEBASTIEN PERIOLAT

CHRISTIAN PERRIOT
SYLVIE PETIT
MICHEL PICOT
DIDIER PIERRE
FREDERIC PIERRY
DELPHINE PILLIOT
JEAN-MICHEL PILORGET
WILLIAM PINEAU
FRANCK PINON
MYRIAM PION
SYLVIA PION
JEAN-PHILIPPE PION
FABIEN PIOT
ARNAUD PIPEREAU
DANIEL PIROT
STEPHANE PIROT
JORDAN PLISSON
HERVE POMMIER
BERNARD POMMIER
ANGELIQUE POMMIER
SYLVIE C POQUEREAU
SYLVIE POQUEREAU
VALERIE POQUEREAU
BRUNO PORCHER
EVELYNE POURNIN
DAVID POURNIN
BERNARD PRAK
JEROME PRENOIS
DAMIEN PRENOIS
KEVIN PROUTEAU
FABRICE PUYBERTIER
FRANCIS RABILLE
CATHERINE RAGOT
ERIC RAT
WILLIAM REICHMUTH
ANNE RENARD
DANIEL RENAUD
JEAN YVES RICHARD
DANIELLE RIGOLET
XAVIER ROBIN
JEAN LOUIS ROBINET
ALAIN ROCHER
SEBASTIEN ROGER
MARIE HELENE ROGER
RICHARD ROGER
NADINE ROSIER
PATRICIA ROUAN
YOHAN ROUET
NADINE ROUFAU
JEAN-LUC ROUSSEAU
BENOIT ROUSSEAU
JOHNNY ROYER
JULIEN RUAL
NICOLAS SABARD
FREDERIC SALLE
RENAUD SALOMON
ALEXANDRE SANTOS
PHILIPPE SARTON
SYLVIE SAUMUROT
LAURENCE SAUZIER
ISMAEL SEBGO
FRANCK SEGELLE
HUBERT SINOPLE
ALEXANDRE SOIDET
LIONEL SOLANGE
DAVID SOUPLET
GEORGES STERN
LUC STERN
ALAIN SUBIRATS
FLORENCE TAUVY
APOLO TCHA
MICHEL TEINTURIER
PHILIPPE THEILLAUMAS
PHILIPPE THERET
THIERRY THIMONET
LAURENT THIVET
FRANK ADONIS THORIN
SEVERINE TIBOEUF
VALERIE TORSET
PATRICE TOURNIER
PATRICK TOURTE
CYRIL VACHER
BEATRICE VACHET
CAMILLE VAN COSTER
JOEL VERHELST
DOMINIQUE VERITE
JOEL VERON
VALENTINI VERPOORT
ANTONIO VIEIRA DE ALMEIDA
PASCAL VIGNOLET
OLIVIER VILLATTE
THIERRY VILLENEUVE
CHANTAL VOLLEREAUX
OLIVIER VOLLEREAUX
CHARLES EDOUARD VORZAIS
ZOE WAGNER
WILLIAM WALTON
JAMES WATISSEE
FABRICE WATISSEE
JEROME WATISSEE
DAVID WATISSEE
KEMAL YELALDI

The governance of the Group is structured, thanks to the experience consolidated over the years, according to the international best practices and in line with the regulations governing listed companies. The shared culture of the Group is characterized by a solid awareness of its own duties and responsibility.
In that context we find the newly established Barilla International Ltd, a company incorporated under English law, whose Board of Directors, composed of three Directors, will end its mandate with the approval of the 2020 financial statements.
Corporate governance in the UK balances rights and duties of Shareholders, employees, creditors and Directors. The Board of Directors is empowered to manage the business and the Directors hold several responsibilities and duties towards the company. The Directors must perform their duties with competence, acting in good faith and with loyalty to the company.
As far as Barilla G. e R. Fratelli S.p.A. and its main subsidiaries are concerned, the governance structure, in general, is similar to that of Barilla Iniziative S.p.A. Specifically, it should be pointed out that the internal control system of Barilla G. e R. Fratelli S.p.A. is much more specific in relation to its nature; furthermore, this company adopted an Organization, Management and Control Model pursuant to (It.) Legislative Decree 231/2001 ("MOG"). The MOG includes a General part, several Special parts relating to predicate offences and the Code of Ethics. They identify the types of predicate offences, the corporate areas at risk of committing a crime, the procedures, systems and protocols aimed at preventing that, as well as all the principles and values with which the companies of the Barilla Group identify themselves and in compliance with which Directors, Statutory Auditors, employees, external collaborators, suppliers and customers are called on to behave. The MOG was approved by the Board of Directors of Barilla G. e R. Fratelli S.p.A., in its original version, on 4 March 2005; it has been constantly updated according to the gradual introduction of new predicate offences.
In consideration of the multinational context in which it operates and in line with the growing global compliance needs, a "Compliance" function was created, currently located within the Legal and Corporate Affairs Process Unit, whose manager was appointed Chief Legal Corporate and Compliance Officer.
The aforementioned function created an Integrated Compliance System (ICS) composed of, inter alia, the basic Compliance Policy, other reference policy-procedures and software for the purpose of carrying out "know your supplier-know your customer" checks. The ICS is aimed at ensuring compliance, at national and international level, with the rules of public law relating to the areas of protection of competition, food & advertising law, privacy, anti-bribery, international sanctions, anti-money laundering, as well as a whistleblowing channel, i.e., reporting of possible breaches of policies, assisted by a guarantee of anonymity for the person.
The Group Compliance Officer and the Compliance Function hold periodic meetings with several bodies including the Supervisory Body, the Board of Statutory Auditors, the Audit and Risk functions, as well as the management in charge case-by-case.
The Group Compliance Officer and the Compliance Function are expected to report to the Board of Directors on their activities at least annually.
In the aforementioned general context of ICS, EU Regulation 679/2016 on privacy ("GDPR") was implemented by setting up, inter alia, the basic activities below: mapping of the information systems involved in the processing of existing data and processing, review of legal documentation (e.g. information), preparation of the GDPR Master Policy and reference procedures, implementation of an IT solution for the purposes of keeping a Register of Processing operations and the performance of Impact Assessments, organization of training activities, appointment of the Data Protection Officer and definition of the support structure.
The monitoring of governance, risk management processes (including cybersecurity) and of the internal control system is carried out by the Internal Audit department, which operates with appropriate functional independence and in compliance with the international standards for the professional practice of internal auditing. The activity is carried out through the performance of audits on business cycles and processes, according to an audit plan submitted to the Board of Directors.
The Compliance activity was strengthened at tax level also, through definition of a Tax Compliance Framework (TCF) Model, which made it possible to identify and map the several business processes and to identify any tax risks and the related mitigation actions.

One way of doing business: "Good for You, Good for the Planet"

The food industry and the agri-food business played a fundamental role in 2020, during the Covid-19 pandemic, managing to supply products to every sales point and, as a consequence, to feed people all over the world. This emergency further confirmed the need to prioritize initiatives aimed at making the whole agri-food business even more resilient and consistent for sustainable development, in which people and planet's resources would always be the focus of our actions. Furthermore, Europe is decisively promoting a vision and a plan of actions compliant with the 2030 Agenda through the Green Deal and the Farm to Fork Strategy which confirm that the quality of food products, correct eating habits, innovative cultivation systems, responsible production and consumption, are the precise issues which Barilla Group must address now and, in the future.
As a global leader in the agri-food sector, Barilla is responsible for contributing to the growth of this challenging path for sustainable, economic and social development within the framework in which we operate.
Over the years, thanks to the Foundation Barilla Center for Food and Nutrition (BCFN), which has long been promoting and sharing knowledge and educational projects on the role of food in its economic, social and environmental dimension, we outlined a path, summarized in our mission "Good for You, Good for the Planet", which has led us to offer good products that have been developed and improved from a nutritional point of view in order to promote correct food consumption, procured from responsible supply chains thanks to the development of innovative agricultural models capable of providing raw materials that are safe, qualitative and more sustainable for the planet, while reducing the environmental impact of our production and logistics systems and reaching carbon neutrality in several situations thanks to clearing activities in different parts of the world.
With regard to the near future, we will continue to improve by building on what occurred in this particularly challenging year, implementing further our method of operating and investing in product quality along the strategic supply chains, and in the distinctive nature of the individual brands.

Environmental management

Environmental management is an integral part of the Group's Mission "Good for You, Good for the Planet".
Barilla Group's commitment to the environment began more than 15 years ago thanks to, as one example, the Life Cycle Assessment

method used to calculate the environmental impacts of its own products. In accordance with the EPD (Environmental Product Declaration) international system - (www.environdec.com).It publishes certified environmental impact data and is the first food company to have developed and certified, through a third party, a system for calculating the environmental impacts of its products (EPD Process System).

In 2020, 68 Barilla product EPDs (Environmental Product Declaration) were available on the website environdec.com, equal to approximately 75% of production volumes.

Moreover, Barilla Group participated in the European project for the definition of a shared method for calculating the environmental impacts of products (PEF-Product Environmental Footprint) for the dry pasta category and in 2020, applying this method it finalized and certified Barilla pasta packaged in cardboard.

Barilla Group steadily works to reduce the product impact throughout its whole supply chain through the following projects:

- Collaborations with players involved in the strategic supply chains aimed at developing and spreading the use of more sustainable agricultural practices such as, for example, the Italian sustainable durum wheat project which was set up in 2009 in collaboration with HORTA. The project introduced two innovative tools: the Decalogue for the Sustainable Cultivation of Quality Durum Wheat, a document containing 10 rules and advice to promote the dissemination of agricultural practices that are more efficient and with a lower impact on the environment and Granoduro.net®, a software that provides tangible support to farmers in technical agricultural decision making;
- In accordance with the international technical standard UNI EN ISO 14001, 2015 edition, 96% of the Group's plants (bakeries, pasta factories and mills) have already certified and implemented an Integrated Management System in relation to environmental aspects;
- With regard to the packaging of our products, all the virgin fiber cardboard used to make pasta boxes comes from responsibly managed forests and 99% of all Barilla packaging placed on the market is technically recyclable;
- As for product distribution, Barilla Group continuously seeks new solutions to optimize flows and reduce environmental impact. For example, in 2020 it decided to prioritize the rail transport of its products instead of road transport on the Parma-Langenau motorway section (a municipality of Baden - Würcemberg, in southern Germany), thus reducing annual emissions by 70%, which corresponds to around 6,000 tons of CO_2.

To date, four of the Barilla Group brands have achieved Carbon Neutrality: Wasa was the Group's first Carbon Neutral brand in 2018, followed by GranCereale and Harrys in 2019 and by Mulino Bianco in 2020.

In order to achieve this goal, the greenhouse gas (GHG) emissions of the production chain of the individual brands (from the ground to the shelf) have been reduced, calculated and compensated, in compliance with the international standard PAS 2060; furthermore, the process has been certified by an Independent Third-Party Body (DNV-GL).

Brands offset their net emissions by purchasing credits coming from different projects:

- Wasa chose a project for rainforest protection in Peru and a renewable energy project in India;
- GranCereale chose a forest protection project in Marajo, Brazil, and invested in a local project called "The woods of GranCereale";
- Harrys chose a rainforest conservation project in Brazil and a renewable energy from solar panels project in India;
- Mulino Bianco chose a renewable energy production from wind project in India.

Furthermore, Barilla Group continued to pursue its fight against climate change after joining SBTs (Science Based Targets) in 2019, which was created to guide companies in defining targets to reduce their greenhouse gas (GHG) emissions "based on science", that are in line with the level of decarbonization required to keep the global temperature rise below 2 °C, compared to pre-industrial temperatures, as described in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and the Paris Agreement.

The reduction targets were approved by the Science Based Targets Initiative and were communicated by the Group in July 2020, on publication of the GYGP sustainability report:

- 25% of absolute emissions with scope 1+2 by 2030 vs 2017;
- 26% of intensive emissions (per ton of finished product) with scope 3 by 2030 vs 2017.

Health and safety

The "Zero Accidents" goal has always been one of the most important for the Barilla Group as workers' health and safety are a priority.

In 2020, the results already achieved in the previous year were maintained, marking a 56% reduction in the absolute number of injuries compared to 2010. In this way, again compared to 2010, the frequency index was reduced by 55% and the severity index by 31%. Furthermore, during 2020, the Avon (USA) plant did not record any accidents, while 5 mills have long achieved and maintained the "Zero accidents" goal (the mill of Ames, USA, for 10 years, the mill of Volos, Greece, for 9 years and, the mill of Galliate, Italy, for 7 years) while the plants of Caserta and the mill of Castelplanio (Italy) and the plants of Ames (USA), Solne (Russia) and Gauchy (France) recorded only one accident.

Moreover, the reduction in the accident rates continues for the plants in France, which recorded a significant decrease in both the Frequency Index, -67%, and the severity index, -64%, compared to 2010.

This goal was achieved mainly thanks to the implementation of a Barilla Integrated Occupational Safety Management System based on the UNI EN ISO 45001 certification prospect.

As in the past, the global audit program still applies, with implementation, in 2020, of more than 110 specific verification activities on all pasta factories, bakeries and mills thanks to the support of specialized companies, which dealt with safety, environment, fire prevention and energy.

In the Italian and French plants, even more specific audits were performed on safety issues relating to the Covid-19 health emergency. Although slowed down by the health emergency, training activities on Health and Safety issues were also performed.

During 2020, there were no fatal accidents at work involving Barilla Group employees or external employees who work in our production sites.

Energy management

Energy management is also an important chapter of the Group's Mission "Good for You, Good for the Planet" and it is constantly committed to improving energy efficiency in its plants.

The production of Mulino Bianco, Pan di Stelle, GranCereale, Wasa, Harrys and Barilla sauces is covered by special certificates (GOs - European Guarantees of Origin) which certify the supply from renewable sources and, moreover, in all Italian pasta factories there is a CHP plant for the joint production of electrical and thermal energy. This, compared to separate production or purchasing from the national network, allows us to reduce fossil fuel sources used with a consequent improvement in efficiency and reduction of environmental impacts.

The Parma and Foggia pasta factories, in Italy, are subject to the Emissions Trading Scheme. They are regularly audited and their CO_2 emissions are certified by a third party.

In 2018, the Melfi plant (Italy) built the first photovoltaic system owned by the Group.

The "ESP Energy Saving Project" program, launched more than 15 years ago, is still active and it envisages that the colleagues from the technical areas of the plant, under the coordination of the Central Offices, share the best technical and managerial solutions to improve energy performance and identify optimization projects.

The process to implement the Energy Management System began in 2016, in compliance with the recent international technical regulation ISO 50001, together with its certification by a third party. To date, 21 factories have been certified according to this standard.

In 2020, among the implemented projects, the most significant is the Trigeneration project in the ***Pedrignano*** plant: Barilla replaced the previous CHP plant with its own tri-generator, which came into operation at the end of 2020. The above plant will bring important benefits especially in terms of reduced environmental impacts.

During the request for authorizations, the following emission reductions were quantified in the area compared to the previous plant scenario: -55% of CO_2, -60% of NO_x and -70% of CO.

Human capital

The number of employees as at 31 December 2020 was 8,591 (8,481), of which 4,300 (4,158) in Italy and 4,291 (4,323) abroad. The composition of staff, compared to the previous year, evolved as follows:

	12/31/2020	12/31/2019
Managers and employees	3,305	3,313
Blue-collar workers	5,286	5,168
Total	**8,591**	**8,481**

In 2020, the company showed resilience, namely the ability to maintain its mission and integrity even within the new dramatic circumstances.

On one hand, Barilla Group focused on guaranteeing business continuity despite the Covid-19 pandemic crisis while, on the other it pursued its long-term goal, always a constant in its way of doing business, of continuing development in order to be ready to face the future.

The Human Resources area has strongly supported initiatives related to business continuity. The first step was to create clear guidelines and security enhancement initiatives in compliance with the shared protocol for regulating measures to fight and contain the spread of the Covid-19 virus in the workplace.

Global insurance coverage was activated, thus guaranteeing indemnity in the event of hospitalization caused by Coronavirus infection, a convalescence allowance and a post-hospitalization care package to better manage the recovery of health and to provide support to families.

In the midst of the emergency, the Barilla People who work in the plants found themselves bearing a further, enormous responsibility: that of bringing some normality, through the company's products, into the lives of families struggling with the crisis. Therefore, plant personnel worked continuously and the company decided to award a bonus for outstanding commitment and dedication.

The office personnel had the possibility to work from home thanks to years of remote working practice, which is a way of working that showed its total effectiveness and became a key factor during the crisis for both the company and its collaborators. A purpose-built app made it possible to monitor and regulate access to the office whenever a return was possible, making it more flexible.

A global virtual corporate space was created in order to maintain vital contact between each colleague and share everyday experiences. Within the company portal, constant information was provided by the company and, moreover, it was possible to interact with colleagues.

Thanks to an agreement signed with the trade unions, a solidarity hour fund was created which gave the possibility to donate holiday leave, up to the limit of individual unused holidays, to colleagues in difficulty who were unable to work remotely and had exhausted holidays and authorized leave during the emergency.

As a result, Remote working, shift re-modulation and emergency holiday leave were the tools used to reorganize the workflow during the Covid-19 emergency in order to avoid the use of social safety nets.

In Italy and in other company premises, several initiatives have been launched to support employees and their families, accompanying them with psychological support services or specific assistance in cases of need and in times of difficulty and uncertainty in relation to the health emergency.

Another symbolic sign of closeness and appreciation was offered, with the distribution of gift packages to all employees and, at the end of the year, as a gesture of gratitude, a bonus of euro 11 million was paid to all Group workers.

The company launched OneLearning, a global training platform to pursue the development of technical and leadership skills and not to interrupt the growth path while continuing to enhance the growth potential of the organization. The platform made it possible to reach everyone in a personalized, flexible and rapid way. Training is a crucial element to support growth and change management processes and to enrich the career opportunities for the employees of the Group.

Specific development material was created to encourage people, in order to protect sociality and to create a sense of belonging in the Group, advices and engagement on team working in a virtual environment during the difficult time of extreme remote work.

Despite the emergency situation, the company continued to develop its personnel through performance systems oriented towards feedback and construction of a culture based on merit and through the Talent Management Program aimed at building the future generation of leaders who embody Barilla values and vision of the future.

During 2020, the Human Resources area applied the proprietary measurement model of Gender Pay Equality (GPE) based on the principle of "equal pay for equal work", thus achieving the extremely important equality goal.

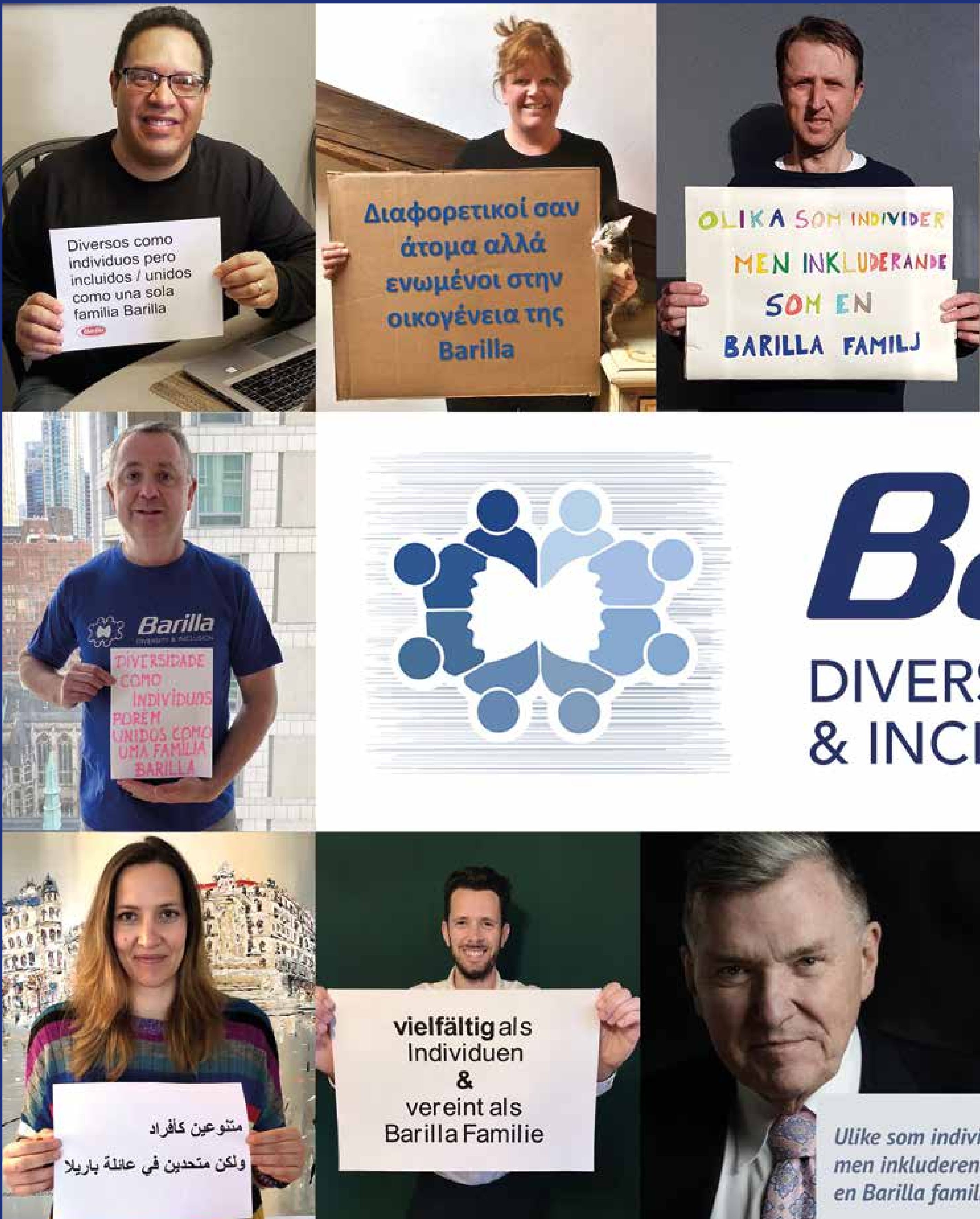
Together with all of the activities aimed at managing business continuity and personnel development, the Human Resources Area continued the company transformation process as accelerating the development of new skills had become more urgent. For this reason, it has been decided to open the new “Digital Hub” center in London, a city known for its talent pool and being a market where digital business is already highly developed. 2020 saw the birth of a multifunctional team that worked on the organization, operating model and setting up the new office. The center will have the dual purpose of developing advanced digital skills and of spreading these skills throughout the Group, through country-specific rotation programs.
The transformation also affected the plants in relation to the acceleration of the improvement and expansion of some key factories, as well as the integration of a new *Pasta* factory in Muggia (Italy). Highly automated installations and equipment required not only financial investment, but also the implementation and performance of different ways of working and new skills.
In the area of Diversity & Inclusion, the Barilla Group continues to stand out for its commitment to promoting diversity, equity and inclusion of employees, partners and the communities in which it operates. We strongly believe that promoting diversity and inclusion does not only mean doing the right thing but also supporting our growth strategy. A diverse workforce and an inclusive culture increase engagement and encourage deeper understanding of our society, thus leading to stronger decision-making.
In the Diversity & Inclusion program, the decision to increase the number of female leaders played a fundamental role for the company. From 2013 to 2020, women who report directly to the CEO increased from 8% to 28% in the Group. Furthermore, the presence of women, even in positions that directly report to the Global Leadership Team, increased from 23% to 36% in the period from 2014 to 2020. In those positions directly reporting to senior leaders the presence of women increased from 40% to 47%, and in leadership positions at global level it went from 33% to 38%.
Barilla was also one of the first companies in Italy to set itself several inclusion objectives, such as the formalization of flexible work in all its offices, and it was also the first Italian company to adhere to the UN standards of conduct against LGBTI discrimination at work. To this effect, Barilla stands out as a model company for the inclusion of its LGBTQ+ employees and of all the under-represented groups.
In the face of the pandemic experience in 2020, discrimination and barriers towards diversity and inclusion represented a real challenge and required strengthening an inclusive work culture, with focuses on the employees’ value and talent.
In order to encourage a common culture of parenting, the Winparenting project, founded in 2017, maintained its objectives in 2020 and, in this moment of digital connection, the site dedicated to future parents and their managers offered guidelines and advice on managing change in a simple and easy manner. Furthermore, the counselling process for parents did not stop at the end of parental leave, but continued thanks to the remote working. Through this project Barilla Group firmly believes that becoming and being parents, such as all the prolonged caring experiences, if trained, can strengthen many soft skills that are useful in the professional field: empathy, listening, creativity, management of complexity and priorities and many others.
The Barilla Employee Resource Groups (ERGs), interest groups for Barilla employees with more than 1,200 members worldwide, remained a fundamental component in the diversity and inclusion strategy. The fifteenth ERG, Junt@s, based in Spain, was set up in 2020 to make diversity a cooperative strength for the evolution of business and of our communities.
During the pandemic, the ERGs played a key role carrying out the important job of promoting business culture and in building trust. Encouraging those groups to continue their regular meetings, activities and recruiting efforts was crucial, even while most of the workers were working remotely. The Groups collected the affiliates’ needs and difficulties in order to communicate them to top management and study effective solutions.
Last but not least, the awareness-raising and the sharing of tools useful for making the language used in the company more inclusive were significant to helping to build innovative ways to create connections or promote a productive dialogue. Talking about communication, language and inclusive behavior was an opportunity for growth for all people. David Mixner, a well-known civil rights activist and long-time consultant of the D&I Board of Barilla Group, Igor Šuran of Parks - ***Liberi e Uguali***, partner of the Group, Lisa Kepinski, external member of the D&I Board and her collaborator Tinna Nielsen, together with several other professional figures in the sector, were involved in this process.

Research and development activities

Our commitment: the complex social and health crisis caused by the Covid-19 emergency brought back to the forefront of public interest the need to ensure global development that promotes virtuous systems for human health and for the environment. Among the several Sustainable Development goals that the international community set, many are linked to food models, with specific reference to the agro-food system.
In order to make a concrete contribution to these global challenges, in 2020 Barilla Group continued its commitment embodied in the "Good for You, Good for the Planet" mission to offer consumers tastier, nutritionally balanced products procured from responsible supply chains. Thanks to this commitment, in 2020 the Group invested euro 40 million in Research and Development activities in order to offer increasingly more products with a lower sugars, salt and saturated fats content and with a rich fiber content, achieving a total of 476 nutritionally reformulated products from 2009 to date.

Less sugars: in 2020 the activities to reduce added sugars focused on offering increasingly more products with no added sugar or with a reduced content of sugar, both in the new products launched on the market (single-portion biscuits, soft breads, Gran Bauletto Integrale, Salsa Ciliegini and sweet bread) with -30% less sugars than the average for this product category, and in the iconic products already on the market, where added sugars were completely eliminated in soft bread recipes and in 5 red sauces, without modifying the taste already enjoyed by our consumers.

Less salt and improved lipid profile: the actions aimed at reducing the amount of salt and saturated fats, introduced into the body through our products, were also of great significance. Among the new products and reinterpretations of existing products, ten references benefited from this trend. In order to help consumers increasingly reduce the amount of salt and saturated fats in their diet, salt in one of the tomato sauces (Sugo Olive) and saturated fats in 3 existing brioche bread recipes were reduced in 2020. The new single-portion biscuits and the new snacks launched on the market have at least 30% less fat than the average for this product category.



In these difficult times marked by the Covid-19 pandemic, the members of the Barilla D&I Board share a message of solidarity for their colleagues around the world.

April 2020


个人形式各异多样，
但团结为一个百味来家族
DIVERSI COME INDIVIDUI
MA UNITI COME
UN'UNICA FAMIGLIA BARILLA
Her birimiz
farklıyız ama hep
birlikte bir Barilla
ailesiyiz!
arilla
SITY
LUSION BOARD
Diverse as
individuals but
included as one
Barilla family
DIVERS EN TANT
QU'INDIVIDUS MAIS
UNIS COMME UNE SEULE
FAMILLE Barilla
МЫ ВСЕ РАЗНЫЕ, НО
МЫ ОДНА СЕМЬЯ
BARILLA

More fiber: to improve the nutritional profile of our products, a third area of intervention was the introduction and review of numerous products in order to increase their fiber content, in compliance with international dietary recommendations. This took place in the pasta sector (new formats of wholemeal pasta, gluten-free pasta, pasta with legumes), and in the bakery sector (soft breads, snacks, savory snacks, biscuits, rusks, brioche bread).

Increase in the variety of the offer: last but not least, the activity to enrich our product offer with products featuring a wider variety of ingredients, including DOP '*Denominazione di Origine Protetta*', and with new organic products, in addition to the launch of single-portion products that help consumption of correct portion sizes and calorific content, was highly innovative. This initiative included among others a new pasta format made with 100% legume flour (Chickpea Spaghetti) and Cioccofrolle biscuits.

Scientific studies: within the context of scientific research, we continue to focus particular attention on independent studies conducted in Europe, the United States and Asia, aimed at investigating the effect of consuming low glycemic index foods and of diets rich in rye on certain metabolic parameters, such as the glycemic response, the cardiovascular risk factors and body weight.

Sustainable management of the supply chain and relations with the territory

In line with the mission "Good for you, Good for the planet", the Group has long been committed to purchasing raw materials and packaging materials by reducing environmental impact and by contributing to the well-being of the territories in which it operates.
Barilla products are produced from the collaboration with over 1,200 suppliers all over the world, with more than 800 types of raw materials and 50 types of packaging materials.
In order to make the approach to the various supply chains of raw materials and packaging materials consistent, Barilla has for many years adhered to a Sustainable Agriculture Code (SAC), a Position on Animal Welfare and to Principles for Sustainable Packaging. They are based on principles that determine the foundations for the responsible management of supply chains.
2020 was a key year as it closed a decade of innovation and investment in sustainable supply chains but, above all, because the results achieved during the pandemic demonstrated that sustainable supply chains are also very resilient. As confirmation of this, the total of strategic materials purchased in line with the aforementioned Codes and Principles rose from 58% to 67% and, more specifically, the purchase of strategic packaging materials in accordance with the Principles increased to 99.8% and the purchase of raw materials to 62% of total volumes.
The innovation that, more than any other, confirms the growth and resilience of the supply chain is the major project "*Nata sotto il Cielo d'Italia*". From 2020, the pasta sold on the Italian market is produced only with Italian wheat in line with the Durum Wheat Manifesto. This was made possible due to continued improvement of the quality of Italian wheat obtained thanks to the supply chain sustainability projects. In Italy, as in Greece, an increasingly significant portion of farmers was involved in the application of the "Decalogue for the Sustainable Cultivation of Durum Wheat" and of the "Granoduro.net®" Decision Support System, aimed at making the cultivation stage more sustainable.
As far as the integrated durum wheat supply chain is concerned, the cultivation agreements with the supply chain partners covered 65% of the total volume purchased in Italy. The number of farmers applying the aforementioned systems increased, involving almost 5,400 farms for a production of 390,000 tons, an increase of 12% compared to 2019.
As a demonstration of the commitment to the territory, in 2020 slightly under 90% of the durum wheat used for the various Barilla Group brands was grown locally, in the same location in which the pasta was produced.
The two major projects for the development of more sustainable supply chains for soft wheat flour also provided positive results. "*La Carta del Mulino*", for the soft wheat flours used in the Mulino Bianco brand products, now covers 77% of purchases and the "*Charte* Harrys", for the soft wheat flours used in the Harrys brand products, covers 81%. The two charters are available on the related websites together with all of the details of projects featuring an improvement in agronomic practices in collaboration with millers, stockers and farmers with the support of important external collaborations such as the one with WWF for the Mulino Bianco supply chain.
Further demonstration of the supply chain projects' resilience includes the fact that in 2020 the entire basil supply chain was certified in compliance with an ISCC+ sustainability framework.
The worldwide ban of the use of cages in the rearing of laying hens continued: Barilla has been a "cage-free" company for the egg supply chain since 2019.
The "a dream called cocoa" program to finance sustainability projects in the Ivory Coast, launched in 2017 by the Pan di Stelle brand for all of its products, was extended to all of the Group's brands, covering 100% of its volumes at the end of 2020. In many other supply chains the 100% target has now been reached or is close to being reached, for example 100% of fresh milk purchased in Italy is certified CReNBA (National Reference Centre for Animal Welfare), 100% of beet sugar, as well as 100% of the tomatoes are sourced from supply chains aligned with the SAC.
Thanks to the constant commitment and improvement of supply chains of animal origin, Barilla earned a position in the Benchmark on animal welfare (BBFAW) reaching level 2 of 6, that is to say an assessment of animal welfare fully integrated into the Business Strategy.
99.8% of strategic packaging materials, namely paper and cardboard, plastic materials, glass and capsules, are now recyclable and more than 99% of the packaging includes disposal instructions for the end user. The entire paper supply chain is certified in compliance with the most advanced standards, such as FSC and PEFC. In this case, the target was moved to the first quarter of 2021 in order to avoid the presence of additional personnel during testing at Barilla Group plants throughout the most difficult months of the pandemic.
The completed application of the Principles over the course of 2020 opens up new challenges for Barilla, the aim being to use only packaging materials from renewable sources and/or recycled materials. The commitment is demonstrated by adhesion to the "Global Commitment to eradicate plastic pollution at the source" promoted by the Ellen MacArthur Foundation in collaboration with the United Nations.

Relations with consumers

Barilla is increasingly committed to achieving the two main objectives it has set itself in its relationship with end consumers:

i) Managing their requests for information or complaints in a careful, prompt and competent manner;

ii) Taking the interaction opportunity to strengthen their trust in the Brand, increase satisfaction, loyalty and positive word of mouth.

In order to achieve this, among the varied aspects, increased focus is on new listening tools available to the company (in addition to existing channels), including interactive chats that reduce access times in receiving responses.

Continuous collaboration with all global markets, both the most mature and the developing ones, is fundamental, aiming to be increasingly more present and effective in the relationship with consumers, obviously taking into careful consideration cultural differences and the different approaches required.

Risk management

Risk management represents a central part of corporate governance. In addition to hedging risks, by means of appropriate and adequate insurance measures relating to ordinary company operations, significant organizational investments were assigned to the new types of risk.

Risks were mapped completely in the various segments of management. In addition to the processes mentioned, for which, as previously indicated, specific committees for constant monitoring were set up, significant attention was paid to digitalization processes. Both those concerning the new computerized company procedures and the new production platforms, also as a result of the new production restructuring plan.

Moreover, the managers in charge, together with the Board of Statutory Auditors, pay great attention to the observations made by the company in charge of the statutory audit, as summarized in the Management Letter.

With regard to investment choices, a fundamental lever of corporate development within the decision-making competence of the Board of Directors, all proposals for new projects requiring approval, are sent to the Board Members well in advance and are supported by wide technical and financial documentation, with the presentation of several alternative scenarios related to possible results by using calculation methods and reference parameters in compliance with best practice.

The Enterprise Risk Management model aims to bring the main risks associated with the strategic path of the company's transformation process to the attention of the governing bodies, fostering adoption of structured actions, supporting business decision-making processes, facilitating the vision of critical elements and stimulating actions and intervention aimed at reducing these criticalities and the resulting impacts on business.

The Enterprise Risk Management project, promoted by the Group's Process Unit Finance & Administration and managed by the ERM Function, benefited from the active involvement of the Group Leadership Team, as well as the one of the Board of Directors and of the Board of Statutory Auditors on the most significant risks, favoring the start of internal discussions on the main risks that could become critical in the medium and long-term. In this regard, careful attention was paid to the risks associated with climate change by considering the global context from Barilla's point of view and by assessing the possible impacts on business strategies.

Barilla worked across all corporate areas on the uniformity of analysis and information in order to facilitate risk prioritization and the coordinated definition of action plans. Within this context, implementation of risk assessments involved all the Organizational Units, and cooperation with the 7 "risk matter experts of the Group" (Treasury, Fiscal, Health, Safety and Environment, Compliance, Quality, Food Safety & Techregulatory, Scientific Relations & Sustainability, Digital & Business Technology) produced a 360-degree mapping of the main risks to which the company is exposed, by measuring and classifying them with metrics shared and implemented by all areas.

The close cooperation with the Internal Audit function enabled constant monitoring of the mitigation actions for risks mapped in order to assess their effectiveness and adequacy.

With regard to risks relating to Information Technology, the Group has a disaster recovery service for most application environments, with stringent availability requirements relating to those that are most critical for business continuity purposes and subject to annual tests. The network architecture enables an additional level of redundancy for access to systems from remote offices.

Cyber Security projects and investments continue, as they represent a constant priority for the Group. In order to maintain a consistently adequate level of protection, events monitoring measures and technological defense measures were intensified. The company network is equipped with an anti-intrusion system and with a sophisticated infrastructure that only allows connection to those devices automatically recognized as authorized.

Intensive Cyber Threat Intelligence operations takes place, to intercept proactively potential cyber threats to the Group's assets, considering the particularly critical scenario that has recently affected large Italian companies.

During the year, the ISO 27001 certification was reconfirmed for organizational, regulatory and technical measures in order to protect and control information assets related to ICT services managed by the head office but used by the entire Group. The Group pursues a "continuous improvement" approach by adopting initiatives that are consistent with the risk treatment plan shared with management, which has recently suggested undertaking a structured path to include the "security by design" approach within the scope of action for industrial automation systems.

Significant events after the year-end

The beginning of 2021 continued to be affected by the fight against the Covid-19 emergency, the Group has also continued to pursue the health protection objectives for all its personnel and to guarantee safe production continuity. For 2021 the Group has approved an ambitious development plan, by strengthening the commitment to integrate new acquisitions, intensification of the execution of prior approved new investments, expansion of the product portfolio, the aim being to achieve increasingly higher quality in a full sustainability framework. The acquisition in Canada of the Catelli company, making the Barilla Group leader in the Canadian pasta market and the acquisition of an innovative start-up in London for the production of fresh pasta for home delivery, were finalized in January.

The new Pasta Barilla 100% Grano Italiano, made from 100% Italian wheat, is the result of a 30-year process aimed at enhancing the Italian durum wheat supply chain.

May 2020


Barilla
Pesto
GENOVESE SENZA AGLIO
CON BASILICO E
PARMIGIANO REGGIANO

Management outlook

Though the vaccination process started, albeit with less intensity than forecasts due to a shortage in the supply of vaccines, the spread of the virus does not show any signs of slowing down; conversely, the diffusion of several variants has aroused several concerns.
The budget planned for the Group is aimed at reconfirming the very positive results achieved in 2020. The Group has forecasted another positive net financial position at the end of 2021, after the payment of the above-mentioned acquisitions. Signals that inflation is on the rise have led to growing concern in some industrial sectors. The Group will pay particular attention to this development.

Other significant operating events

There are no other significant events other than those previously mentioned.

Information regarding inter-group relations and relations with related parties

Transactions with Group companies and related parties fall within the ordinary course of business of the Group companies and took place under the conditions agreed between the parties, on an arm's length basis and in compliance with the Transfer Pricing policies defined by the Group; hence, they cannot be qualified as atypical or unusual transactions.
Please refer to paragraph 8 of the Illustrative Notes to the Consolidated Financial Statements where the nature of the main relations with the aforementioned parties is outlined and the detailed disclosures required by IAS 24 are reported.

Consolidated financial statements for the year ended 31 December 2020

Statement of financial position

(euro thousands)

Assets	Note	2020	2019
Current assets			
Cash and cash equivalents	6.1	510,700	457,710
Trade receivables	6.2	391,119	436,738
Tax credits	6.3	33,515	40,498
Other assets	6.4	139,826	123,144
Inventories	6.5	354,119	318,941
Other asset at Fair Value	6.6	253,931	263,209
Derivative financial instruments	6.20	14,860	1,178
Total current assets		**1,698,070**	**1,641,418**
Non-current assets			
Property, plant and equipment	6.7	1,217,165	1,134,955
Right of use tangible fixed assets	6.8	31,897	37,401
Goodwill	6.9	481,346	455,562
Other intangible assets	6.10	43,786	36,802
Trade and other receivables	6.11	3,150	2,586
Deferred income tax assets	6.12	256,184	37,813
Equity instruments	6.13	1,206	11,853
Derivative financial instruments	6.20	47,415	74,853
Total non-current assets		**2,082,149**	**1,791,825**
Total assets		**3,780,219**	**3,433,243**

(euro thousands)

Liabilities and equity	Note	2020	2019
Current liabilities			
Trade payables	6.14	801,986	779,328
Borrowings	6.15	101,163	71,243
Derivative financial instruments	6.20	1,203	2,447
Retirement benefit obligations	6.16	12,870	12,019
Current income tax liabilities	6.17	66,556	12,768
Other liabilities	6.18	220,530	187,683
Provisions for other liabilities and charges	6.19	56,971	47,369
Total current liabilities		**1,261,279**	**1,112,857**
Non-current liabilities			
Borrowings	6.15	585,426	660,647
Derivative financial instruments	6.20	524	-
Retirement benefit obligations	6.16	145,197	146,772
Deferred income tax liabilities	6.12	3,279	1,872
Other payables	6.21	19,139	4,229
Provisions for other liabilities and charges	6.19	42,135	40,100
Total non-current liabilities		**795,700**	**853,620**
Equity	6.22		
Share capital		112,720	112,720
Reserves:			
- Currency translation reserve		(9,518)	35,110
- Other reserves		997,083	862,724
Profit/(loss) for the year		351,066	226,656
Capital and reserves attributable to group equity holders		**1,451,351**	**1,237,210**
Non-controlling interests		206,994	187,487
Profit/(loss) attributable to non-controlling interests		64,895	42,069
Total non-controlling interests	6.23	**271,889**	**229,556**
Total equity		**1,723,240**	**1,466,766**
Total liabilities and equity		**3,780,219**	**3,433,243**

#athomewithbarilla: a social media campaign implemented in Asia, Africa and Australia during the COVID-19 pandemic. A live-cooking session to show our solidarity to consumers by bringing a touch of Italy into their homes.

May 2020

Consolidated income statement

(euro thousands)

	Note	2020	2019
Revenue	6.24	3,890,398	3,626,512
Cost of sales	6.25	(2,362,027)	(2,182,302)
Gross Profit		**1,528,371**	**1,444,210**
Logistic Costs	6.25	(356,811)	(333,477)
Selling Costs	6.25	(152,649)	(153,178)
Marketing Costs	6.25	(374,933)	(392,796)
Research and Development Costs	6.25	(39,235)	(38,883)
General & Administrative expenses	6.25	(208,556)	(189,415)
Other income and (expenses)	6.26	(23,408)	(10,338)
Operating Profit		**372,779**	**326,123**
Finance income and (costs)	6.27	(8,061)	3,213
Profit before income tax		**364,718**	**329,336**
Income tax expenses	6.28	51,243	(60,611)
Profit for the year from continuing operations		**415,961**	**268,725**
Profit /(Loss) attributable to non controlling interests		**64,895**	**42,069**
Profit /(Loss) attributable to Group equity holder		**351,066**	**226,656**

Statement of comprehensive income

(euro thousands)

	Note	2020	2019
Profit/(loss) for the year	**(a)**	**415,961**	**268,725**
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on future employee benefits	6.16	(2,346)	(13,590)
Fiscal effect	6.12	762	4,088
Total items that will not be reclassified to profit or loss	**(b)**	**(1,584)**	**(9,502)**
Items that may be subsequently reclassified to profit or loss:			
Hedging reserve	6.20	(2,519)	(4,069)
Fiscal effect	6.12	565	238
Currency translation adjustment		(54,755)	14,189
Total items that may be subsequently reclassified to profit or loss	**(c)**	**(56,709)**	**10,358**
Other comprehensive income for the year	**(b+c)**	**(58,293)**	**856**
Total comprehensive income/(loss) for the year	**(a+b+c)**	**357,668**	**269,581**
Total profit/(loss) for the year attributable to:			
- Non-controlling interest		**64,895**	**42,069**
- Group equity holders		**351,066**	**226,656**
Total		**415,961**	**268,725**
Total comprehensive income/(loss) attributable to:			
- Non-controlling interest		**54,225**	**42,783**
- Group equity holders		**303,443**	**226,798**
Total		**357,668**	**269,581**

Statement of changes in equity

(euro thousands)

	Share capital	Currency translation reserve	Actuarial gains (losses) reserve	Hedging reserve	Deferred taxes reserve	Retained earnings	Profit	**Total Group equity**	**Non controlling interests**	**Total equity**
Balance at 31 December 2019	**112,720**	**35,110**	**(49,022)**	**5,093**	**11,294**	**895,359**	**226,656**	**1,237,210**	**229,556**	**1,466,766**
Destination of the profit	-	-	-	-	-	226,656	(226,656)	**-**	-	**-**
Dividends and reserves distribution	-	-	-	-	-	(50,500)	-	**(50,500)**	(10,848)	**(61,348)**
Barilla Holding S.r.l. demerger to Numero 5 S.r.l.	-	-	-	-	-	(32,882)	-	**(32,882)**	-	**(32,882)**
Minority Put option	-	-	-	-	-	(5,920)	-	**(5,920)**	(1,044)	**(6,964)**
Comprehensive income:										
- Profit	-	-	-	-	-	-	351,066	351,066	64,895	**415,961**
- Other comprehensive income	-	(44,628)	(1,982)	(2,141)	1,128	-	-	(47,623)	(10,670)	**(58,293)**
Total comprehensive income	**-**	**(44,628)**	**(1,982)**	**(2,141)**	**1,128**	**-**	**351,066**	**303,443**	**54,225**	**357,668**
Balance at 31 December 2020	**112,720**	**(9,518)**	**(51,004)**	**2,952**	**12,422**	**1,032,713**	**351,066**	**1,451,351**	**271,889**	**1,723,240**

	Share capital	Currency translation reserve	Actuarial gains (losses) reserve	Hedging reserve	Deferred taxes reserve	Retained earnings	Profit	**Total Group equity**	**Non controlling interests**	**Total equity**
Balance at 31 December 2018	**112,720**	**23,517**	**(37,375)**	**8,550**	**7,641**	**722,288**	**213,071**	**1,050,412**	**194,760**	**1,245,172**
Destination of the profit	-	-	-	-	-	213,071	(213,071)	**-**	-	**-**
Dividends and reserves distribution	-	-	-	-	-	(40,000)	-	**(40,000)**	**(7,987)**	**(47,987)**
Comprehensive income:										
Profit	-	-	-	-	-	-	226,656	226,656	42,069	**268,725**
Other comprehensive income	-	11,593	(11,647)	(3,457)	3,653	-	-	142	714	**856**
Total comprehensive income	**-**	**11,593**	**(11,647)**	**(3,457)**	**3,653**	**-**	**226,656**	**226,798**	**42,783**	**269,581**
Balance at 31 December 2019	**112,720**	**35,110**	**(49,022)**	**5,093**	**11,294**	**895,359**	**226,656**	**1,237,210**	**229,556**	**1,466,766**

Statement of cash flow

(euro thousands)

	Note	2020	2019
Profit/(loss) before income tax		364,718	329,336
Financial (profits)/costs - net, excluding gains on disposals of equity investments		8,061	(3,271)
Amortization and depreciation		168,327	141,942
(Profit)/loss on disposal of property, plant and equipment, intangible assets		3,314	4,160
Change in fair value of equity investments		-	58
Change in trade receivables/payables		68,279	17,208
Change in inventories		(35,178)	(16,199)
Change in provisions (including employee provisions)		8,256	(11,812)
Changes in other assets and liabilities		(28,081)	18,893
Net change in derivatives on commodities		779	3,471
Income taxes paid		(68,359)	(75,581)
Foreign exchange gains/(losses), translation and other minor differences		(8,277)	6,750
Net cash generated from/(used in) operating activities	**(a)**	**481,839**	**414,955**
Purchases of property, plant and equipment		(155,988)	(157,061)
Purchases of software		(16,230)	(15,407)
Increase for Leasing (IFRS 16)		(9,488)	(3,054)
Proceeds from sale of property, plant and equipment, intangible assets		501	1,708
Purchases of other intangible assets		(2,612)	(2,415)
Business Combination Zara		(116,597)	-
Net cash generated from/(used in) investing activities	**(b)**	**(300,414)**	**(176,229)**
Net change in borrowings and financial investments		(11,889)	(79,884)
Dividends paid and reserve distribution		(10,848)	(7,987)
Dividends paid and reserve distribution third parties		(50,500)	(40,000)
Interest cashed/(paid)		(1,691)	359
Net cash generated from/(used in) financing activities	**(c)**	**(74,928)**	**(127,512)**
Net (decrease)/increase in cash and cash equivalents net of bank overdrafts	**(a+b+c)**	**106,497**	**111,214**
Cash and cash equivalents net of bank overdrafts at beginning of the year		416,321	302,489
Cash and cash equivalents net of bank overdrafts at end of the year		497,066	416,321
Exchange differences on cash and bank overdrafts		25,752	(2,618)
Net (decrease)/increase in cash and cash equivalents net of bank overdrafts		**106,497**	**111,214**
Bank balances		510,692	457,710
Bank overdrafts		(13,626)	(41,389)
Total cash and cash equivalents net of bank overdrafts		**497,066**	**416,321**

Mulino Bianco donates one million breakfasts to the Italian Red Cross, to be allocated nationwide to families that are struggling due to the Coronavirus emergency.

May 2020

Illustrative notes

1. Group structure and business

The Barilla Holding Group (hereinafter "the Group" or "Barilla"), with registered offices in Parma (Italy) is the parent company of Barilla Holding S.r.l. (hereinafter "Barilla Holding" or "Parent company") formerly known as CO.FI.BA. S.r.l., which changed its company name with effect from July 8, 2020. The Group operates in the manufacture and sale of pasta, sauces and bakery products, both in Italy and worldwide.
The entire share capital of Barilla Holding is 100% owned by Guido Maria Barilla e F.lli S.r.l. & C. S.a.p.A.
The parent company of Barilla Holding, Guido M. Barilla and F.lli S.r.l. & C. S.a.p.A. presents the Consolidated financial statements of the Group, along with the Statutory financial statements, Directors' and Auditors' Reports filed in the Registrar of Companies in Parma (Italy).

A list of the companies included in the scope of consolidation is provided in Appendix 1 and a list of investments in associated and other companies in Appendix 2.

2. Significant events after the year-end

The Covid-19 pandemic ongoing effects continued also in the beginning of the year 2021. The Group continues to pursue its objectives towards health protection for all its People and guarantee security in the continuity of production.

Always in order to deliver higher quality of its products and in a fully sustainable context, in 2021, the Group approved an ambitious development plan strengthening its commitment to integrate new acquisitions with an aim to produce higher quality products in a sustainable way, and boost the execution of new investments, in the view to expand its product portfolio. In January, Barilla acquired the company Catelli in Canada, which will lead the brand to be a market leader in the Canadian pasta market. It also acquired an innovative start-up in London, which produces fresh pasta and offers home delivery service.

3. Declaration of compliance with International Financial Reporting Standards (IFRS)

The Group's Consolidated financial statements have been prepared in accordance with all the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU). IFRS comprise all of the International Financial Reporting Standards, International Accounting Standards (IAS) and the interpretations issued by the IFRS Interpretations Committee (IFRSIC), previously named the Standards Interpretations Committee (SIC).

4. Basis of preparation - Accounting and valuation policies

The Group, subsequent to the restructuring that took place during the year and as described in the management report, has decided to prepare its first Consolidated Financial Statements (hereinafter the 'Financial Statements') as of 31 December 2020 in accordance with the international accounting standards IAS/IFRS in force at 31 December 2020, pursuant to regulation no. 1606 issued by the European Parliament and the European Council in July 2002. In the previous year, Barilla Holding S.r.l. (formerly CO.FI.BA. S.r.l.) had availed the reasons for exemption from the preparation of Consolidated Financial Statements as it was presented by its parent company Guido M. Barilla e F.lli S.r.l. & C. S.a.p.A.
The Barilla Holding Group is part of the Guido M. Barilla e F.lli Group which prepares consolidated financial statements, in accordance with the international accounting standards IAS/IFRS, from an earlier date respect to Barilla Holding Group. The Group utilized the option to prepare its first IAS/IFRS Consolidated Financial Statements in accordance with the standard IFRS 1- First-time Adoption of International Financial Reporting Standards. The values previously included in the consolidated financial statements of the parent company Guido M. Barilla e F.lli is excluded of any effects related to the procedures of its consolidation. Therefore, the comparative data relating to the financial year 2019 corresponds to the data presented by the Parent Company for the preparation of its consolidated financial statements in the previous year.

IFRS has been adopted in Italy and in other countries. A significant number of IFRS standards have recently been published or revised for which no established practice relating to their interpretation and application exists. Consequently, the Financial Statements have been prepared based on the most recent information and technical guidance available in respect of IFRS. Any new or revised interpretation or practice will be reflected in future financial statements in accordance with the relevant accounting standards.
The Financial Statements for the year ended 31 December 2020 have been compared with the prior year financial statements (amounts included in brackets in the Notes to the financial statements), and include the statement of financial position, consolidated income statement, statement of comprehensive income, statement of changes in equity, statement of cash flow and the illustrative notes to the consolidated financial statements. Where necessary, certain comparative data from prior year, as well as the relative disclosures, have been consistently reclassified. Amounts are expressed in thousands of euro, the functional currency of the Group, since euro being the currency of the economy where the parent and the major companies of the Group operate.

The Group has chosen to present the income statement using the classification of expenses by function while the statement of financial position has been prepared with separate disclosure of current and non-current assets and liabilities.

The Group has opted for an income statement where in the Cost of sales includes all production costs of goods sold, comprising raw materials, components, direct and indirect production labour costs related to both internal and third party, industrial depreciation and amortization and all other production expenses.
The cash flow statement has been presented applying the indirect method.

The Group, in accordance with article 1, clauses 125-129, of the Italian Law n. 124/2017, relating the monitoring of public disbursement and subsequently complemented with the "Safety" Legislative Decree (n. 113/2019) and "Simplification" Legislative Decree (n. 135/2019), during 2020 received a disbursement equal to euro 1,214. A list of disbursements is provided in Appendix 4.

Accounting standards, amendments and interpretations effective from 2020

The following accounting standards, interpretations and amendments approved by the European Commission came into force starting from the financial year 2020:

IFRS 3 - 'Business Combination'

The amendment to the definition of Business combination helps entities to determine whether a transaction on purchase of an asset should be accounted for as a business combination or as an asset acquisition. The definition of Business combination clarifies the minimum requirements for a business combination by adding guidelines to help entities assess whether an acquisition process is substantial, and explicitly defining an activity and results by introducing an optional fair value concentration test.
The standard clarifies that a business consists of production factors ('input') and processes ('process') applied to those factors that are able to contribute to the creation of production ('output')'. It also specifies that an integrated set of activities and assets is identifiable as a business if it includes at least one substantial input and process that together significantly contribute to the ability to create outputs.
The optional concentration test introduced by the standard aims to understand whether the purchase can be considered as a business combination, the test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.
IFRS 3 outlines the accounting of a business combination by applying the acquisition method. This method states that on the date of acquisition of control of the business, in the financial statements of the acquiring company all the assets and liabilities representative of the business are recognised at their respective fair values. The net of any share of the business that is not subject to acquisition because it is held by third parties, is always valued at its fair value. Any excess of acquired assets and liabilities over the consideration paid to the seller of the business could give rise to Profit or loss. If it is a positive value, it is recognised as goodwill (not subject to amortization but to an impairment test at least once a year) in the assets of the buyer, on the contrary, if negative, it is recognised in the income statement of the acquirer for profit on purchase of business at residual value (favorable prices).
The buyer has 12 months from the date of acquisition of the business combination to finalize the accounting of the transaction. In addition, all costs relating to the transaction must be recognized in the income statement of the year in which they are incurred.
The application of the new IFRS 3 Business combination standard and its impacts for the year 2020, is provided in Appendix 5 'Change in the scope of consolidation'.

Amendments to IFRS 9, IAS 39 and IFRS 7 - 'Interest Rate Benchmark Reform'

The update of the amendments to IFRS 9, IAS 39 and IFRS 7 which came into force during the year, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

Amendments to IFRS 16 Leases Covid-19 - relating to the rent concessions (Issued May, 28th 2020 and started from 1st June).

Changes to IAS 1 and IAS 8 - 'Materiality Definition'

The amendments clarify the Definition of Materiality, in particular by emphasizing that information is material if omitting, misstating or obscuring it, could reasonably be expected to influence the decisions that the primary users make on the basis of that financial statement, which provide financial information about a specific reporting entity.

Amendment to the IFRS 'Conceptual framework'

Accounting standards, amendments and interpretations effective from 1 January 2021

The following accounting standards, amendments and interpretations approved by the European Commission will come into force starting from January 1, 2021:

- Changes to amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform;
- Changes to amendments to IFRS 4 - Insurance Contracts - reference to IFRS 9.

Accounting standards, amendments and interpretations not yet approved by the European Union on 31 December 2020

The following accounting standards, amendments and interpretations have been issued by the IASB but have not yet been implemented by the EU:

- Reference to the Conceptual Framework- Amendemets IFRS 3 (mandatory application starting from January 1, 2022);
- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16 (mandatory application starting from January 1, 2022);
- Changes in IFRS - Annual improvements 2018-2020 cycle. Amendments to existing IFRS standards to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights;
- IFRS 17 - Insurance contracts (mandatory application starting from January 1, 2023);
- Amendments to IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract (mandatory application starting from January 1, 2022);
- Amendments to IAS 1 - Classification of current and non-current liabilities (mandatory application starting from January 1, 2023);
- Amendments to IAS 1 - Disclosure of Accouting Policies (mandatory application starting from January 1, 2023);
- Amendments to IAS 8 - Definition of Accounting Estimates (mandatory application starting from January 1, 2023);
- Proposed amendment to IFRS 16 Leases, relating to the concessions of discounts due to Covid-19.

The Group is still evaluating the impact of application of the new standards listed above.

Accounting and valuation policies

Basis of preparation

The Financial Statements are presented in euro and all amounts are stated in thousands of euro (unless otherwise stated).
The Financial Statements have been prepared under the historical cost convention, as modified for impairment losses where applicable, except for the financial instruments measured at fair value and the effect of business aggregations, with recognition of assets and liabilities subject to aggregation at fair value.
The accounting policies are uniformly adopted by all Group companies.
The purchase or sale of financial assets are recognized or derecognized using settlement date accounting.

Estimates and assumptions

The preparation of the Financial Statements requires the management to adopt estimates based on subjective assumptions derived from historical experience that are considered reasonable and realistic in relation to the specific circumstances. Such estimates affect the reported amounts of assets and liabilities, revenues and costs and the disclosures relating to contingent assets and liabilities at the balance sheet date.
Estimates and assumptions principally relate to the evaluation of the recoverable amount of intangible assets, definition of the useful lives of property, plant and equipment, the recoverability of trade and other receivables and the recognition and measurement of provisions for other liabilities and charges.
Estimates and assumptions are based on the best knowledge available at the date of preparation of the financial statements.

Critical accounting policies

A summary of the accounting policies that require management to exercise more critical judgment in forming estimates, and for which a change in the underlying conditions of the assumptions used could have a significant impact on the Financial Statements, is set out below:

a. Goodwill

The value of goodwill is tested for impairment on an annual basis in order to identify any potential impairment losses (impairment test). This assessment requires goodwill to be allocated to cash generating units (CGU) and determination of the recoverable amount, representing the higher of fair value and value in use.
Where the recoverable amount of the cash generating units is lower than the carrying amount, including allocated goodwill, an impairment loss is recognized. Allocation of goodwill to the CGUs and determination of their value in use require estimates to be made that are based on subjective assumptions and factors that may change over time with potentially significant effects on the valuations carried out by management.

b. Depreciation

The cost of property, plant and equipment is depreciated systematically over the estimated useful lives of the related assets. The useful life of Group assets is determined by management at the acquisition date; this is based on historical experience for similar assets, market conditions and information regarding future events that could affect the useful life, for example changes in technology. As a result, the effective economic life of an asset may differ from the estimated useful life. The Group reviews changes in technology and business factors on a regular basis in order to update the residual useful lives. This update may result in a change in the depreciation period and an adjustment to the depreciation charge for future periods.

c. Impairment of fixed assets

The carrying amount of fixed assets is tested for impairment to identify any impairment losses, when there is any indication that the carrying value cannot be recovered through future use or sale.
The identification of any such impairment indicators requires management to carry out subjective valuations based on both internally and externally available information, and subjective assumptions based on historical experience. Moreover, where there is an indication of a potential impairment, this should be determined applying suitable valuation techniques. The proper identification of impairment indicators and the estimates used to determine the recoverable amounts depend on subjective assumptions and factors which may vary over time, affecting management valuations and estimates.

d. Deferred income tax assets

Accounting for deferred income tax assets is based on expectations relating to the generation of future taxable income, and the evaluation of technical and institutional factors relating to the fiscal regime to which the taxes relate (for example: time limits for the recovery of tax losses). The estimate of future taxable income for the purpose of recording deferred tax assets depends on factors and assumptions that may vary over time and could have a significant impact on the valuation of deferred tax assets.
Where applicable, deferred tax assets are netted with deferred tax liabilities.

e. Provisions for other liabilities and charges

Provisions are made to cover the potential liability relating to legal and tax risks. The measurement of the provisions recognized in the financial statements in relation to these risks, represents management's best estimate at the balance sheet date. This estimate requires assumptions to be made that depend on factors that may change over time and could therefore have a significant effect on the current estimates made by management in the preparation of the financial statements.

f. Determination of the fair value of financial instruments
The fair value of financial instruments is based on market quotations or, where unavailable, applying suitable valuation techniques with up-to-date financial variables used by market investors and, where possible, taking into account the prices of recent transactions on similar financial instruments.

The fair value hierarchy introduces three levels of input:
- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: prices calculated using observable market inputs;
- Level 3: prices calculated using inputs that are not based on observable market data.

The fair value of financial instruments of level 2 is determined by using standard valuation techniques. Barilla has developed a model based on market practices, which are commonly based on similar financial instruments indicators, cash flow analysis and pricing models based on observable market data. In the determination of the valuation, the Group maximizes the use of market data compared to internal specific estimates.

Principles of consolidation
The Financial Statements comprise the financial statements of the parent company Barilla Holding and the subsidiaries in which Barilla Holding holds, either directly or indirectly, a controlling interest.
Subsidiaries represent those companies over which Barilla Holding exercises the control, i.e. it has the power, either directly or indirectly, over the investee or it is exposed to variable returns from its involvement with the subsidiary, or it has the rights to variable returns based on the ability to affect those returns through its power over the investee's significant activities.
The financial statements of the subsidiaries are consolidated on a line-by-line basis from the date on which the parent gains effective control up to the date on which such control ceases. All the transactions between the Group's legal entities are eliminated.
The reporting date of all Group companies is 31 December.

Non-controlling interests
Non-controlling interests are measured at their proportionate share of the net assets from the date of the acquisition.

Foreign currency transactions
All transactions are measured using the currency of the primary economic environment in which each Group company operates (the functional currency). Transactions denominated in currencies different from the functional currency of the Group companies are translated at the exchange rate prevailing on the transaction date. Monetary assets and liabilities are translated using year-end exchange rates and exchange differences are recognized in the consolidated income statement as financial items. Non-monetary assets and liabilities, which are measured at historical cost and denominated in foreign currency, are converted at the exchange rate prevailing on the transaction date.

Translation of financial statements denominated in foreign currencies
The financial statements of subsidiaries denominated in non-euro functional currencies, are translated as follows:
- assets and liabilities are translated at the year-end rate;
- revenue and expenses are translated at average exchange rates for the period;
- all resulting translation differences are reported in the statement of comprehensive income.

On disposal of those entities that gave rise to exchange differences, the cumulative amount of exchange differences deferred in a separate component of the statement of comprehensive income are recognized in the income statement.
The exchange rates used are presented in the Appendix 3.

Intangible assets
Intangible assets with a finite useful life are valued at cost, net of amortization and impairment losses, while those with an indefinite useful life, comprising exclusively goodwill, are reviewed annually for impairment. Cost does not include capitalized borrowing costs. Amortization commences when the asset is available for use.

Goodwill
The positive difference between the purchase price and the Group's share of the fair value of assets, liabilities and contingent liabilities acquired as part of a business combination, is recorded as goodwill and is classified as an intangible asset with an indefinite useful life, if recoverable with future cash flows.
Goodwill is not amortized but is subjected to an annual impairment test. For the purpose of this assessment, goodwill can be allocated to groups of cash generating units (CGU). Goodwill impairment losses may not be reversed under any circumstances.

Trademarks and licenses
Trademarks and licenses are valued at cost less amortization and accumulated impairment losses. Trademarks are amortized over their useful lives while licenses are amortized over the lower of the contract duration and their useful lives.

Software
The cost of software licenses, including other incremental costs, is capitalized and recorded in the financial statements net of amortization and accumulated impairment losses.

Research and development costs
The research costs relating to new products and/or processes are entirely expensed when incurred. Given the nature of the Group's business, no development costs, qualified for capitalization, are incurred.

The useful lifes of intangible assets are as follows:

Category	Useful life
Trademarks	5 to 20 years
Software	3 to 5 years

Property, plant and equipment

Property, plant and equipment are stated at acquisition or production cost, potentially revalued without exceeding the fair value according to designated monetary revaluation laws, including directly attributable expenses, less accumulated depreciation and accumulated impairment losses, with the exception of land, which is not depreciated but valued at cost less accumulated impairment losses. Based on the type of investment activities, cost does not include capitalized borrowing costs.
Depreciation is recorded from the month in which the asset is available for use, or when it is potentially able to provide economic benefits.
Depreciation is calculated systematically on a monthly basis applying depreciation rates that allocate the depreciable amount of the asset over its useful life or, where the asset is disposed of, up until the last entire month of use.

The Useful lives of property, plant and equipment are as follows:

Category	Useful life
Buildings	15 - 50 years
Plant and machinery:	
- generic	10 - 30 years
- specific	5 - 30 years
- highly-technological	10 years
Industrial and commercial equipment:	
- furniture and fittings	8.33 years
- electronic machinery	2 - 3.5 years
Motor vehicles	5 years
Other equipments	2.5 years

Government grants relating to property, plant and equipment are recorded as a reduction in the value of the related asset and are recognized as income over the depreciation period.
Leasehold improvements that have a physical consistency are classified in property, plant and equipment in line with the nature of the cost incurred.
The depreciation period is the lower between the residual useful life of the asset and the residual period of the lease contract.
Spare parts that are significant in value are capitalized and depreciated over the useful life of the asset to which they relate; the cost of other spare parts is expensed in the income statement as incurred.

Leasing

Property, plant and equipment acquired under right-of-use whereby the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset it must involves the use of an identified asset and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. Furthermore when, the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use and has the right to direct the use of the asset; this right is obtain when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The longer term of the useful life of the asset is considered if the lease transfers ownership of the asset to the lessee at the end of the lease term or if the value of the right of use also considers the fact that the lessee will exercise the purchase option.
The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Impairment of property, plant and equipment and intangible assets

In the presence of specific indicators of a loss in value, an impairment test should be carried out on property, plant and equipment and intangible assets.
The impairment test consists in the measurement of the recoverable value of the assets and comparison with the related carrying amount. If the recoverable amount of an asset is lower than its carrying amount, the latter should be reduced to the recoverable amount. This reduction represents an impairment loss and should be recognized as an expense in the consolidated income statement. In respect to assets that are not amortized, the impairment test is carried out on an annual basis, irrespective of whether specific indicators exist.
During the year, the Group assesses whether there is any indication that property, plant and equipment and intangible assets with finite useful lives may be impaired. For this purpose, both internal and external sources of information are taken into consideration.
With regard to internal sources, the following indicators are considered: obsolescence or physical deterioration of the asset, significant adverse changes in the extent to which an asset is used and deterioration in the expected level of the asset's performance.
With regard to external sources, these include: trend of the market price of the asset, significant adverse changes in the technological, market, and legal environment, the trend in market rates of return and the discount rate used in valuing investments.
The recoverable value of an asset is defined as the higher of the fair value net of selling costs and value in use. The value in use is determined as the present value of expected future cash flows generated by it calculated applying a discount rate that reflects the current market valuation of the time value of money and the risks inherent in the asset. Where it is not possible to estimate the recoverable value of a single asset, the Group estimates the recoverable value of the cash generating unit to which it belongs. If the conditions that led to the reduction in value no longer exist, the carrying value of the asset or the cash generating unit is restated to the new estimated recoverable value, which may not exceed the carrying value that would have been recognized if the original impairment had not been incurred. This restatement is recorded in the consolidated income statement.
Purchased goodwill that is allocated to units or groups of cash generating units (CGU) during the year is subjected to an impairment test by the end of the financial period in which the purchase and allocation took place.
In order to assess its recoverability, the goodwill is allocated at the purchase date to each of the CGUs or groups of CGUs that are expected to benefit from the acquisition.

Where the carrying value of the CGU (or groups of CGUs) is higher than the respective recoverable amount, an impairment loss is recognized as an expense in the consolidated income statement. Under no circumstances the value of goodwill which was formerly impaired may be restored.
The impairment loss is initially recorded as a reduction in the carrying amount of the goodwill allocated to the CGU (or group of CGUs) and secondly to other assets in the CGU on a pro-rata basis considering the relative carrying amount of each asset in the CGU up to the recoverable amount of individual assets with a finite useful life.
The future cash flows derive from the business plans prepared by Group management, which normally cover a period not exceeding five years. The long-term growth rate used for the purpose of estimating the terminal value of the CGU (or group of CGUs) does not generally exceed the average long-term growth rate for the industry, the country or the market in which the CGU (or group of CGUs) operates.
The future cash flows are estimated with reference to current conditions of the CGUs and do not consider benefits that may arise from future restructuring to which the company is not yet committed, or future investments intended to improve or enhance the performance of the CGU.
The Group has identified the cash generating units at production line level.
For the purpose of the impairment test, goodwill is allocated to groups of CGUs, as described in Directors' Report in the paragraph 'Group operating activities'.

Amortized cost method of measuring financial assets and liabilities

The amortized cost method requires calculation of the effective interest rate at the time the transaction is entered into. The effective interest rate is the rate that exactly discounts the future cash flows to the net carrying amount at initial recognition.
Any changes in future cash flows, if not attributable to changes in market conditions, result in the restatement of the carrying value of the financial assets and liabilities with a corresponding entry to the income statement.

Financial assets

On initial recognition, financial assets are measured at fair value and divided based on their type:

- Debt instruments;
- Equity instruments.

The purchase and sale of financial assets are recognized when the entity becomes party to the contractual provisions of the instrument. They are derecognized when the contractual rights to the financial asset have expired or the Group has substantially transferred all the risks and rewards relating to the asset.

Debt instruments are measured as follows:

(a) Amortized costs

Debt instruments measured at amortized costs are simple financial instruments that involve exclusively the payment of principal and interest and are owned with the aim to collect contractual cash flows ("Held to collect").
These financial assets are recognized initially at fair value, adding the transactions costs, and are subsequently accounted for at amortized cost using the effective interest rate, net of possible impairment losses.
The interest, foreign exchange differences, impairment losses, gains/(losses) for cash flow forecast reviews and for derecognition are recorded in the consolidated income statement.

The instruments are classified as current assets, with the exception of those having contractual maturity after twelve months from the reporting date, which are classified as non-current assets.
Trade receivables due within one year are recognized at fair value, which normally coincides with the nominal value.
The receivables that have been securitized or transferred to factor, with or without recourse, which do not fulfil all the required conditions for derecognition of financial assets, are maintained among the assets in the statement of financial position; a financial liability with equivalent amount is recorded in the financial statements as "Payables due to banks".
The receivables that have been transferred, which fulfil all the required conditions for derecognition of financial assets, are derecognized at the time of the transfer. The gains or losses related to the transfer of these assets are recognized into the consolidated income statement when the same assets are removed from the statement of financial position, being the only aim of the transfer to collect cash flows.

(b) Fair Value through Other Comprehensive Income - OCI

The financial assets valued at Fair value through Other Comprehensive Income are represented by simple instruments that involve exclusively the payment of principal and interest held with the aim to collect contractual cash flows and potential/possible sales.
The gains and losses originating from the changes in fair value are recognized in the other comprehensive income (OCI) in the period that they are incurred. The possible reclassification to the consolidated income statement at the line "Profit/loss for change in fair value of financial assets" is made only when the financial asset is effectively transferred.
The interests, foreign exchange differences and the impairment losses are instead recorded in the consolidated income statement.

(c) Fair Value Through Profit and Loss

The assets valued at Fair value through Profit and Loss are those instruments that are held for other purposes than the collection of contractual cash flows.
The changes in fair value, foreign exchange differences and the gains/(losses) for derecognition are recognized in the consolidated income statement.

At each reporting date the Group evaluates the expected losses related to the debt instruments measured at amortized cost, mainly represented by trade receivables, and financial assets at Fair Value Through Profit and Loss.
According to the general principle, all financial assets at initial recognition are subject to impairment using the "12-month expected credit loss" methodology, that is assessing the expected loss of the asset for all default events that may occur within the next twelve months after the reporting date (Stage I financial assets).
In case a significant increase in credit risk occurs subsequently to the initial recognition (Stage 2 financial assets) and when there is objective evidence of impairment (Stage 3 financial assets), the loss allowance should be measured according to the "lifetime expected credit losses" methodology, that is assessing the expected loss for all default events that may occur over the whole lifetime of the instrument.
For the financial receivables without a significant financial component, a simplified approach is applied that allows to calculate the expected losses always based on the "lifetime expected credit losses" method.
Expected credit losses are calculated based on the probability of default, on the expected exposure at the time of default (EAD - Exposure at default) evaluated from the future cash flows and the estimated loss in case of default (LGD - Loss given default).

Carola and Vittoria are the two young tennis players who gained fame during lockdown for their impromptu rooftop match, each of them hitting the ball from their respective buildings while maintaining social distance.

Roger Federer and Barilla organized a surprise for the girls and joined them for a re-run of the famous #therooftopmatch.

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The loss allowance is accounted for as an adjustment of the carrying value of the instrument.

Equity instruments are valued as follows:
Equity instruments are valued at Fair Value Through Profit and Loss in case the entity does not opt for the irrevocable option at Fair Value through Other Comprehensive Income at initial recognition.
If the aforesaid option is adopted, the initial carrying amount of the instrument will amount to the sum of fair value and transaction costs, if any. The subsequent changes in fair value, the foreign exchange differences, the impairment losses and the gains/(losses) for derecognition are recorded in the other comprehensive income applying the accrual basis.
So far, the Group has not exercised the option for any equity instrument. If the option is not exercised, the changes in fair value, the gains and the losses for derecognition are recognized in the relative items of the consolidated income statement.
In any case, dividends coming from the equity participations are shown as dividend income in the consolidated income statement under the heading "Dividends" when the Group has acquired the right to receive this payment.

Financial liabilities

The financial liabilities that are not held for trading are initially recorded at fair value net of transaction costs, and subsequently to the initial recognition are measured at amortized cost applying the effective interest rate. The difference between amortized cost and the amount to be repaid is recognized in the income statement over the term of the liability.
Upon initial recognition, the fair value option can instead be exercised (Fair Value Through Profit and Loss) only to avoid an "accounting mismatch" between the asset and its respective liability or when the liability is based on fair value or in case the liability includes an embedded derivative to separate.

Financial liabilities are classified as current liabilities unless the Group has, at the reporting date, an unconditional right to extend the term of the financing at least over twelve months from the end of the period.
Trade payables and other payables whose maturity fall within the normal commercial terms are recognized at fair value which normally coincides with the nominal value.
In case of financial liabilities hedged by fair value hedge derivative instruments, their carrying value is determined based on the fair value of the corresponding hypothetical derivative, which represents a hypothetical derivative contract calibrated at a null value at the time of designation of the hedging relationship.

Inventories

Inventories are stated at the lower of cost, measured applying the FIFO (first in - first out) method, and net realizable value. To account for obsolete or slow-moving inventory provisions are recognized, that are reversed if the circumstances of the abovementioned provisions are no longer applicable. The repackaging materials are managed as inventory and valued at weighted average cost.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank and postal deposits and short-term highly liquid investments that are readily convertible into cash (three months from the date of acquisition) and not subject to significant fluctuations in value.

Employee benefits

(a) Pension funds

Group companies operate both defined contribution and defined benefit plans.
A defined contribution plan is a plan where the Group pays fixed contributions to a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. With respect to defined contribution plans, the Group pays contributions, either voluntary or specified in the plan rules, to public and private insurance pension funds. Contributions are recognized as payroll costs applying the accrual basis.
The defined benefit obligation recorded in the financial statements corresponds to the present value of the obligation at the balance sheet date, less, where applicable, the fair value of any plan assets. The defined benefit obligations are determined on an annual basis by an independent actuary using the Projected Unit Credit Actuarial Method. The present value of the defined benefit plan is determined discounting future cash flows by a rate equal to that of high-quality corporate bonds of equivalent currency and term to the benefit obligations. Remeasurements of actuarial gains and losses arising on the above adjustments and changes in the actuarial assumptions are reflected in the statement of comprehensive income.
Service costs and net interest related to the time value in the actuarial calculation (classified within "Finance income and costs") are recognized in the consolidated income statement.

(b) Termination benefits

Termination benefits are those payable on termination of an employment before the normal retirement date, or when an employee accepts voluntary redundancy. The Group recognizes termination benefits when a demonstrable commitment exists and is governed by a detailed formal plan specifying details of the employment termination, or when payment of the benefit is the result of an offer made to encourage voluntary redundancy.

Provisions for other liabilities and charges

Provisions are recorded to cover the Group's legal, contractual or constructive obligations that derive from a past event. A provision is recognized where it is probable that an outflow of resources will be required and a reliable estimate of the amount can be made. Where it is estimated that these obligations will arise more than twelve months after the balance sheet date and that they will have a material impact on the financial statements, they are recorded at present value applying a discount rate that reflects current market assessments of the time value of money and the country risk. Any adjustment to the estimated provision is recognized in the consolidated income statement in the period in which the adjustment occurred. Where discounting is used, any increase in the provision to reflect the passage of time and the impact of changes in the discount rate are recognized as borrowing costs.
Restructuring provisions are recognized when there is a constructive obligation, which takes place when the Group has a detailed formal plan and has informed those affected by the plan or when the Group has announced the plan in sufficient detail to raise valid expectation in those affected by the plan that the restructuring will be carried out.
Provisions for tax risks are recognized in view of probable tax liabilities for assessments notified to the Group not yet settled at the reporting date.

Derivative financial instruments

Accounting for derivative financial instruments

Derivative financial instruments are measured at fair value, with any difference charged to the consolidated income statement, with the exception of cash flow hedges, where gains or losses are recognized in the statement of comprehensive income.

Derivatives that qualify for hedge accounting

In all cases where derivatives are designated as hedging instruments, the Group formally documents, from the inception of the hedge, the relationship between the hedging instrument and the related hedged item or transaction, the risk management objectives and the hedging strategy adopted.

The Group also documents the valuation methodology and the hedging instrument's effectiveness to compensate changes attributable to the hedged risk based on changes in the fair value of the hedging instrument compared to changes in the fair value of the hedged item. This assessment is carried out at inception and on a continuous basis throughout the life of the hedge. At the same time, the potential causes of hedging ineffectiveness are reported.

Categories of derivatives

Hedging instruments are categorized as follows:

I) Derivatives designated as cash flow hedge: if the hedging instrument is designated to cover the exposure to fluctuation in cash flows attributable to a particular risk associated with a recognized asset or liability, or a highly foreseeable transaction, the gains or losses on the effective portion of the hedging instrument are recognized in the statement of comprehensive income; the ineffective portion of the gain or loss on the hedging instrument is recognized in the consolidated income statement. Depending on the nature of the hedge, financial or commodity related, the ineffective portion is classified in either finance income/costs on financial transactions or operating income/costs, respectively. The amounts directly recognized in the statement of comprehensive income are reclassified into the consolidated income statement in the period in which the hedged item affects profit or loss. When a hedging instrument reaches maturity, or it is sold, or it no longer meets the conditions required to be classified as a hedge, the related fair value adjustments accumulated to date will be retained until the hedged item affects profit or loss, and only at that time will it be recognized in the consolidated income statement applying the accounting treatment relevant to the hedged item. If the forecast transaction that was subject to the hedge is no longer expected to affect the consolidated income statement, the accumulated fair value adjustments are immediately recognized in the consolidated income statement. For the valuation of the financial liabilities hedged by cash flow hedges, please refer to the specific paragraph.

II) Derivatives designated as fair value hedge are classified based on the hedged item. The accounting treatment of changes in fair value is the following:
   a) when the hedge item relates to commodities, the variation is classified as operating income/costs;
   b) when the hedged item is purely financial, the variation is classified as follows:
      - the difference between the valuation, at reporting date, of the mark-to-market actual derivative, which includes the interest rate basis spread component (hereafter 'basis'), and the mark-to-market actual derivative without basis is recognized in the statement of comprehensive income;
      - the basis component of the derivative, as calculated at the inception date, is spread over the consolidated income statement on a straight-line basis over the life of the instrument;
      - the foreign exchange differences and the interest component, excluding the basis effect described above, are recognized in the consolidated income statement at the line "finance income and costs"; refer to the dedicated paragraph for further details about the valuation of the hedged item.

   At the time the financial instrument is transferred, the residual portion of the basis recorded in the other comprehensive income (OCI) is reclassified into the consolidated income statement.

III) Derivative financial instruments at fair value through profit or loss that are not designated as hedges are classified as current or non-current assets or liabilities based on their contractual maturity. The gain or loss arising from changes in the fair value of these instruments is recognized in the consolidated income statement. Depending on the nature of the underlying instrument, financial or commodity related, the variation of fair value is classified in either finance income/costs on financial transactions or operating income/costs, respectively.

Determination of the fair value of a hedging instrument

The fair value of an interest rate swap is determined based on the present value of the expected future cash flows, also considering the market interest rates and the creditworthiness of counterparties. The fair value of forward foreign exchange contracts is determined using the forward exchange market rates at the balance sheet date.

The fair value of other hedging instruments listed on an active market is based on the market prices prevailing at the balance sheet date.

The fair value of unlisted instruments is determined using valuation techniques based on a commonly adopted methods and assumptions and market information at the balance sheet date.

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

A non-current asset, or group of non-current assets and liabilities, is classified as held for sale when the carrying amount is to be recovered primarily from a sale transaction rather than through continuing use. The assets (or groups of assets) held for sale are measured at the lower of their carrying amount and their fair value less estimated selling costs. The results and the carrying amount of a component of an entity that represents a separate major line of business or geographical area, or even a operative segment, of operations are classified separately in the income statement and in the balance sheet (in case of 'held for sale' only) when they meet the conditions to be classified as held for sale or discontinued operations. At reference date of this year there are no non-current assets or liabilities intended to be sold.

Total equity

Costs directly attributable to share capital transactions are recorded as a deduction from total equity.

Revenue recognition

Revenue is recognized at the fair value of the amount received for the sale of products or services, net of returns, discounts and consideration payables to customers (for example, couponing redemption costs) according to the accrual principle and to the standard that requires five steps: (i) identifying a contract with a customer; (ii) identifying the performance obligations entailed by the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations; (v) recognizing revenues when the entity satisfies a performance obligation.

Sale of products

Revenues from product sales are recognized when for each performance obligation all of the following conditions are met, which normally take place upon the delivery to the customer:

- the significant risks and rewards arising from ownership of the goods are transferred to the buyer;
- effective control over the goods is transferred;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Dividends

Dividends received from not consolidated entities are recognized when the legal right to receive a payment is established.

Government grants

Revenue based government grants are recognized in the income statement when the right to receive the payment is established.

Finance income and costs

Finance income and costs are recorded on an accrual basis and comprise: interest payable accrued on all the borrowings, interest income on cash and cash equivalents and similar securities, dividends, foreign exchange gains and losses and the financial impact arising from hedging transactions over the exposure to interest rate and foreign exchange risk that are booked in the consolidated income statement.

Taxation

Taxation includes both current and deferred income taxes. Current income taxes are based on the estimated amount that the Group expects to pay calculated by applying to the taxable income the enacted tax rates, or those substantially enacted, in each of the relevant tax jurisdictions.

Deferred income tax assets and liabilities are determined applying the liability method, whereby all of the temporary differences between the tax bases of assets and liabilities and the carrying amounts at the balance sheet date, except for goodwill, are calculated. Deferred income tax assets and liabilities are measured using the tax rates that are expected to apply in the period when the asset will be realized or the liability settled. Income taxes arising upon distribution of dividends are recognized at the time of distribution.

For the purpose of recognizing deferred tax assets, the Group assesses the likelihood that sufficient future taxable income will be available to recover these assets. Tax assets and liabilities, both current and deferred, may only be offset where the amounts relate to the same tax authority, when the reversal period is the same and there is a legally enforceable right to offset the recognized amounts.

Distribution of dividends

Dividends payable to shareholders are recognized when the legal obligation of payment is established.

Transactions with non-controlling interests

The acquisition and disposal of non-controlling interests in companies whose control is already effective are classified as transactions with Group shareholders. Any differences between the carrying value and the purchase price paid or received are recorded in equity.

Put options over non-controlling interests

The unconditional put options granted to minority shareholders as per the shareholders' agreements are recognized in the financial statements by recording the liability resulting from the possible exercise of the option. It is recorded at a value equal to the expected exercise price, based on the best information available at the date of reference of the financial statements. The liability is recognized as an offsetting entry in the Group's shareholders' equity and is discounted if necessary, if the option is exercisable only from a future date.

5. Change in the scope of consolidation and other operations of the year

Change in the scope of consolidation

On 30 September 2020 and with effect from 5 October, the Group, through the subsidiary Barilla G. e R. Fratelli S.p.A., acquired from the company Pasta Zara S.p.A., a branch of production, marketing and distribution of pasta. The subject of the business combination is the plant located in Muggia (Trieste - Italy) where around 150 people are employed. With this acquisition, the Group strengthens its territorial presence in Italy for the Pasta sector, creating synergy with the current production and distribution of pasta in Italy and globally.

The cost of acquisition amounts to euro 117 million and was fully paid during October to December 2020. The related costs amounted to euro 5.5 million and classified under the item "Other income and charges" of the consolidated income statement. These costs are mainly attributable to registration taxes relating to tangible and intangible fixed assets for 5.4 million euros.

With reference to the business combination, the Group ascertained the fair value of the acquired assets, liabilities and contingent liabilities assumed within the timescales provided by IFRS 3 standard. As required by the IFRS 3 standard, the difference between the price paid and the value of the net assets acquired was attributed to goodwill for 20 million euros. The recorded goodwill is attributable to the expected synergies with the Group's Pasta business and the opportunity to increase the production capacity of the current product range.

The definitive fair value of the assets and liabilities at the acquisition date is indicated below:

(euro thousands)	PASTA ZARA Fair value of assets and liabilities acquired
Property, plant or equipment	97,579
Total assets acquired	**97,579**
Other current liabilities	1,115
Retirement benefit obligations	309
Total liabilities acquired	**1,425**
Total equity acquired	**96,154**
Purchased price	**116,596**
Goodwill	20,442

Other operations of the year

During the year, a partial demerger was approved and completed in favor of a newly established company called Numero 5 S.r.l. for certain assets belonging to Barilla Holding S.r.l. (formerly CO.FI.BA. S.r.l.). For details related to this transaction, please refer to note 6.22.

In the year 2020, the consolidation area underwent changes due to the corporate restructuring in the Group's reorganization process. A new company named Barilla International Limited was established in the United Kingdom, which became the Group holding company for non-Italian companies with the exception of companies in the Central Europe Region. The Group consolidation perimeter didn't change for this operation, except for new company Barilla International Ltd.

In June 2020, an agreement was signed with the Russian Sovereign Fund - RDIF Investment Management-19 LLC regarding the equity investment in the subsidiary Barilla Rus LLC. By virtue of this agreement, in place at 31 December 2020 with the minority shareholders, the Group did not recognise the interest of third parties but only the put option exercisable by them, against which a liability was recognized in the consolidated balance sheet at the present value of the redemption amount, which is described in detail in note 6.15.
Please refer to Appendixes 1 and 2 for a list of subsidiaries.

6. Notes to the consolidated financial statements

Statement of financial position

6.1 Cash and cash equivalents

Cash and cash equivalents, which amounts to euro 510,700 (euro 457,710), include bank and postal deposit accounts held in primary financial institutions, cheques and other cash on hand.
The change in cash and cash equivalents recorded during the year is reported in the statement of cash flow.

6.2 Trade receivables

	2020	2019
Trade Receivable	426,315	471,868
Allowance for doubtful accounts	(35,196)	(35,130)
Total	**391,119**	**436,738**

Trade receivables consist of amounts due from customers in relation to the sale of goods and provision of services, net of allowances for doubtful accounts.
The fair value of trade receivables approximates their carrying amount at the year-end. This also represents the maximum exposure to credit risk.

Detail of receivables by maturity, net of allowance for doubtful accounts, is as follows:

	2020	2019
Not yet overdue	375,608	417,180
Less than 3 months	14,462	13,616
Between 3 and 6 months	332	2,160
Between 6 and 12 months	717	3,782
Total	**391,119**	**436,738**

At year-end all trade receivables past due are subject to certain analyses for the identification of possible risks of customer insolvency.

Movements in the allowance for doubtful accounts are as follows:

	2020	2019
Opening Balance	**35,130**	**37,671**
Charges	3,449	1,004
Utilization and release	(2,908)	(3,615)
Foreign exchange differences	(475)	70
Closing Balance	**35,196**	**35,130**

The charges to and utilization of the allowance for doubtful accounts are included in “Other income and expenses” in the consolidated income statement under the sub-headings “Allowance and losses on trade receivables” and “Net charges to/utilization of provisions”, respectively.

6.3 Tax credits

Tax credits for euro 33,515 (euro 40,498) represent the amounts due from tax authorities in the various countries where the Group operates. The fair value of tax credits substantially approximates their nominal and carrying value.

6.4 Other assets

The balance is detailed as follow:

	2020	2019
VAT receivables	76,918	62,764
Amounts due from factoring entities	36,550	33,173
Other receivables	7,018	7,607
Accrued income and prepayments	6,440	8,048
Amounts due from social security authorities	4,727	3,115
Supplier advances	3,755	2,343
Amounts due from employees	3,484	3,303
Guarantee deposits	934	2,791
Total	**139,826**	**123,144**

During the year, VAT receivables were collected in Italy for euro 76.2 million.
The “Amounts due from factoring entities” comprise receivables due from factoring companies in respect of trade receivables sold but not yet paid.
The differences in the item "Accrued income and prepayments" is attributable to legal services, consultancy and other services already paid, but with a competence in the following years. It also refers to the project for construction of a new mill in Russia and other costs related to insurance and marketing.
The fair value of the credits approximates the nominal and book value.

We acquired the plant in Muggia, in the province of Trieste, from Pasta Zara, which became part of the Barilla Group in October 2020.

We will ensure development and growth by making investments and actively involving the people who will join our family.


Barilla
alian Food Company. Since 1877.

6.5 Inventories

Inventories are detailed as follows:

	2020	2019
Raw materials and semi-finished goods	148,819	137,982
Finished goods	204,624	180,547
Advances	676	412
Total	**354,119**	**318,941**

Movements in the inventory obsolescence provision are detailed as follows:

	2020	2019
Opening Balance	**5,128**	**5,334**
Charges	2,627	2,035
Utilization	(1,767)	(2,230)
Foreign exchange differences	(117)	(11)
Closing Balance	**5,871**	**5,128**

6.6 Other asset at Fair Value

Other assets at fair value consists of Investment Grade bond portfolios (issued by private companies and government) valued at fair value, subscribed in 2019 and 2020 by the subsidiaries Barilla Sverige AB and Barilla Netherlands B.V.
Debt securities, with an average maturity of 3.7 years, are well diversified by sector and geography, and denominated in Euro currency. The aforementioned securities are directly owned, with the exception of 4% of the portfolio invested through mutual funds.
The total balance as at 31 December 2020 is equal to euro 253,931 (euro 263.209).

The balance as at 12.31.2019 included debt securities, subscribed by the Parent Company Barilla Holding S.r.l. (formerly CO.FI.BA. S.r.l.), for euro 5,879 and attributable to mutual investment funds, with a nominal value of euro 5 million, liquidated in January 2020, insurance for euro 724 and Sogelife SA securities for the remaining euro 155.

6.7 Property, plant and equipment

Movements in property, plant and equipment are as follows:

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other Asset	Assets under construction	Total
Movements 2019							
Net book amounts at 1/1/2019	**37,304**	**320,673**	**596,406**	**21,156**	**8,530**	**117,622**	**1,101,691**
Recognition to Right of Use tangible assets IAS 17	-	(681)	(8,484)	-	-	-	(9,164)
Net book amounts adjusted at 1/1/2019	**37,304**	**319,993**	**587,922**	**21,156**	**8,530**	**117,622**	**1,092,527**
Capital expenditure	-	-	-	-	-	157,061	157,061
Capitalization	479	21,866	160,596	6,320	2,991	(192,253)	-
Disposal Cost	-	(5,241)	(64,283)	(4,030)	(2,033)	-	(75,587)
Disposal Accumulated Depreciation	-	4,874	60,139	3,801	2,302	-	71,115
Depreciation and impairment losses	-	(20,660)	(87,350)	(5,724)	(3,227)	-	(116,961)
Foreign exchange differences	426	1,962	3,980	137	(86)	380	6,798
Net book amount at 12/31/2019	**38,209**	**322,794**	**661,004**	**21,661**	**8,477**	**82,811**	**1,134,955**
Of which:							
Historical cost	38,209	714,198	2,508,751	110,059	62,180	82,811	3,516,209
Depreciation and accumulated impairments losses	-	(391,403)	(1,847,749)	(88,399)	(53,704)	-	(2,381,255)
Movements 2020							
Net book amounts at 1/1/2020	**38,209**	**322,794**	**661,004**	**21,661**	**8,477**	**82,811**	**1,134,955**
Capital expenditure	-	-	-	-	-	155,988	155,988
Capitalization	2,649	27,757	106,286	16,865	5,568	(159,126)	-
Disposal Cost	(318)	(9,104)	(40,333)	(2,185)	(2,071)	-	(54,011)
Disposal Accumulated Depreciation	-	7,707	37,123	2,210	2,185	-	49,225
Depreciation and impairment losses	-	(28,427)	(102,379)	(7,668)	(3,852)	-	(142,326)
Foreign exchange differences	(1,104)	(1,207)	(20,260)	(585)	(440)	(650)	(24,245)
Variation due to Business Combination	4,874	27,032	65,007	496	171	-	97,579
Net book amount at 12/31/2020	**44,310**	**346,552**	**706,448**	**30,794**	**10,038**	**79,023**	**1,217,165**
Of which:							
Historical cost	44,310	747,070	2,609,008	123,666	64,174	79,023	3,667,250
Depreciation and accumulated impairments losses	-	(400,518)	(1,902,560)	(92,872)	(54,136)	-	(2,450,085)

The item 'Business combination' referes to the acquisition of the business unit Pasta Zara during the second-half of the year 2020.

The accumulated loss as on 31 December 2020 amount to euro 29,511 (euro 14,104).

6.8 Right-of-use Asset

Below are the movements by category of the right-of-use of fixed assets, relating to year 2020 and related comparative data:

	Land	Buildings & warehouse	Plant, machinery and Equipment	Cars and other transportation	Total
Movements 2019					
Effect from application IFRS 16 as at 1/1/2019	**367**	**31,878**	**4,245**	**5,248**	**41,738**
Recognition from Property, plant and equipments IAS 17	-	681	8,484	-	9,164
Net book amounts adjusted at 1/1/2019	**367**	**32,558**	**12,729**	**5,248**	**50,902**
Capitalization	-	774	589	1,691	3,054
Remeasurement	-	(341)	8	27	(306)
Derecognition	-	(1,151)	-	-	(1,151)
Depreciation and impairment losses	(34)	(7,755)	(5,208)	(2,688)	(15,684)
Foreign exchange differences	42	530	19	(6)	585
Net book amount at 12/31/2019	**376**	**24,616**	**8,137**	**4,272**	**37,401**
Of which:					
Historical cost	411	31,614	46,289	6,937	85,251
Depreciation and accumulated impairments losses	(35)	(6,998)	(38,152)	(2,666)	(47,850)
Movements 2020					
Net book amounts at 1/1/2020	**376**	**24,616**	**8,137**	**4,272**	**37,401**
Capitalization	-	3,337	2,318	3,833	9,488
Remeasurement	-	648	71	254	973
Depreciation and impairment losses	(27)	(6,454)	(4,742)	(3,048)	(14,271)
Foreign exchange differences	(77)	(1,366)	(60)	(191)	(1,694)
Net book amount at 12/31/2020	**272**	**20,781**	**5,724**	**5,120**	**31,897**
Of which:					
Historical cost	331	31,325	47,924	8,908	88,488
Depreciation and accumulated impairments losses	(59)	(10,544)	(42,200)	(3,788)	(56,591)

The total value of future financial minimum lease payments, included in the scope of application of IFRS 16 undiscounted, by period of maturity is as follows:

	2020	2019
Not later than one year	11,159	15,231
Later than 1 year and not later than 5 years	20,619	22,357
Later than 5 years	4,097	5,617
Total value of future minimum lease payments	**35,875**	**43,205**

The reconciliation between the future minimum lease payments and the present value of the lease payments is as follows:

	2020	2019
Total future minimum lease payments	35,875	43,205
Interest	(2,698)	(3,900)
Present value of lease payments	**33,177**	**39,305**

The net amount lease payments, not included in the valuation of the IFRS 16 Leasing liabilities and, therefore, recognized in the consolidated operating income statement as at 31 December 2020, amounts to euro 18,771 (euro 18,871).

Please refer to note 6.25 for the analysis of rental costs not included in the total amount of leasing liabilities in compliance with the IFRS 16 accounting principle.

6.9 Goodwill

Movements in goodwill are as follows:

	Goodwill
Movements 2019	
Opening balance at 1/1/2019	**457,998**
Foreign exchange differences	(2,436)
Total at 12/31/2019	**455,562**
Movements 2020	
Foreign exchange differences	5,342
Business Combination	20,442
Total at 12/31/2020	**481,346**
- of wihch gross value	513,267
- of which accumulated impairments	(31,921)

The increase in movement, amounting to euro 20,442, is attributable to the business combination of Pasta Zara S.p.A acquired in the second-half of the year 2020.

An analysis of goodwill by groups of Cash Generating Unit - CGU for impairment test purposes at 31 December 2020 is summarized in the table below:

CGU Groups identified	Amount
Europe Category Bakery	459,163
Europe Category Pasta	20,442
Other minor	1,741
Total	**481,346**

The annual impairment test on goodwill consists in estimating the recoverable amount of the groups of cash generating units to which the goodwill is allocated and compared with the carrying value of the related assets including goodwill. The recoverable amount of the groups of cash generating units was determined based on the value in use, calculated at the present value of the expected future cash flows relating to the groups of cash generating units.
The cash flows utilized to determine value in use cover a five-year period plus a terminal value. The plans are prepared with varying detail depending on specific requirements and the relevance of the selected variables, starting from a series of key macroeconomic indicators (e.g. foreign exchange rates, inflation rates, market assumptions) and economic-financial targets.
Group management formulates the qualitative and quantitative content of the plan used for the relevant impairment. The flows deriving from groups of cash generating units at the end of the plan period correspond to the perpetual income based on the final year of the plan, appropriately normalized.

The key assumptions used to perform the impairment test are as follows:

CGU identified groups	Discount Rate		Growth Rate	
	2020	**2019**	**2020**	**2019**
Europe Category Bakery	5%	5.6%	1.9%	1.9%

The verification exercise of the value held with reference to 31 December 2020 did not entail the need for further write-downs for the ' Europe Category Bakery' CGU.
The sensitivity analysis carried out on the key assumptions reported that a change in the same, such as to cause a loss in value of the CGUs to which goodwill is allocated, is highly unlikely due to the significant excess value of the same compared to the related carrying amount.
With reference to the 'Europe Category Pasta' CGU, an impairment test was not carried out in the year 2020 as it was purchased in October and was supervised by an external expert.

Goodwill denominated in foreign currencies, mainly in Swedish and Danish kroner, has undergone a change in value due to the exchange rate effect. At 31 December 2020, the conversion effect shows an accumulated negative net balance of euro 15,930.

Loyal to the cause of overcoming food insecurity, Barilla US has reaffirmed its support to the Urban Growers Collective (UGC) and, in November 2020, helped them relaunch their travelling farmers' market initiative.

The Fresh Moves Mobile Market minibus now features a lively new image celebrating farm produce, pasta and people!

6.10 Intangible Assets

The Intangible Assets are composed as follows:

	Licenses and software	Trademarks	Other	Assets under construction	Total
Movements 2019					
Opening balance at 1/1/2019	**16,176**	**2,748**	**24**	**9,234**	**28,182**
Acquisitions and capitalizations	15,502	1,310	74	936	17,822
Foreign exchange differences	8	19	-	7	34
Disposals	-	-	60	-	60
Amortization	(7,552)	(1,673)	(71)	-	(9,296)
Total at 12/31/2019	**24,134**	**2,404**	**87**	**10,177**	**36,802**
Of which:					
Historical cost	130,750	266,968	344	10,177	408,239
Amortization and accumulate impairment losses	(106,616)	(264,564)	(257)	-	(371,437)
Movements 2020					
Opening balance at 1/1/2020	**24,134**	**2,404**	**87**	**10,177**	**36,802**
Acquisitions and capitalizations	14,948	1,635	15	2,254	18,852
Foreign exchange differences	(14)	(49)	(19)	(46)	(128)
Disposals	(10)	-	-	-	(10)
Amortization	(10,041)	(1,653)	(36)	-	(11,730)
Total at 12/31/2020	**29,017**	**2,337**	**47**	**12,385**	**43,786**
Of which:					
Historical cost	145,209	269,829	319	12,385	427,742
Amortization and accumulate impairment losses	(116,192)	(267,492)	(272)	-	(383,956)

"Trademarks" are mainly related to the brand Tolerant due to the acquisition in 2018 of the Canadian company- Catelli Montreal Inc. (formerly MXO Global Inc.), specialized in the production of gluten-free, legume-based pasta.
The trademarks of Barilla G. e R. (Barilla, Mulino Bianco) have not been recognized in the financial statements as they were developed internally.
The increase in "Licenses and software" and "Assets under construction" for euro 16,230 refers the purchase of SAP BW/4 HANA licenses and the system integration of Data & Advanced Analytics landscape application, as well as the migration of the infrastructure and data from SAP BW to SAP BW/4.

The amount of "Assets under construction" mainly relates to the software costs not yet used.

6.11 Trade and other receivables

The balance comprises of:

	2020	2019
Guarantee deposits	541	625
Other non-current receivables	2,609	1,961
Total	**3,150**	**2,586**

The fair value of trade and other receivables approximates their carrying value.

6.12 Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are recognized separately in the statement of financial position, exclusively in relation to temporary differences between the carrying value of assets and liabilities in the balance sheet and their tax base. Deferred tax assets on tax losses carried forward are only recognized where it is probable that sufficient future taxable profits will be earned to allow recovery of the tax differences that will be reversed.

The table below illustrates the composition and movements in deferred income tax assets and liabilities represented as net for each entity where they could be actually offset by underlying balance sheet items and period of generation:

2020	Opening Balance	Reversal/charges through income statement	Impact on equity	Foreign exchange impact	Closing Balance
Deferred Taxes					
Property, plant and equipment	(38,526)	6,939	-	1,251	(30,336)
Leasing	1,637	(1,833)	-	6	(189)
Intangible assets	2,006	208,863	-	87	210,955
Financial liabilities and derivatives	(1,821)	935	562	(21)	(345)
Inventories	3,135	(201)	-	(118)	2,816
Spare Parts	6,581	(10)	-	(177)	6,393
Provisions for other liabilities and charges	28,195	2,709	-	(186)	30,718
Pension funds	18,579	1	757	(12)	19,325
Tax losses carried forward	9,905	(3,041)	5	(1,605)	5,264
Other	6,250	2,482	-	(429)	8,302
Total	**35,941**	**216,844**	**1,324**	**(1,204)**	**252,905**
Deferred income tax assets	37,813				256,184
Deferred income tax liabilities	(1,872)				(3,279)
Total	**35,941**				**252,905**

2019	Opening Balance	Reversal/charges through income statement	Impact on equity	Foreign exchange impact	Closing Balance
Deferred Taxes					
Property, plant and equipment	(41,830)	3,550	-	(246)	(38,526)
Leasing	2,689	(1,004)	-	(49)	1,637
Intangible assets	1,891	148	-	(33)	2,006
Financial liabilities and derivatives	(1,255)	(807)	238	3	(1,821)
Inventories	3,878	(763)	-	21	3,135
Spare Parts	5,957	589	-	34	6,581
Provisions for other liabilities and charges	31,473	(3,286)	-	7	28,195
Pension funds	14,516	34	4,088	(59)	18,579
Tax losses carried forward	7,405	1,859	-	640	9,905
Other	6,532	(537)	-	257	6,250
Total	**31,258**	**(217)**	**4,326**	**577**	**35,941**
Deferred income tax assets	37,842				37,813
Deferred income tax liabilities	(6,584)				(1,872)
Total	**31,258**				**35,941**

Barilla for Professionals relaunches its premium red sauces in recyclable cans.
Designed by professionals for professionals, they are a great partner in the kitchen.
Our sauces combine all the flavour of sun-ripened italian tomatoes
with the fragrance of basil and the sweetness of white onion, all 100% italian.

Prepared according to tradition - without preservatives or flavourings - for an authentic taste.
These versatile sauces that can be used as ready sauces, as toppings or as a base to fuel creativity.


Barilla
for
PROFESSIONALS
SUGO AL
POMODORO
E CIPOLLA
100% POMODORI ITALIANI
TOMATO SAUCE
WITH ONION
SAUCE TOMATE
À L'OIGNON
2.5 Kg e

The change in deferred tax assets, calculated on intangible fixed assets amounts to euro 209 million. The deferred tax assets are recognized following the statutory revaluation of the trademarks, which took place in 2020 in the subsidiary Barilla G. & R. Fratelli S.p.A. This amount relating to deferred tax represents future tax benefit that flow to the Group gross of the subsititute tax payable included in the "Other current liabilities" and "Other non current libilities" for a total amount of euro 22,497.
Deferred income taxes have not been recognized on the undistributed earnings of subsidiaries, as the Group is able to control the timing of these distributions and it is probable that they will not be distributed in the near future.

6.13 Equity instruments

The item principally comprises equity investments in BRW S.p.A., amounting to euro 680 and other minor non-current financial assets amounting to euro 1,206 (euro 11,853).

The balance as at 31 December 2019 included equities, held by the parent company Barilla Holding S.r.l. (formerly CO.FI.BA. S.r.l.), for euro 10,846, mainly attributable to the companies Arlanda Limited and Baring S.r.l., for a total of euro 9,422, and to other non-current financial assets for the residual amount. The above-mentioned equity instruments were not included in the scope of consolidation at 31 December 2019 because it was not relevant.
Moreover, it should be noted that all the aforementioned equity securities, during 2020, were transferred to the company Numero 5 S.r.l. as a result of the partial demerger of the parent company Barilla Holding S.r.l. in favor of the latter.

6.14 Trade payables

Trade payables, which amounted to euro 801,986 (euro 779,329), represent amounts due in relation to the purchase of goods and services. Trade payables are recorded at nominal value, which substantially approximates their fair value. All amounts are payable within one year. The total amount includes euro 3,784 (euro 1,187) due to BRW S.p.A. The balance includes the amounts due to copackers, which are governed by medium/long-term supply contracts negotiated at arm's length, that establish guaranteed minimums disclosed in contractual commitments for finished good supplies.

6.15 Borrowings

The item classified as current liabilities, comprises amounts due within one year and due after one year respectively, they are detailed as follows:

	2020	2019
Short-term portion of bank overdrafts and leasing obligations	37,715	71,243
Bonds	63,448	-
Total Short Term Borrowings	**101,163**	**71,243**
Bonds	352,472	435,801
Long term portion of bank overdrafts and leasing obligations	222,883	224,846
Put option held of minority shareholders	10,071	-
Total Long Term Borrowings	**585,426**	**660,647**
Total Borrowings	**686,589**	**731,890**

The short-term portion of bank overdrafts and leasing obligations comprise bank overdrafts amounting to euro 13,626 (euro 41,389), the leasing obligations due within 12 months for euro 10,570 (euro 14,394), loans due within one year for euro 13,519 (euro 12,097). The loans maturing within one year variation is due to the combined effect of the loan granted by the E.I.B., that reached maturity for euro 3,124, and to the increase in the loans denominated in Turkish lira which took place in 2020, for euro 4,546.

The Long term portion of "Bank borrowings and leasing obligations" mainly refer to the new loan with Intesa Sanpaolo for a nominal value of euro 200 million, at a fixed rate amortizable from the third year and expiring in the year 2025. In 2019 it was attributable to another loan signed with the same credit institution for euro 199,534 and maturing in 2024, early terminated in 2020. This loan was repaid in advance in the year 2020. The same line item includes the portion of medium/long-term leasing obligations for the effect of the adjustment for the standard IFRS 16, with a balance at year-end amounting to euro 22,607 (euro 24,911).

The financial cash flow for the year 2020, relating to leasing contracts subject to the Standard IFRS 16-Leases, amounted to euro 14.6 million (euro 14.8 million).

'Put option due to minority shareholders' is attributable to the agreements signed in June 2020 with the minority shareholders of Barilla Rus LLC, which allow the recognition of a Put option that is exercisable in 2029 by the Russian Sovereign Fund - RDIF Investment Management-19 LLC. By virtue of these agreements in place at 31 December 2020, a non-current liability was recognized at redemption value, equal to euro 10,071. The liability was recognized as a offsetting entry in the Group's shareholders' equity, the net of the shares of the company subscribed by the minority shareholder during the year was rubles 250 million which is equivalent to euro 3.1 million.

A revolving credit facility that was originally due to mature in January 2023 (with an extension option of two years), was extended to January 2025. The total amount of revolving credit facility is equal to 500 million of euro (with an option to increase to euro 800 million). The composition of the parties in Bank pooling remained unchanged. Barilla Iniziative S.p.A. and Barilla G. e R. Società per Azioni remain co-borrowers and co-guarantors, with the option for the group to designate other subsidiaries as additional borrower. Barilla International Limited also became part of this credit facility acting in the sole capacity of co-guarantor.
This credit facility results unused at 31 December 2020.

Current borrowings are measured at amortized cost, which is deemed to represent their fair value.
Bank borrowings are not guaranteed by any property, plant or equipment.

Below is the breakdown of outstanding bonds (including the current portion reported in short-term financial payables):

	Nominal value in currency (USD thousands)	USD coupon	Maturity	Carrying value	Hedging transaction		Effective interest rate in euro
					Notional value in euro	Average interest rate paid	
	75,000	4.76%	7/15/2021	63,448	50,562	0.97% (V)	1.09%
	50,000	4.86%	7/15/2023	45,225	33,718	0.86% (V)	0.96%
	150,000	4.43%	12/13/2025	137,343	115,050	0.66% (V)	0.70%
	185,000	4.03%	10/28/2027	169,904	169,867	0.74% (V)	0.80%
Total	**460,000**			**415,920**	**369,197**		

(V) Variable (Floating) interest rate

The interest rate and foreign exchange rate risks are hedged by cross currency and interest rate swaps, details of which are provided in note 7.

The maturity dates of medium/long-term borrowings are illustrated in the table below:

	Due between 2 and 5 years	Due after 5 years	Total
Bonds	182,568	169,904	**352,472**
Bank borrowings and leasing obligations	220,925	1,958	**222,883**
Put option held of mino-rity shareholders	-	10,071	**10,071**
Total borrowings medium/long term	**403,493**	**181,933**	**585,426**

The following table depicts the borrowings (including the respective hedging instruments) by maturity date and type of interest rate:

Borrower	Description	Interest rate	As at 12/31/2020	Maturity
Barilla France	Bonds (including cross currency and interest rate swaps)	floating	84,365	2021 - 2023
Barilla Iniziative	Bonds (including cross currency and interest rate swaps)	floating	280,836	2025 - 2027
Barilla Iniziative	Intesa Sanpaolo loan	fixed	200,000	2025
Barilla International	Put option held of minority shareholders	n.a.	10,071	2029
Various counterparts	Banks	floating	27,421	2021 - 2024
Various counterparts	Leasing	fixed	33,177	2021 - 2048
Total bank borrowings (either due within or after one year) *			**635,870**	

Borrowings due within one year and after more than one year are denominated in the following currencies:

Currency	Carrying value 2020	Carrying value 2019
Euro	216,842	264,228
USD (American Dollar)	374,914	377,500
TRY (Turkish Lira)	13,775	12,756
RUB (Ruble - Russia)	11,566	2,133
SEK (Krone - Sverige)	11,160	2,428
MXN (Mexican Pesos)	4,860	16
Other currencies	2,753	3,146
Total borrowings due within one year and after more than one year *	**635,870**	**662,207**

After the application of the new Standard IFRS 16 Leases in 2019, the item "Other Currency" increased significantly as a result of additional lease agreements signed by the subsidiaries in foreign currency other than the functional currency.

Below is the reconciliation of the change in financial payables due within one year and after one year, highlighted under 'Net cash flow from financing activities' in the statement of cash flows, corresponds to the sum of "Borrowings disbursement/reimbursement", "Foreign exchange effect on foreign currency debts" and "Fair value changes through consolidated income statement", the Net of 'Bank overdrafts' movements:

	Total borrowings due within one year and after one year	*thereof: Bank overdraft*
Total net financial liabilities at December 31, 2018 * (a)	**392,999**	***1,007***
Movements in 2019		
Monetary changes of the period:		
Borrowing disbursement/ reimbursement, including those due to parent company	219,204	*40,385*
Total monetary changes of the period	**219,204**	***40,385***
Non-monetary changes of the period:		
IFRS 16 adoption leasing at January 1, 2019	41,733	
Foreign exchange effect on foreign currency debt	(1,359)	*(3)*
Fair value changes through income statement	11,365	
Fair value changes through OCI	(1,736)	
Total non-monetary changes of the period	**50,004**	***(3)***
Total changes (b)	**269,208**	***40,382***
Total net financial liabilities at December 31, 2019 * (a+b)=c	**662,207**	***41,389***
Total derivatives (assets)/liab at December 31, 2019	(69,683)	
Total Debt at December 31, 2019	731,890	*41,389*
Movements in 2020		
Monetary changes of the period:		
Borrowing disbursement/ reimbursement, including those due to parent company	(18,675)	*14,507*
Total monetary changes of the period	**(18,675)**	***14,507***
Non-monetary changes of the period:		
Foreign exchange effect on foreign currency debt	(6,744)	*(881)*
Fair value changes through income statement	501	
Fair value changes through OCI	(1,419)	
Total non-monetary changes of the period	**(7,662)**	***(881)***
Total changes (d)	**(26,337)**	***13,626***
Total net financial liabilities at December 31, 2020 * (c+d)	**635,870**	***13,626***
Total derivatives (assets)/liab at December 31, 2020	(50,719)	
Total Debt at December 31, 2020	686,589	*13,626*

** Total borrowings due within one year and after one year, detailed in the tables, include negative derivatives and are expressed net of the positive value of derivatives, except for derivatives on commodities as disclosed in paragraph 6.20 "Derivate financial instruments".*

The effective interest rates on borrowings amounted to 1.3% (1% in 2019). The calculation does not include non-recurring items relating to bonds or early repayment of loans and the fair value changes related to bonds.

The comparison between the carrying value and fair value of borrowings is disclosed in note 7.

Financial covenants and other contractual obligations

The Bonds and Bank facility currently outstanding (the "Financing") require the compliance with certain contractual obligations and financial covenants (collectively, the "Covenants").
The main Covenants, as defined in one or more Financing contracts, are in line with market practice for similar transactions, as follows:

Financial covenants

- Ratio of Net Borrowings to EBITDA;
- Ratio of EBITDA to Net Interest on borrowings;
- Ratio of borrowings of operating companies plus borrowings secured by real guarantees (except where permitted contractually) to Total Assets as resulting from the financial statements.

Other restrictions and contractual obligations

- Change of control;
- Undertaking not to subordinate the Financing to other debt ("*pari passu*") and/or not to grant liens/pledges in favour of such debtholders (except where permitted contractually);
- Undertaking not to dispose certain key assets (such as: key plants, trademarks, licenses and intellectual property);
- Limitations in disposal proceeds, acquisition policies and dividends (where applicable).

Events of Default

The main events of default, which are not applicable to non-material Group companies, are summarized as follows:

- Failure to pay any sum due under the Financing;
- Non-compliance with financial covenants and/or other contractual obligations (subject to materiality thresholds);
- Cross default (in relation to event of defaults under other Financing that exceed certain thresholds);
- Insolvency, bankruptcy and other insolvency proceeding;
- Significant change in the Group's business.

When an event of default occurs, which cannot be recovered within the applicable time limits, the Lenders have the right to request the immediate repayment of the borrowed amount, together with interest and any other sums contractually due.
No defaults arose either during the year or at the year end and moreover the Group was compliant with all the financial covenants.

6.16 Retirement benefit obligations

Retirement benefit obligations comprise amounts paid to employee defined benefit plans, including the staff leaving indemnity fund (as the Italian "TFR" and other equivalent plans and pension schemes).
Total obligations relating to future benefits payable to employees amounts to euro 158,067 (euro 158,791), of which amount due within one year is euro 12,870 (euro 12,019) and amount due longer than one year is equal to euro 145,197 (euro 146,772), net of plan assets for euro 3,562 (euro 3,637).

In Italy, the TFR represents the deferred compensation payable by companies to employees on termination of employment, in accordance with article 2120 of the Italian Civil Code. Following reforms introduced in the Italian law, the TFR provision accrued until 31 December 2006 is still considered a defined contribution plan, while the portion further matured is annually paid to managing institution.

The main specific risks related to this plan refers to the accrued benefit that is payable to the members as a lump sum when retiring or leaving the company. According to the Italian law, it is also possible to receive an advance from the total accumulated benefit. Therefore, there is the risk that members will leave the plan sooner than expected or demand an advance payment in a larger size than expected, generating an actuarial loss in the plan due to cash flow acceleration. Other risks to which the plans are exposed are limited to inflation, to which the accrued benefits are linked, and discount rate.

The foreign other plans and pension schemes relate to companies operating in France, Greece, Germany, Sweden, Turkey, Norway, Mexico and Switzerland.

The principal features of some of the most significant plans are as follows:

- In France, there are the “Retirement Indemnity Plan” and the “Long Service Awards Plan”. The first plan attributes the right to receive a sum of money on termination of employment upon retirement, in proportion to the number of years of service, final salary levels and whether termination was voluntary or not. The specific risks are related to the fact that Retirement Indemnity Plans are mandatory by law and are defined by national bargaining agreements, therefore these plans are subject to the legislative risk and rate of withdrawal of beneficiary from the plan. The “Long Service Awards Plans” pay benefits at any defined anniversary of working life related to the service in the company. The awards paid are exempt of payroll taxes within the value of one month of salary. The main risks on these plans are linked to changes of fiscal legislation risk characterizing them that could require additional costs. Other risks that can be identified are related to the change in the discount rate and withdrawal rate of employees;
- In Greece, there is the pension plan (Retirement Indemnity Plan) which provides that the employer is required to pay an indemnity where the employee has reached pensionable age or employment is terminated involuntarily.
  The payment indemnity received from the employee depends on several factors including years of service, the equivalent monthly salary in the last year of service (including bonuses) and the reason for termination. The indemnity paid by the entity is for several months and not one-off, based on a scale of multiples in relation to years of service and also taking into consideration the reason for termination. Main risks are related to the changes in the discount rate;
- In Germany, there are three pension plans- "Pension", "Jubilee Plan" and "Early Retirement Plan". The pension plan paid by the entity when the employee has reached pensionable age or in case of disability, with the possibility of the right of pension plan for the assisting spouse. The pension plan provides for the payment of an ongoing pension and not a one-off lump sum. The plan is based on a pre-determined percentage of annual salary and taking into consideration the increase of salaries and longevity risk. The risk connected to this plan, linked to national contracts, is relating to pension increased established by the local law, that may have to be increased retrospectively (up to a limit of three years) as well as in respect of future increases;
- In Sweden, “IPT2 Plan” is the pension scheme for white collar employees based on the collective bargaining agreement. The risks are linked to any changes on the collective bargaining agreement. An external influence on the possible increase in pensions derives from the funding level in the short term of the monopoly insurer of plans in Sweden.

The retirement benefit obligations are determined applying actuarial calculations carried out by an independent expert or company and are adjusted for events that require changes to be reflected therein. The last actuarial valuation was performed at 31 December 2020 using the projected unit credit method, under which the present value of future retirement obligations to be paid is determined.

	2020	2019
Opening balance	**158,791**	**146,830**
Services costs	3,429	3,673
Finance costs	1,572	2,429
Actuarial (gains) / losses	2,346	13,594
Exchange differences for the year	151	(370)
Benefits paid	(8,222)	(7,365)
Closing Balance	**158,067**	**158,791**
Of which:		
- Due within one year	12,870	12,019
- Due after one year	145,197	146,772

Services costs relate to the charges for the year.

The assumptions adopted in determining retirement benefit obligations may be summarized as follows:

2020	Discount rate	Expected rate of return on plan assets	Estimated salary growth	Inflation rate
Italy	0.40%	n.a.	3.50%	1.50%
Germany	(0.30%) 0.50% 0.65%	0.64%	2.25%	-
France	0.60% 0.30%	0.59%	2.25%	1.50%
Greece	0.65%	n.a.	1.50%	1.50%
Mexico	6.50%	6.50%	4.50%	3.50%
Norway	1.70%	1.70%	2.00%	1.50%
Sweden	1.00%	n.a.	3.00%	2.00%
Turkey	11.80%	n.a.	10.40%	8.90%
Switzerland	0.10%	0.10%	2.00%	1.00%

The brand promise of the Wasa brand, featuring new healthy snacks: launch of new products such as the Tasty Bites in Germany, Sweden, Denmark, Switzerland, Austria and the Netherlands (late 2020).

“We carefully select
the best raw materials,
respecting People and the Planet.
We wisely transform them to create
iconic products thanks to our know-how”

Guido, Luca and Paolo Barilla

2019	Discount rate	Expected rate of return on plan assets	Estimated salary growth	Inflation rate
Italy	0.70%	n.a.	2.72%	1.75%
Germany	(0.25%) 0.75% 1.00%	0.98%	2.25%	-
France	1.00% 1.70%	0.99%	1.75% 2.25%	1.75%
Greece	1.00%	n.a.	1.75%	1.75%
Mexico	7.25%	7.25%	4.50%	3.50%
Norway	2.30%	2.30%	2.50%	1.50%
Sweden	1.50%	n.a.	3.00%	2.00%
Turkey	11.30%	n.a.	8.50%	7.00%
Switzerland	0.20%	0.20%	1.00%	1.00%

The cost of future employee retirement benefits recognized in the income statement is classified under the following headings:

	2020	2019
Cost of sales	1,338	1,188
Logistics costs	222	290
Selling costs	540	615
Marketing costs	127	98
General and administrative expenses, technical and development costs	1,202	1,482
Total	**3,429**	**3,673**

The plan assets composition is as follows:

	2020	2019
Listed shares and bonds	10	10
Cash and cash equivalents	4	4
Total listed assets	**14**	**14**
Insurance contracts	3,437	3,515
No listed - other	111	108
Total asset	**3,562**	**3,637**

The weighted duration of defined benefit obligations is equal to 13 years, split by plan as follows:

Years	Weighted duration	Average future working lifetime
Average	**12.5**	**9.5**
Italy	7.8	9.3
Germany	15.0	6.1
France	12.5	14.6
Sweden	18.5	10.5
Greece	15.8	15.8
Turkey	8.2	14.0

The effect on the retirement benefit obligation of a reasonably possible change in the actuarial assumption considered in computing the defined-benefit obligation is provided below:

Effect %	Increase in actuarial assumption	Decrease in actuarial assumption
Discount rate (0.5% movement)	(1.26%)	0.26%
Rate of salary increase (0.5% movement)	3.21%	(2.26%)
Inflation rate (0.25% movement)	1.97%	(1.47%)
Life expectancy (1 year variation)	1.28%	n.a.

6.17 Current income tax liabilities

Current income tax liabilities amount to euro 66,556 (euro 12,768) and comprise of provision for current taxes on profit for the year. It also includes the group tax consolidation regime payable due to the Italian tax authorities following the establishment of the Group Barilla Holding S.r.l.

6.18 Other liabilities

Other liabilities consist of the following:

	2020	2019
Amounts due to employees	137,331	117,046
Amounts due to social security authorities	32,014	26,565
Withholding taxes from employees, consultants and freelance workers	14,564	12,707
Other taxes	12,445	3,659
Amounts due to customers	9,757	7,407
Other liabilities	7,334	9,359
Accruals and deferred income	4,308	2,342
VAT payable	2,777	8,598
Total	**220,530**	**187,683**

The increase in 'Amount due to employees' is mainly attributable to the bonus recognized to all the employees of the Group, not yet paid, for a total amount of euro 11 million.

During 2020 has been made the accrual for the substitute tax calculated on the civil revaluation of the trademarks for the subsidiary Barilla G. e R. Fratelli Società per Azioni; the amount due within the year is euro 7,499 and is included in the item "Other taxes".

Accruals and deferred income mainly relate to accrued interest payable. The fair value of other liabilities approximates the carrying value.

6.19 Provisions for other liabilities and charges

The current and non-current portions of provisions for other liabilities and charges may be detailed as follows:

	Initial Balance	Charges	Used / reversed / reclassification	Foreign exchange impact	Ending Balance
Employee risk provision	11,034	5,067	(4,484)	(140)	11,477
Restructuring provision	32,042	10,526	(3,441)	(2)	39,125
Tax risk provision	1,046	472	(46)	(148)	1,324
Price contest risk provision	237	1,326	(229)	(5)	1,329
Returns and unsold goods provision	2,286	330	-	(12)	2,604
Revocatory risk provision	10,395	1,069	(309)	-	11,155
Litigation provision	2,439	-	(249)	(111)	2,079
Provision for Rent IFRS 16	5	-	-	-	5
Other provisions	27,985	3,335	(1,349)	37	30,008
Total	**87,469**	**22,125**	**(10,107)**	**(381)**	**99,106**
Of which:					
- due within one year	47,369				56,971
- due after one year	40,100				42,135

The “Employee risk provision” and the “Restructuring provision” have been recognized in relation to reorganization programs that include redundancy incentives and other future employee obligations.
The "Revocatory risk provisions" were registered for collected commercial receivables for which there is a risk of a clawback action.
The “Other provisions” mainly include commercial risks and risks against distributors. The provisions due for longer than one year have not been discounted due to the uncertainty of the period of utilization.

6.20 Derivative financial instruments

	12/31/2020		12/31/2019	
	Assets	Liabilities	Assets	Liabilities
- Fair value hedge - interest rate derivatives	37,825	-	71,457	-
- Held for Trading - Forward exchange contracts	9,590	-	2,790	-
- Cash flow hedge - commodities	-	524	606	-
Total non-current portion	**47,415**	**524**	**74,853**	**-**
- Cash flow hedge - commodities	420	-	403	-
- Cash flow hedge - Forward exchange contracts	56	-	-	-
- Fair value hedge - interest rate derivatives	12,894	-	-	-
- Held for Trading - Forward exchange contracts	1,053	1,203	673	2,447
- Held for Trading - Commodities	437	-	102	-
Total current portion	**14,860**	**1,203**	**1,178**	**2,447**
Total derivative financial instruments	**62,275**	**1,727**	**76,031**	**2,447**

The Group has designated the following hedging types, related to currency and interest rate swap contracts, concerning the US Private Placement bonds, all designated as fair value hedge:

- contracts for the tranches, with a nominal value of USD 75 million, that expire on 15 July 2021. The positive fair value at 31 December 2020 amounted to euro 12,894. The negative impact on the consolidated income statement amounted to euro 6,540 and impact on comprehensive income for euro 13;
- contracts for the tranches, with a nominal value of USD 50 million, that expire on 15 July 2023. The positive fair value at 31 December 2020 amounted to euro 11,414. The negative impact on the consolidated income statement amounted to euro 3,373 and the positive impact on comprehensive income to euro 36;
- contracts for the tranches, with a nominal value of USD 150 million, that expire on 13 December 2025. The positive fair value at 31 December 2020 amounted to euro 24,251. The negative impact on the consolidated income statement amounted to euro 5,099 and the impact on comprehensive income to euro 724;
- contracts for the tranches, with a nominal value of USD 185 million, that expire on 28 October 2027. The negative fair value at 31

For his 50th anniversary, Harrys launched Pain de mie Tressé: a premium bread with high quality, authentic ingredients, ideal for meals or breakfast with the family.

Inspired by the French baking tradition, Pain de mie Tressé is hand-braided and is made with semi-wholegrain flour.

Its thick slices will give you an unprecedented soft and generous experience.

December 2020 amounted to euro 2,160. The negative impact on the consolidated income statement amounted to euro 4,307 and the impact on comprehensive income to euro 718.

"Derivative contracts on commodities" mainly includes hedging of the electricity costs and the price of wheat.

	Gross reserve	Tax effect
Movements in 2019		
Opening balance at 1/1/2019	**10,059**	**(2,361)**
Change in basis	(1,101)	265
Change in fair value	(2,968)	650
Total at 12/31/2019	**5,990**	**(1,445)**
Movements in 2020		
Opening balance at 1/1/2020	**5.990**	**(1.445)**
Change in basis	(1.105)	267
Change in fair value	(1.413)	282
Total at 12/31/2020	**3.472**	**(897)**
of which Non controlling interests	521	(134)

The hedging reserve includes the hedge portion of derivatives on commodities and the effective portion related to the interest rate hedge for the derivatives designated as cash flow hedge, as well as the basis component for the currency and interest rate swap contracts designated as fair value hedge.

As of December 31, 2020, the notional value of the cross currency and interest rate swap contracts that expire from 2021 to 2027 and designated as fair value hedge is euro 369,197; plus derivatives on energy for euro 9,704.
The financial risk management policy is disclosed in note 7.

6.21 Other payables

Other payables, that amounted to euro 19,139 (euro 4,229), mainly includes the non-current portion of provision for substitute tax calculated on the statutory revaluation of trademarks of the subsidiary Barilla G. e R. Fratelli Società per Azioni, for euro 14,998, as well as liability for social security contributions.

6.22 Equity

Fully paid share capital as of 31 December 2020, as in the prior year, is divided n. 112,720,000 ordinary shares with a nominal value of euro 1 each.

In 2020, a partial demerger was approved and came into effect on 2 December 2020, in favor of a newly established company named Numero 5 S.r.l. including all the assets in Barilla Holding (formerly CO.FI.BA. S.r.l.) with the exception of:

- investments in the share capital of the companies Barilla Iniziative S.p.A., Newco Italia S.r.l. and Barilla International Limited;
- the current account at one of the leading Italian credit institutions;
- the tax position of Barilla Holding S.r.l. and other Italian companies of the Group towards the tax authorities for national tax consolidation relationships.

Below is a summary of the values with respect to the demerger at 1 January 2020:

ASSETS	Amount in euro
Financial asset	28,307,083
Current asset	5,880,313
Cash and cash equivalents	2,695,002
Total assets	**36,882,398**
LIABILITIES	**Amount in euro**
Equity	32,882,124
Liabilities	4,000,274
Total liabilities	**36,882,398**

The partial demerger's impact on the consolidated shareholders' equity was euro 32,882, it is included under 'Other changes' in the statement of changes in shareholders' equity.
This demerger was foreseen since the Group's reorganization process consisting of three demergers and a cross-border merger, with the aim of transferring the equity investments of the foreign companies from Barilla G. e R. Fratelli Società per Azioni to Barilla International Limited.

The reduction in the Group's shareholders' equity for euro 6,964, is attributable to the Put option exercisable under the Russian Sovereign Fund - RDIF Investment Management-19 LLC, by the minority shareholder of Barilla Rus LLC (details in note 6.15). The amount is indicated under 'Other changes' in the statement of changes in shareholders' equity. The net of the shares of the company exercised by the same minority shareholders in 2020, amounts to rubles 250 million, which is equivalent to euro 3.1 million.

During 2020, the shareholders' meeting approved the distribution of dividends for euro 50,500, paid on 6 July.

It should be noted that the parent company does not hold, nor has held or acquired, any treasury stock, either directly or indirectly through its subsidiaries or associates.

6.23 Non-controlling interests

As reported in the section 'Change in scope of consolidation', an agreement was signed in June 2020 with the Russian Sovereign Fund - RDIF Investment Management-19 LLC with reference to equity investment in the subsidiary Barilla Rus LLC. By virtue of this agreement with the minority shareholders, the Group did not recognize any interest to third parties but only the recognition of a put option exercisable by them.

The following table provides information on the subsidiary controlled by the Group with significant participation of non-controlling interests. The amounts are gross of intercompany eliminations:

	Barilla Mexico SA de CV sub-group	Barilla Iniziative and Barilla International	Barilla Mexico SA de CV sub-group	Barilla Iniziative
Percentage of non-controlling interests	**50%**	**15%**	**50%**	**15%**
	12/31/2020	**12/31/2020**	**12/31/2019**	**12/31/2019**
Revenue	83,205	3,890,398	81,332	3,626,512
Result of the period	6,318	352,392	4,878	266,637
Profit/(Loss) attributable to non-controlling interests	**3,159**	**61,737**	**2,439**	**39,630**
Total comprehensive income/(loss)	(2,320)	(55,667)	1,380	856
Total comprehensive income/(loss) attributable to non-controlling interests, without result	**(2,320)**	**(8,350)**	**690**	**24**
Total comprehensive income/(loss) attributable to non-controlling interests	**839**	**53,387**	**3,129**	**39,654**
Current assets	45,762	1,408,608	40,819	1,367,553
Non-current assets	9,838	1,629,068	10,058	2,031,517
Current liabilities	(22,422)	(1,225,046)	(15,487)	(1,112,275)
Non-current liabilities	(743)	(795,410)	(727)	(853,620)
Net assets	**32,435**	**1,017,220**	**34,663**	**1,433,175**
Net assets attributable to non-controlling interest	**16,217**	**152,583**	**17,331**	**212,225**
Net cash generated from/(used in) operating activities	2,009	478,274	4,103	401,984
Net cash generated from/(used in) investing activities	(915)	(300,414)	(702)	(176,229)
Net cash generated from/(used in) financing activities	(2,015)	(74,927)	(927)	(112,430)
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	**(921)**	**102,933**	**2,474**	**(113,325)**
Total dividends paid to non-controlling interests (included in cash flow from financing activities)	**2,015**	**8,833**	**927**	**7,060**

Commitments and guarantees

Contractual commitments at the year-end that are not recognized in the statement of financial position amount to euro 995,034 (euro 1,001,585) and comprise:

- commitments for the purchase of finished goods, wheat, other raw materials and packaging for euro 850,110 (euro 835,047);
- commitments for capital expenditure for euro 40,261 (euro 41,636);
- commitments for energy purchase for euro 104,663 (euro 124,902).

Third party guarantees

They comprise guarantees provided by banks and/or insurance companies to government agencies in connection with VAT refunds on behalf of the subsidiary Barilla G. e R. Fratelli Società per Azioni, and in favor of the Zara pasta factory for the business combination, equal to euro 107,443 (euro 330,278).

Group obligations guaranteed by third parties

They comprise bank guarantees amounting to 2,703 (euro 1,731) and issued by financial institutions to Barilla G. e R. Fratelli Società per Azioni for prize contests/competitions and for the quality of imported wheat.

Contingent liabilities

The Group has contingent liabilities in respect of legal and tax claims arising in the normal course of the business. Those claims are not deemed to originate any material liabilities other than those already provided in the financial statements.

Consolidated income statement

6.24 Revenue

Revenue may be analyzed as follows:

	2020	2019
Total sales of finished goods	3,834,129	3,573,319
Sales of by-products	50,473	48,384
Sales of raw materials and others	5,796	4,809
Total	**3,890,398**	**3,626,512**

6.25 Detail of costs by nature

The following table sets out the composition of costs by nature in relation to the sum of cost of sales, logistics expenses, selling expenses, marketing expenses, technical and development costs and general and administrative expenses that are presented in the consolidated income statement:

	2020	2019
Purchase of raw materials, semi-finished goods, finished goods, materials and change in inventories	1,576,764	1,478,770
Employee costs	558,545	520,257
Transport and warehousing services	336,057	316,705
Promotional and advertising services	306,485	305,726
Depreciation, amortization and impairment	168,327	141,942
Services	136,473	118,454
Utilities	88,834	87,675
Third party manufacturing costs	79,334	83,261
Sales commissions	53,699	53,959
Maintenance costs	39,155	40,598
Consultancy costs	28,002	18,764
Purchase of other materials	25,594	28,779
Property leases, rentals and operating leases	18,771	18,871
Other taxes	14,675	9,730
Green dot	12,277	8,258
Customs duties	10,995	10,802
Insurances	9,633	8,790
Travel and expenses	7,917	15,721
Postage and telephone expenses	6,065	6,230
Directors' and statutory auditors' emoluments	5,256	5,269
Employee training costs	4,000	4,121
Canteen's costs	3,072	3,506
Demolition cost	2,869	1,654
Others	813	542
Guest expenses	597	1,667
Total	**3,494,211**	**3,290,051**

The increase in other taxes refers to costs related to the acquisition of the Pasta Zara business unit for euro 5,549, mainly attributable to the registration tax relating to tangible and intangible fixed assets paid for the transaction.

The detail of "Property leases, rentals and leases", for 18.8 million of euro, is as follows:

	Value in euro million
Agreements in scope IFRS 16 adoption	
Service costs	2.9
Agreements not in scope IFRS 16 adoption	
Contracts Exented:	
- short term	1.8
- low value of underline asset	11.7
Exclueded contracts	2.4

The agreements with low value of underline assets mainly refer to rent of pallets for euro 9.4 million (8.1 million of euro in 2019). During the year 2020 no payments corresponds to leasing variables.

Depreciation on property, plant and equipment, amortization of intangible assets and goodwill impairment, charged to the consolidated income statement, are classified under the following headings:

	2020	2019
Cost of sales	134,439	112,445
Logistic Costs	7,419	5,375
Selling Costs	3,792	2,781
Marketing Costs	334	321
General and administrative expenses, technical and development costs	22,343	21,020
Total	**168,327**	**141,942**

In 2020, 'Plant and machinery' was written down for euro 15,538, as the related net book value was lower than the net realizable value.

"Pasta al trancio con pinzimonio di frutta e verdure" (a slice of pasta with fruit and vegetable crudités) stems from Davide Oldani's intuition and is 3D printed by BluRhapsody. This dish, cooked and served like a steak, was part of the brand's effort to promote a new concept of pasta: not only a first course but also a main course and even a dessert.

The 2020 communication campaign targeted B2B and B2C consumers by providing innovative insights into the consumer experience of BluRhapsody products.

In the photo: 3D pasta balls with burrata and asparagus

6.26 Other income and expenses

Other income and expenses comprise:

	2020	2019
Income and expenses from continuing operations:		
Income/(expenses) relating to other accounting periods	11,646	13,756
Net utilization of/charges to provisions	(11,699)	2,693
Income/(Services) rendered and other minor amounts	13,717	3,647
Insurance repayments	356	622
Net gains/(losses) on disposals of property, plant and equipment	(3,314)	(4,160)
Membership fees	(1,724)	(1,857)
Employee leaving incentives	(2,446)	(2,329)
Bank commission and factoring services	(2,129)	(2,031)
Allowance and losses on trade receivables	(3,413)	(942)
Property and other taxes	(7,669)	(7,488)
Donations to employees and third parties	(16,734)	(12,250)
Total income/(expenses) from continuing operations	**(23,408)**	**(10,338)**

The net utilization of charges to provisions is attributable to the Group's restructuring programs. The increase in donations to employees and third parties is mainly attributable to donations made in 2020 to support various charitable projects linked to the pandemic.

6.27 Finance costs - net

Finance costs - net consisted of the following:

	2020	2019
Net profits/(costs) relating to the net financial position:		
Interest income on bank accounts	1,519	3,887
Net profit from other assets at fair value	4,452	6,961
Interest expense on short-term bank borrowings	(731)	(474)
Interest expense on medium/long-term bank borrowings	(3,628)	(2,467)
Interest expense on bonds	(2,656)	(3,164)
Positive/(negative) change in fair value of bonds and hedging instruments	562	436
Interest expense on leases	(946)	(1,443)
Total net finance profits/(costs) relating to the net financial position	**(1,428)**	**3,736**
Other finance income/(costs):		
Net realized exchange rates gains/(losses)	(4,788)	282
Net unrealized exchange rates gains/(losses)	25	1,484
Commissions on undrawn amounts	(803)	(810)
Interest costs on pension liabilities	(1,572)	(2,429)
Change in fair value of equity instruments	-	(58)
Other income/(costs)	507	1,009
Total other finance income/(costs)	**(6,633)**	**(523)**
Total finance profits/(costs) - net	**(8,061)**	**3,213**

"Net profit from other assets at fair value" refers to Investment Grade bonds' accrued coupons and their fair value evaluation. The debt instruments have been acquired starting from 2019 by subsidiaries Barilla Sverige AB and Barilla Netherlands BV.

The positive fair value impact of bond loans and derivatives instruments, written with the Fair Value Hedge method, depends from the application of amortized cost and the fair value on bonds, nets of variation of fair values hedge instruments.

Commissions on undrawn amounts relate to the committed Revolving Credit Facility - RCF, not used during the year.

"Other income/(costs)" mainly includes interest income collected during the year for a refund of VAT receivables, for euro 625 (euro 948 in 2019).

6.28 Income tax expense

The current and deferred taxes for the year result in a positive value of euro 51,243 (in 2019 negative value of euro 60,611).

	Year ended 31 December 2020
Profit before income tax	364,718
Theoretical tax charge	95,893
Unrecognized deferred tax assets	557
Extraordinary events	(165,113)
Net non-deductible expenses/ (income not subject to tax)	14,518
Use of deferred tax assets not recognized in prior periods and re-measurement of deferred taxes	2,903
Effective tax charge	**(51,243)**

The item 'Extraordinary events' mainly refers to the provision for prepaid taxes subsequent to revaluation of some trademarks in Barilla G. e R. Fratelli Società per Azioni (Art. 110 DL 104/2020), net of substitute tax and the provision of income tax relating to the corporate reorganization that took place during the year.

The effective tax charge is lower compared to the theoretical tax charge, mainly due to the tax calculated by weighted average of the tax rates of various countries in which the Group operates by results produced locally.

The nominal tax rates in the countries in which the principal Group companies operate are as follows:

Europe	
Italy	27.90%
Germany	31.50%
Sweden	21.40%
France	28.00%-31.97%
Austria	25.00%
Turkey	22.00%
Greece	24.00%

North America	
United States	21.00%

Other Countries	
Russia	20.00%
Brasil	34.00%
Mexico	30.00%
Australia	30.00%
United Kingdom	19.00%

Tax losses carried forward and unrecognized deferred income tax assets are summarized as follows:

Company	Tax losses	Period for which losses may be carried forward	Rate %	Recognized deferred income tax assets	Unrecognized deferred income tax assets
Barilla Espana S.L.	416	Unlimited	25%	270	-
Barilla America Inc.	17,906	20 years	21%	2,512	-
Barilla Do Brazil LTDA	21,401	Unlimited	34%	-	7,276
Barilla Rus LLC	11,392	10 years	20%	2,278	-
Barilla Canada Inc.	20,356	20 years	27%	-	5,394
Barilla Belgium S.A.	4,467	Unlimited	25%	-	1,117
Catelli Montreal Inc (formerly MXO Global Inc.)	1,544	20 years	27%	-	411
Barilla Poland Sp. Z.o.o.	1,104	5 years	19%	204	-
Barilla Shanghai Trading Company Limited	351	5 years	25%	-	88
Barilla Central Europe Service GmbH * (formerly Finba Bakery Holding GmbH)	99,969	Unlimited	various	-	15,820
Total	**178,906**			**5,264**	**30,106**

** for Trade Tax purpose the amount of tax losses is 80,845 euro*

7. Financial instruments and net financial position

Risk management policies

The Group's activities expose it to a variety of financial risks, among which: market risks (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

As part of its risk management policy and in order to minimize the impact of market risks, the Group also utilizes hedging instruments (whereas no instrument is used or held for speculative purposes). The Group manages all the hedging transactions centrally. The Group has introduced certain guidelines and procedures that govern risk management and control all derivative transactions.

(a) Market risk

(i) Interest rate risk

The exposure to market risk arising from changes in interest is mainly related to euro rates, the currency in which nearly all Group borrowings at floating rate are denominated or converted by virtue of the hedging contracts. Considering its positive net financial position, the Group decided to keep a mix of fixed and floating rate debt, taking into consideration also the asset/liablily management. At 31 December 2020 approximately 38% (41% in 2019) of gross indebtedness was at fixed rate, including derivatives financial instruments.

The Group analyzes its interest rate exposure on a dynamic basis. In particular, the Group simulates its financing requirements and prospective generation of cash flows on different scenarios applying varying assumptions based on economic expectations, existing positions and potential renewals, alternative financing, hedging policy and potential refinancing.

Sensitivity analysis:

The potential after-tax effects on the income statement and other comprehensive income of a +/-0.5 percentage point change in euro and in US dollar interest rates, with all other conditions remaining unchanged, applied to the Group's floating rate borrowings at 31 December would have amounted to:

Income - (cost)	2020		2019	
	+0.5%	-0.5%	+0.5%	-0.5%
Effect on Net Result	5,644	(5,651)	5,941	(5,925)
Effect on Other Comprehensive Income	(31)	31	40	(41)

The tax effects were calculated applying the Group's effective tax rates at 31 December 2020 and 2019.

(ii) Foreign exchange risk

Operating an international business, the Group is potentially exposed to the risk that exchange rate fluctuations may have on its assets, liabilities and cash flows generated outside the euro area. Actually, the Group is not heavily exposed to such risk as the risk that arises in the normal course of business is managed through a policy of compensating assets and liabilities, using also, when necessary, derivative contracts (principally forward foreign exchange contracts).

Sensitivity analysis:

The analysis included receivables and payables denominated in foreign currencies and derivative financial instruments.

At 31 December 2020 and 2019 the potential after-tax effects on the net result and on other comprehensive income of a strengthening/(devaluation) of the euro against the other foreign currencies (mainly US dollar), with all other conditions remaining equal, would have amounted to:

Income - (cost)	2020		2019	
	+10%	-10%	+10%	-10%
Effect on Net Result	25,961	(24,426)	8,701	(8,413)
Effect on Other Comprehensive Income	49	40	-	-

(iii) Price risk

The Group manages the mitigation of operating risks relating to the trend in prices of those commodities used in the production process mainly through the adoption of medium-term purchasing contracts with its suppliers, partially integrated by derivative contracts on wheat. Hedging contracts are entered into in respect of the Swedish electrical energy market using the "Nord Pool" mechanism through the supplier.

Sensitivity analysis:

The analysis considers derivatives on commodities, mainly related to derivative contracts on wheat and electrical energy.

At 31 December 2020 and 2019, the potential after-tax effects on the income statement and other comprehensive income of a strengthening/(devaluation) of commodities' prices, with all other conditions remaining equal, would have amounted to:

Income - (cost)	2020		2019	
	+5%	-5%	+5%	-5%
Effect on Net Result	(353)	353	(83)	83
Effect on Other Comprehensive Income	84	(84)	(816)	816

(b) Credit risk

Credit risk represents the risk that one of the parties to a transaction does not fulfil the financial obligations undertaken. This risk relates to outstanding trade receivables, securities and cash and cash equivalents, and operations with banks and other financial institutions comprising: deposits and other transactions, derivative instruments and the ability to meet the commitment on the irrevocable credit facilities. The Group's accounts receivable is concentrated in the large-scale retail channel.

The Group periodically assesses the creditworthiness of its counterparties and regularly monitors the respect of the credit limits assigned. Insurance policies have been also underwritten to cover potential losses related to commercial receivables.

The Group determines the value of debt instruments and the bank deposits in accordance with the expected credit losses criterion. As far as the credit risk on bank deposits and other financial investments is concerned, the Group has established exposure limits for each counterparty on the basis of the external credit rating, the level of credit default swaps and other market information. The Group believes not to be currently exposed to significant risks.

(c) Liquidity risk

The Group's policies aim to make the liquidity risk reasonably remote. This is achieved through the constant availability of funding through undrawn committed credit facilities, which cope with any reasonably foreseeable future financial commitments, also taking into account the Group's significant generation of cash flows.

At 31 December 2020, the Group held undrawn credit facilities expiring in 2024 of euro 500,000 in addition to cash and cash equivalents in excess of euro 510,700.

An analysis of financial liabilities and derivatives assets/liabilities by maturity is provided in the table below. The maturity buckets are based on the period between the year-end date and the contractual maturity of the obligations.

The amounts in the table represent the undiscounted cash flows including interest estimated applying year-end exchange rates.

At 31 December 2020	Less than 1 year	From 1 to 5 years	Over 5 years	Total
Borrowings with banks, other lenders and leases	64,548	400,935	182,002	647,485
Derivative financial instruments through consolidated profit or loss	150	-	-	150
Option Put	-	10,071	-	10,071
Trade and other payables	1,089,075	19,139	-	1,108,214
Total	**1,153,773**	**430,145**	**182,002**	**1,765,920**

At 31 December 2019	Less than 1 year	From 1 to 5 years	Over 5 years	Total
Borrowings with banks, other lenders and leases	77,646	335,590	307,112	720,348
Derivative financial instruments through consolidated profit or loss	4,564	-	-	4,564
Trade and other payables	979,781	4,229	-	984,010
Total	**1,061,991**	**339,819**	**307,112**	**1,708,922**

Categories of financial instruments

In order to provide full financial risk disclosures, the reconciliation between the categories of financial assets and liabilities as reported in the Group financial position and the categories of financial assets and liabilities identified in accordance with IFRS 7 is presented below, along with the information of fair value evaluation level provided for by IFRS 13:

31 December 2020	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Equity instruments at fair value through profit or loss	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Hedging derivatives assets	Fair value	Fair value evaluation Level
Equity instruments	-	-	1,206	-	-	-	**1,206**	Level 3
Derivatives (assets)	11,080	-	-	-	-	51,195	**62,275**	Level 2
Other debt instruments	253,931	-	-	-	-	-	**253,931**	-
Trade and other receivables	-	566,074	-	-	-	-	**566,074**	-
Cash and cash equivalents and financial assets	-	510,692	-	-	-	-	**510,692**	-
Borrowings with banks and other lenders	-	-	-	27,421	659,168	-	**686,589**	-
Trade payables	-	-	-	-	801,989	-	**801,989**	-
Other payables	-	-	-	-	304,578	-	**304,578**	-
Derivatives (liabilities)	-	-	-	1,728	-	-	**1,728**	Level 2
Total	**265,011**	**1,076,766**	**1,206**	**29,149**	**1,765,735**	**51,195**	**-**	**-**

31 December 2019	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Equity instruments at fair value through profit or loss	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Hedging derivatives assets	Fair value	Fair value evaluation Level
Equity instruments	-	-	11,853	-	-	-	**11,853**	Level 3
Derivatives (assets)	3,564	-	-	-	-	72,466	**76,030**	Level 2
Other debt instruments	263,209	-	-	-	-	-	**263,209**	-
Trade and other receivables	-	602,966	-	-	-	-	**602,966**	-
Cash and cash equivalents and financial assets	-	457,710	-	-	-	-	**457,710**	-
Borrowings with banks and other lenders	-	-	-	54,027	677,862	-	**733,220**	-
Trade payables	-	-	-	-	779,329	-	**779,329**	-
Other payables	-	-	-	-	204,680	-	**204,680**	-
Derivatives (liabilities)	-	-	-	2,447	-	-	**2,447**	Level 2
Total	**266,773**	**1,060,677**	**11,853**	**56,474**	**1,661,872**	**72,466**	**-**	**-**

During 2020, there was no transfer of financial assets or liabilities valued at fair value from level 1 to level 2. For the valuation techniques of the financial instruments in the level 2, refer to the previously described note on 'Accounting and valuation policies'.

The market value of borrowings with banks and other lenders was determined as follows:

- about the floating rate revolving facility, assuming the same credit rating, the nominal repayment value was used, as the adjustment of future lending rates in line with Euribor determined by the markets ensures the substantial alignment in values;
- with regard to the US dollar fixed rate US Private Placement, the valuation method for the portion qualified as cash flow hedge considers the amortized cost converted in euro at the current exchange rate; for the portion qualified as fair value hedge, the valuation method considers the amortised cost, net of the change in value of the hypothetical derivative which underlies the hedging relationship, with all amounts converted to euro at the current exchange rate;
- for all other borrowings, given the low value and the fact that these largely relate to short-term and/or floating rate instruments, the carrying value is considered representative of their fair value.

The other debt instruments, consisting of Investment Grade bonds, they are measured at fair value through consolidated income statement.

Regarding equity investments in unlisted companies included in the category equity instruments, the Group during the year determined their fair values and adjusted accordingly the carrying values. Further details are provided in note 6.13.

'We stand here united, despite the distance between us, and look to the future together, thanks to the hard work and dedication of each and every one of you.'

The Barilla brothers thank all employees at the company's end-of-year event, during which they share company achievements and future goals.

Left to right: Paolo Barilla (Deputy Chairman), Guido Maria Barilla (Chairman) and Luca Barilla (Deputy Chairman).

Net financial position (alternative performance indicator not required by accounting standards)
The net financial position of the Group at the year-end represents the sum of financial receivables and payables that originated respectively from borrowings and deposits, cash, bank and postal accounts, securities classified as financial assets at amortized cost and fair value through profit or loss, mark-to-market derivatives.
The net financial position of the Group at 31 December 2020 was positive and amounted to euro 138,590. In the previous year, the net financial position was positive for euro 62,614.
Derivatives relating to commodities used in the production process, included in the above total, have a positive mark-to-market of euro 333 (euro 1,111 in 2019).

The Group's net financial position may be summarized as follows:

	12/31/2020	12/31/2019
Cash and cash equivalents	510,700	457,710
Current financial assets at fair value	253,931	263,209
Banks and other borrowings (including derivatives)	(87,506)	(72,511)
Short-term net financial position	**677,125**	**648,408**
Non-current financial assets at fair value	47,415	74,853
Put Option held of minority non current	(10,071)	-
Borrowings (including derivatives)	(575,879)	(660,647)
Medium/long-term net financial position	**(538,535)**	**(585,794)**
Total net financial position	**138,590**	**62,614**

Capital risk management
The Group's objectives regarding capital risk management are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group also aims to maintain an optimal capital structure to reduce the cost of debt.
The Group monitors its capitalization based on the ratio between the net financial position and EBITDA. This ratio is an indicator of the ability to repay borrowings and is normalized to exclude non-recurring items.

Below is the analysis of operating profit from continuing operations (EBIT-EBITDA):

	2020	2019
Operating profit from continuing operations (EBIT)	**372,779**	**326,123**
Amortization and impairment losses of intangible fixed assets (continuing operations)	11,730	9,296
Depreciation and impairment losses of tangible fixed assets (continuing operations)	156,597	132,646
Operating profit from continuing operations before depreciation, amortization and impairment losses on fixed assets (EBITDA)	**541,106**	**468,065**

The ratio net financial position to EBITDA at 31 December is the following:

	2020	2019
Net financial position	138,590	62,614
EBITDA	541,106	468,065
EBITDA/net financial position	**n.m.**	**n.m.**

(not materiality due to a positive net financial position)

8. Disclosures in accordance with IAS 24 for related party transactions and key management compensation

8.1 Key management compensation
Key management with authority and responsibility for planning, directing and controlling the Group's activities are the executive and non-executive directors, represented by the Managing Directors and Finance Directors of Barilla Holding and the principal Group operating subsidiaries.

Total compensation paid to these individuals is presented below:

	2020	2019
Short-term benefits	17,690	15,705
Post-employment benefits	858	1,214
Other long-term benefits	4,410	4,179
Total	**22,958**	**21,098**

8.2 Related parties
Transactions with other Group companies and related parties are not considered to be uncharacteristic or unusual as they are carried out in the normal course of business. These transactions take place on an arm's length basis, where possible taking into account market conditions. Further information is presented in the Directors' Report.

8.3 Fees to Audit company
KPMG S.p.A. has been engaged for a new 3-year period, from year 2019 to 2021, to perform the audit of the Consolidated financial statements, as required by the Italian law (Article n. 14 Legislative Decree 39 of 2010 and articles n. 2409-bis et seq. of the Italian Civil Code).
The 2020 fees in respect of the legal activities for the statutory audit of the annual accounts, the other audit services and the other consulting services amounted to euro 1,687.

8.4 Relationships with company bodies
The emoluments of the directors of Barilla Holding S.r.l. for the year 2020 amounted to euro 4,315.
The remuneration of the Board of Statutory Auditors of Barilla Holding S.r.l. in relation to Group appointments amounted to a total euro 340 in 2020.

Appendices

Appendix 1.

List of companies included in the scope of consolidation

Company, headquarter and activity	Currency	Share Capital (nominam value)	% Group ownership	Through	%
Barilla Iniziative S.p.A. Via Mantova 166 - Parma (Italy) Financial Company	EURO	2,000,000	85.00	Barilla Holding S.r.l.	85.00
Barilla International Limited c/o Skadden, Arps, Slate, Meagher & Flom(UK),LLP, 40 Bank Street, Canary Wharf, E14 - London (United Kingdom) Holding Company	GBP	100	85.00	Barilla Holding S.r.l.	85.00
BLU1877 S.r.l. Via Madre Teresa di Calcutta 3/A - Parma (Italy) Start up food Industry	EURO	10,000	85.00	Barilla Iniziative S.p.A.	100.00
3D Food S.r.l. Via Madre Teresa di Calcutta 3/A - Parma (Italy) Production and trade	EURO	25,000	85.00	BLU1877 S.r.l.	100.00
IKRG - Midtown West LLC c/o Tarter Krinsky & Drogin LLP, 1350 Broadway - New York NY (USA) Restaurant	USD	10,000	85.00	Barilla America, Inc	100.00
IKRG - OC1 LLC c/o CSC-Lawyers Incorporation Service - Sacramento California (USA) Restaurant	USD	10,000	85.00	Barilla America, Inc	100.00
Barilla Central Europe Service GmbH (formerly Finba Bakery Holding GmbH) Fritz-Vomfelde-Strasse 14-20 - Dusseldorf (Germany) Financial Company	EURO	25,000	85.00	Barilla Iniziative S.p.A.	100.00
Barilla G. e R. Fratelli Società per Azioni - Socio Unico Via Mantova 166 - Parma (Italy) Production and trade	EURO	180,639,990	85.00	Barilla Iniziative S.p.A.	100.00
Barilla Servizi Finanziari S.p.A. - Socio Unico Via Mantova 166 - Parma (Italy) Leasing	EURO	30,000,000	85.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
FIRST S.p.A. - Socio Unico Via Mantova 166 - Parma (Italy) Trade	EURO	5,000,000	85.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
FIRST Commerciale S.r.l. - Socio Unico Via Mantova 166 - Parma (Italy) Trade	EURO	10,000	85.00	FIRST S.p.A. - Socio Unico	100.00
Barilla Hellas S.A. 26 Pappou & Akragantos Str. - Athens (Greece) Production and trade	EURO	7,611,840	85.00	Barilla International Limited	100.00
Barilla America Inc. 191 North Wacker Drive - Chicago, IL (USA) Production and trade	USD	1,000	85.00	Barilla International Limited	100.00
Catelli Montreal Inc. (formerly MXO Global Inc) 151 Yonge Street, Suite 1500 c/o Torkin Manes LLP - Toronto (Canada) Trade	CAD	79,000,300	85.00	Barilla International Limited	100.00
Barilla Japan K.K. 9F, 2-7-3 Hirakawacho Chiyoda-ku -Tokyo (Japan) Trade	JPY	400,050,000	85.00	Barilla Singapore Pte Ltd	100.00
Barilla Do Brasil LTDA Avenida Brigadeiro Faria Lima 1336 block 121, 12° Andar San Paolo (Brasil) Trade	BRL	127,937,135	85.00	Barilla International Limited	99.99
				Barilla Servizi Finanziari S.p.A. Socio Unico	0.01
Barilla Austria GmbH Grabenweg 64 - Innsbruck (Austria) Trade	EURO	436,000	85.00	Barilla Central Europe Service GmbH	100.00

Company, headquarter and activity	Currency	Share Capital (nominam value)	% Group ownership	Through	%
Barilla Mexico S.A. de C.V. Calzada San Bartolo Naucalpan 360 Col. Argentina Ponente Deleg. M. Hildalgo - Mexico City (Mexico) Trade	MXN	227,348,096	42.50	Barilla International Limited	50.00
Serpasta S.A. de C.V. Calzada San Bartolo Naucalpan 360 Col. Argentina Ponente Deleg. M. Hildalgo - Mexico City (Mexico) Production and trade	MXN	2,050,000	42.50	Barilla International Limited Barilla Mexico S.A. de C.V.	0.05 99.90
Barilla Singapore Pte Ltd 27 Kreta Ayer Road - Singapore (Singapore) Trade and holding	SGD USD	1,000,000 38,000,000	85.00	Barilla International Limited	100.00
Barilla (SHANGHAI) Trading Company Limited Unit 1902, Floor 19, Hongyi Plaza, No. 288 Jiujiang Road, Huangpu District- Shanghai (China) Trade	USD	15,120,000	85.00	Barilla Singapore Pte Ltd	100.00
Barilla Middle East FZE Office No. LB191803, Jebel Ali - Dubai (United Arab Emirates) Trade	AED	1,000,000	85.00	Barilla Singapore Pte Ltd	100.00
Barilla Espana S.L. Zurbano 43 - Madrid (Spain.in) Trade	EURO	3,100	85.00	Barilla International Limited	100.00
Barilla Gida A.S. Askent sokak n.3A Kosifler Plaza D.11 Ataşehir - Istanbul (Turkey) Production and trade	TRY	129,800,000	85.00	Barilla International Limited	100.00
Barilla Switzerland AG Zugerstrasse 76B - Baar (Switzerland) Trade	CHF	1,000,000	85.00	Barilla Central Europe Service GmbH	100.00
Barilla Sverige AB PO BOX 6722, 113 85 - Stockholm (Sweden) Production and trade	SEK	5,000,000	85.00	Barilla International Limited	100.00
Barilla Norge AS Sandvikavegen 55 - Ottestad (Norway) Trade	NOK	1,952,000	85.00	Barilla Sverige AB	100.00
Barilla Danmark A/S c/o J. Korsoe Jensen, Sankt Annae Plads 13, 3 sal, 1250 Copenaghen (Danmark) Liquidate in 2020	DKK	500,000	85.00	Barilla Sverige AB	100.00
Barilla Poland Sp. Z.o.o. ul. Bobrowiecka 8,00-728 - Warsaw (Poland) Trade	PLN	14,050,000	85.00	Barilla Central Europe Service GmbH	100.00
Barilla Deutschland GmbH Gustav-Heinemann-Ufer 72 c - Cologne (Germany) Production and trade	EURO	51,100	85.00	Barilla Central Europe Service GmbH Barilla Sverige AB	89.9002 10.0998
Barilla Australia PTY Limited c\o Deloitte Private PtyLtd Level 1, Grosvenor Place, 225 George Street- Sydney (Australia) Trade	AUD	30,050,000	85.00	Barilla International Limited	100.00
Barilla Netherlands B.V. Orteliuslaan 1000 - Utrecht (The Netherlands) Trade	EURO	18,000	85.00	Barilla International Limited	100.00
Barilla Adriatik d.o.o. Tržaška cesta, 315 - Ljubljiana (Slovenia) Trade	EURO	50,000	85.00	Barilla International Limited	100.00
Barilla Hrvatska d.o.o. Radnička cesta 39 - Zagreb (Croazia) Trade	HRK	75,200	85.00	Barilla International Limited	100.00
Barilla America N.Y. Inc. Livington County - New York NY (USA) Production and trade	USD	1,000	85.00	Barilla International Limited	100.00
Barilla Rus LLC Butyrskij Tupik 1 Solnečnogorsk - Moscow (Russia) Production and trade	RUB	540,365,287	81.8253	Barilla International Limited Barilla Servizi Finanziari S.p.A. - Socio Unico	95.3397 0.9253

Company, headquarter and activity	Currency	Share Capital (nominam value)	% Group ownership	Through	%
Barilla Rus Production LLC Shmatovo rural area, Stupino urban district - Moscow (Russia) Production and trade	RUB	10,000,000	81.8253	Barilla Rus LLC	100.00
Barilla France S.A.S. 30 Cours de l'île Seguin - Boulogne Billancourt (France) Production, trade and financial	EURO	126,683,296	85.00	Barilla International Limited	100.00
Harrys Restauration S.A.S. 72 Route de Chauny - Gauchy (France) Production and trade	EURO	153,000	85.00	Barilla France S.A.S.	100.00
Barilla Belgium S.A. Chaussée de la Hulpe 166 - Bruxelles (Belgium) Trade	EURO	693,882	85.00	Barilla Netherlands B.V.	71.20
				Barilla France S.A.S.	28.80
Catelli Canada Inc. (formerly Ontario Inc.) 51 Yonge Street, Suite 1500 - Toronto (Canada) Trade	CAD	11,000,001	85.00	Barilla International Limited	100.00
Barilla Canada Inc. 26 Yonge Street - Toronto (Canada) Trade	CAD	25,010,000	85.00	Barilla International Limited	100.00

Appendix 2.

List of investments in associated and other companies

Company, headquarter and activity	Currency	Share Capital (nominam value)	% Group ownership	Through	%
BRW S.p.A. Via Savona 16 - Milano (Italy) Advertising	EURO	5,440,085	28.577	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	33.620
Food Farms s.c.p.a. Strada Ponte Caprazucca 6/A - Parma (Italy) Development Envirorment	EURO	54,000	12.5928	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	14.815
Fiere di Parma S.p.A. Via delle Esposizioni 393A, Baganzola - Parma (Italy) Fair Acitivities	EURO	25,401,010	0.23919	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.2814
CE.P.I.M. - Centro Padano Interscambio Merci S.p.A. Piazza Europa 1, Fontevivo - Parma (Italy) Warehousing	EURO	6,642,928	0.323	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.380
Immobiliare Caprazucca S.p.A. Strada al Ponte Caprazucca 6 - Parma (Italy) Real Estate Trade	EURO	7,517,948	0.0000255	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.00003
SOGEAP - Aeroporto di Parma Società per la gestione S.p.A. Via Ferretti Licinio 50/A - Parma (Italy) Other airport - related actitivies	EURO	16,554,528	0.527	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.620
Pallino Pastaria Company 1207 208th Avenue S.E. - Sammamish WA (USA) Production and trade	USD	501,500	9.401	Barilla America Inc.	11.060
Italy del Gusto - Consorzio Export La gastronomia di marca Via delle Esposizioni 393A, Baganzola - Parma (Italy) Trade	EURO	157,500	2.431	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	2.860
COMIECO Via Litta Pompeo 5 - Milano (Italy) Other	EURO	1,291,000	0.00102	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.0012
CO.NA.I. Via Tomacelli 132 - Roma (Italy) Other	EURO	14,824,506	0.0935	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.110
FASTIGHETSAKTIEBOLAGET TAREDOM Pumpgatan 5 - Karlstad (Sweden) Other	SEK	796,700	0.17	Barilla Sverige AB	0.200
STOREBRAND ABA Professor Kohts vei 9 - Lysaker (Norvway) Other	NOK	2,250,000,000	0.000255	Barilla Norge AS	0.0003
TÅGÅKERIET I BERGSLAGEN AB Kristinehamn (Sweden) Other	SEK	3,000,000	8.5	Barilla Sverige AB	10.000

Appendix 3.

Currency rates of exchange

The main foreign exchange rates used to translate the financial statements are set below:

Currency		Average 2020	Year End 12/31/2020
AUD	Australian Dollar	1.6549	1.5896
AED	Arab Emirates Dirham	4.1947	4.5065
BRL	Brazilian Real	5.8943	6.3735
CAD	Canandian Dollar	1.5300	1.5633
CHF	Swiss Franc	1.0706	1.0800
CNY	Chinese Yuan	7.8748	8.0230
DKK	Danish Krone	7.4542	7.4410
HRK	Croatian Kuna	7.5386	7.5520
JPY	Japanese Jen	121.8458	121.8458
MXN	Mexican Pesos	24.5194	24.4160
NOK	Norwegian Krone	10.7229	10.7229
PLN	Polish Zloty	4.4431	4.4431
RUB	Russian Ruble	82.7249	82.7249
SEK	Swedish Krone	10.4849	10.0340
TRY	Turkish Lira	8.0548	9.1130
GBP	British Pound	0.8897	0.8990
USD	United States Dollar	1.1422	1.2271

Appendix 4.

Summary of public disbursements in accordance with article 1 of Italian Law n. 124/2017

Name Beneficiary	Tax Code Beneficiary	Name Disbursing	Amount received (euro)	Date Collection	Purpose
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	30,506	2/11//2020	*Diverfirming*
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	3,630	12/21/2020	*Medgold (160731)*
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	31,647	6/19/2020	*Ingreen*
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	1,082,920	2/06/2020	*Hiflex*
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	52,569	4/15/2020	*Smart Protein*
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	12,534	10/21/2020	*Plotus*
		Total	**1,213,806**		

Report of Indipendent Auditors

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the sole shareholder of
Barilla Holding S.r.l.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Barilla Holding Group (the "group"), which comprise the statement of financial position as at 31 December 2020, the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes thereto, which include a summary of the key accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

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 "Independent auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of Barilla Holding S.r.l. in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Barilla Holding S.r.l. prepared its first consolidated financial statements for the year ended 31 December 2020, having availed itself until the previous year of the legal exemption provided for by current legislation. The comparative data relating to the previous year ended 31 December 2019 have been extracted from the consolidation process of the previous year of the ultimate parent Guido M. Barilla e F.lli S.r.l. & C. S.A.P.A.. Such data were examined by us to the extent required for the audit of the consolidated financial statements of the parent company on which we issued our audit report without modification on 22 June 2020.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") 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 the International Financial Reporting Standards endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 ISA Italia, we exercise professional judgement and maintain professional scepticism 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;

Barilla Holding Group
Independent auditors' report
31 December 2020

- 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 the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' 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 auditors' 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;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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 the appropriate level 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.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10

The company's directors are responsible for the preparation of a directors' report at 31 December 2020 and for the consistency of such report with the related consolidated financial statements and its compliance with applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the group's consolidated financial statements at 31 December 2020 and its compliance with applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report is consistent with group's consolidated financial statements at 31 December 2020 and has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Parma, 9 April 2021

KPMG S.p.A.

(signed on the original)

Lino Barbieri
Director of Audit

Corporate information and contacts

Barilla Holding S.r.l.

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